

KEY CONSIDERATIONS IN ER CONTRACTS A HC PERSPECTIVE

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SOME DEVELOPMENTS IN THE GHG MARKET

Legal/regulatory dev:

- KP, 16-2-05
- Guidance from EB
- CoP/MoP decisions

Market dev:

- Bilat/unilat projects
 - 1 buyer/multilateral buyer situation
 - Ers for compliance/commodity
 - Expectations/uncertainties-delays
-

WHAT'S A CONTRACT GOOD FOR

- TO HAVE A "ROAD MAP" WHEN THERE'S A DISAGREEMENT
-

IN ANY CONTRACT

□ DEFINE THE OBJECTIVE

- TRANSFER OF: VERs

 - CERS

- PROJECT FINANCING + TRANSFERING

- PROJECT PARTICIPATION

IN ANY CONTRACT (2)

DEFINE THE OBLIGATIONS

BUYER: PAY THE PRICE

FIXED/INDEXED

SELLER: DELIVERY OF Ers

HOW/WHEN

AT DELIVERY

IN ANY CONTRACT (3)

AT DELIVERY

■ PAY THE PRICE

INSTRUCTION TO BANK, TRANSFER OF MONEY, ACTUAL DEPOSIT IN SELLER'S ACCOUNT TIME DELAY

SHARE OF COSTS AND TAXES

■ DELIVER ERs

VALIDATION & REQUEST OF ISSUANCE

ISSUANCE BY EB

TRANSFER & ALLOCATION IN NReg

} TIME

IN ANY CONTRACT (4)

...AND IN DEFAULT OF OBLIGATIONS?

- SELLER/BUYER

- OR DELAY

- OR MORE ERs!!!

- OPTION TO ACQUIRE/SELL

- EXCLUSIVITY

OTHER PROVISIONS

INVOLVEMENT OF BUYER

- Arranging initial verification
- Operation entity to be mutually agreed
- Providing buyer with annual ER report
- Buyer introducing amendments to monitoring plan
- Buyer to be the focal point of communication with EB

COMMUNICATION

- WHO'S ALLOWED TO DECIDE
- HOW THEY COMMUNICATE

FORCE MAJOR

GOVERNING LAW
