

**AGREEMENT FOR THE SALE AND PURCHASE OF ALLOWANCES  
(ABSOLUTE SECTOR ONLY) UNDER THE UK GREENHOUSE GAS  
EMISSIONS TRADING SCHEME 2002.**

DATE:

PARTIES:

- (1) (“Seller”); and
- (2) (“Buyer”).

RECITALS:

- (A) The government of the United Kingdom has established a scheme under which participants may buy and sell allowances for greenhouse gas emissions.
- (B) Seller wishes to sell, and Buyer wishes to purchase, certain allowances under the said scheme.

**1. Definitions**

In this Agreement:

- 1.1 “Allowance” means an allowance unit representing one metric tonne of carbon dioxide equivalent which is registered in an account located in the absolute sector of the ETS Registry;
- 1.2 “Business Day” means any Monday, Tuesday, Wednesday, Thursday or Friday which is not a public holiday in the United Kingdom;
- 1.3 “ETA” means the government authority, government department or statutory body as the case may be from time to time which administers the ETS;
- 1.4 “ETS” means the UK Greenhouse Gas Emissions Trading Scheme 2002, being the scheme which has been established by the government of the United Kingdom for the trading of allowances for greenhouse gas emissions in the United Kingdom or ETA;
- 1.5 “ETS Rules” means the UK Greenhouse Gas Emissions Trading Scheme 2002 rules (version (01 (06 final) as published and updated from time to time by the government of the United Kingdom;
- 1.6 “Registry” means the registry, operated by ETA for the recording of holdings, transfers, compliance, cancellation and retirement of Allowances.

**2. Sale and Purchase**

2.1 The Seller agrees to sell and Buyer agrees to buy a total of \_\_UK Absolute Sector Allowances of 2002 vintage on the terms and conditions of this Agreement.

3. **Transfer / Registration**

3.1 Within \_\_ business days of execution of this contract, the Seller shall transfer the stated Allowances to the buyer's designated account in the UK Emissions Trading System Registry in accordance with Part B "Emissions Trading Registry" of the ETS Rules. The Seller shall immediately notify the Buyer in writing of the date and details of its transfer request.

3.2 Buyer must have a current trading account with the Registry. Buyer will forthwith notify the Seller in writing of the account number of its trading account and shall maintain such account in operation until at least the due date for transfer.

3.3 If for any reason the Registry is not in operation, the parties shall use reasonable endeavours to effect the transfer by whatever reasonable alternative means are available. If despite the use of reasonable endeavours the transfer contemplated by this Agreement has not been effected within 15 Business Days of the due date for transfer, either party may terminate this Agreement immediately on written notice to the other party. In the event of such termination Seller shall promptly refund to Buyer any monies received from Buyer in respect of the Allowances and neither party shall have any further liability to the other under this Agreement.

4. **Price and Payment**

4.1 Buyer shall pay Seller pounds sterling \_\_\_\_\_ per Allowance.

4.2 The total purchase price is therefore

4.3 The purchase price is exclusive of VAT which shall be payable in addition by Buyer if applicable.

4.4 Buyer shall pay the purchase price by BACS to Seller's nominated bank account (details) within \_\_Business Days of transfer of the Allowances.

4.5 If either party is overdue with any payment due under this Agreement, then without prejudice to the other party's other rights or remedies, the late-paying party shall be liable to pay interest on the overdue amount at an annual rate of 2 % above the official dealing rate of the Bank of England (or such other rate as is agreed by the parties in writing), which interest shall accrue on a daily basis from the date payment becomes overdue until the other party has received payment of the overdue amount together with all interest that has accrued.

4.6 Except as otherwise expressly provided in this Agreement, each party shall be responsible for its own costs incurred in performing its obligations under this Agreement.

**5. Warranties of Seller**

5.1 Seller warrants at the date hereof and immediately prior to the transfer of the Allowances in accordance with the ETS Rules that:

5.1.1 it has the power and authority to enter into and perform its obligations under this Agreement; and

5.1.2 by entering into this Agreement it will not breach the terms of any contract with any third party.

5.1.3 it has taken all necessary steps to create or otherwise obtain the Allowances it has contracted to sell under this Agreement;

5.1.4 it is the legal and beneficial owner of the UK Absolute Sector Allowances it has contracted to sell under this Agreement and there are no charges, encumbrances or claims over the Allowances; and

5.1.5 it has at all times fully complied with all ETS Rules to the extent necessary to permit the transfer of UK Absolute Sector Allowances.

**6. Termination and Consequences**

6.1 Either party may terminate this Agreement immediately by written notice to the other in event that the other party (the “defaulting party)

6.1.1 it fails to comply with any of its obligations under Clauses 2, 3 or 4;

6.1.2 it breaches any of the warranties set out in Clause 5; or

6.1.3 it ceases to trade (either in whole, or as to any part or division involved in the performance of this Agreement), or becomes insolvent, has a receiver, administrative receiver, administrator or manager appointed of the whole or any part of its assets or business, makes any composition or arrangement with its creditors, takes or suffers any similar action in consequence of debt or an order or resolution is made for its dissolution or liquidation (other than for the purpose of solvent amalgamation or reconstruction), or takes or suffers any equivalent or similar action in any jurisdiction.

**6.2 Default of Buyer**

In the event of a default by Buyer, Seller may terminate this Agreement immediately on written notice to Buyer. Upon such termination, Buyer shall be required to pay Seller by way of liquidated damages an amount equal to the positive difference, if any, between (a) the purchase price set forth in this

Agreement and (b) the aggregate market price of the Allowances Seller has contracted to sell under this Agreement as of the due date for transfer, to be determined based upon the average of two quotes from brokerage firms or third-party intermediaries reasonably selected by Seller. If Buyer has already made a partial payment to Seller, the amount owed under this provision will be decreased by that amount already paid.

### 6.3 Default of Seller

In the event of a default by Seller, Buyer may terminate this Agreement immediately on written notice to Seller. Upon such termination, Seller shall be required to pay Buyer by way of liquidated damages an amount equal to the cost to Buyer (including its transaction costs) of purchasing Allowances equivalent to those that were to be delivered under this Agreement but which Seller failed to deliver, less the cost that Buyer would have had to pay Seller for the same number of Allowances.

6.4 The amounts set out in Clauses 6.2 and 6.3 are the parties' reasonable pre-estimate of the losses that would flow from the events of default contemplated by the parties. No other amounts (except for interest for late payment pursuant to Clause 4.5) shall be payable by either party in respect of a default.

## 7. **Limitation of Liability**

7.1 This Agreement sets forth the full extent of the parties' obligations and liabilities arising out of or in connection with this Agreement, and there are no conditions, warranties, representations or terms, express or implied, that are binding on the parties except as specifically stated in this Agreement. Any condition, warranty representation or other term which might otherwise be implied into or incorporated in this Agreement, whether by statute, common law or otherwise, is hereby expressly excluded other than the parties respective obligation at law to exercise reasonable skill and care in the performance of their respective obligations under this Agreement.

7.2 Neither party shall be liable under or in connection with this Agreement for any loss of income, loss of profits or loss of contracts, or for any indirect or consequential loss or damage of any kind, in each case howsoever arising and whether caused by tort (including negligence), breach of contract or otherwise except to the extent provided in clauses 6.2, and 6.3.

7.3 Nothing in this Agreement shall exclude or in any way limit either party's liability for fraud, or for death or personal injury caused by its negligence.

## 8. **Confidentiality**

Neither party may make any public disclosure, communication or announcement about the existence or contents of this Agreement or of any of the other information of which it has become aware in connection with this Agreement except:

- 8.1 with the prior written consent of the other party;
- 8.2 to the extent required by applicable law or a court or other competent authority;
- 8.3 to the professional advisers of each party, their respective employees and anyone else on a “need to know” basis provided that each party ensures that the matters disclosed are kept confidential; or
- 8.4 in respect of information which is lawfully in the public domain.

9. **General**

- 9.1 This Agreement shall be governed by English law and the parties submit to the exclusive jurisdiction of the English courts to resolve any disputes that arise between them relating to this Agreement.
- 9.2 Except as expressly stated herein to the contrary, all notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered or transmitted to the intended recipient's address as specified above or such other address as either party may notify to the other for this purpose from time to time. Any notice shall be treated as having been served on delivery if delivered by hand, two (2) working days after posting if sent by pre-paid registered mail, the next working day after despatch if sent by courier and on confirmation of transmission if sent by facsimile.
- 9.3 Neither party may assign this Agreement without the prior written consent of the other party.
- 9.4 The failure of either party to enforce or to exercise at any time or for any period of time any term of or any right pursuant to this Agreement does not constitute, and shall not be construed as, a waiver of such term or right and shall in no way affect that party's right later to enforce or to exercise it.
- 9.5 If any term of this Agreement is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this Agreement and shall in no way affect the legality, validity or enforceability of the remaining terms.
- 9.6 This Agreement contains all the terms agreed between the parties regarding its subject matter and supersedes any prior agreement, understanding or arrangement between the parties, whether oral or in writing. No representation, undertaking or promise shall be taken to have been given or be implied from anything said or written in negotiations between the parties prior to this Agreement except as expressly stated in this Agreement. Neither party shall have any remedy in respect of any untrue statement made by the other upon which that party relied in entering into this Agreement (unless such

untrue statement was made fraudulently or as to a fundamental matter) and that party's only remedies shall be for breach of contract as provided in this Agreement.

- 9.7 Provisions of this Agreement which either are expressed to survive its expiry or termination or from their nature or context it is contemplated that they are to survive such termination, shall remain in full force and effect notwithstanding such expiry or termination.
- 9.8 The relationship of the parties is that of independent contractors dealing at arm's length. Except as otherwise stated in this Agreement, nothing in this Agreement shall constitute the parties as partners, joint venturers or co-owners, or constitute either party as the agent, employee or representative of the other, or empower either party to act for, bind or otherwise create or assume any obligation on behalf of the other, and neither party shall hold itself out as having authority to do the same.
- 9.9 The parties shall do and execute all such further acts and things as are reasonably required to give full effect to the rights given and the transactions contemplated by this Agreement.
- 9.10 No alteration to or variation of this Agreement shall take effect unless and until the same is in writing and signed on behalf of each of the parties by a duly authorised representative.

**SIGNED:**

For and on behalf of Seller by:

For and on behalf of Buyer by :

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Position: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_