



Forest Carbon Partnership Facility

ERPA General Conditions

FCPF Participants Committee Meeting (PC17)

Lima, Peru, July 2-4, 2014

Overview

I. Roadmap to PC Endorsement of General Conditions for the Emission Reductions Payment Agreement (ERPA)

II. Structure of ERPA

- **Commercial Terms**
- **General Conditions**

III. Next Steps



I.

Roadmap to PC Endorsement of ERPA General Conditions

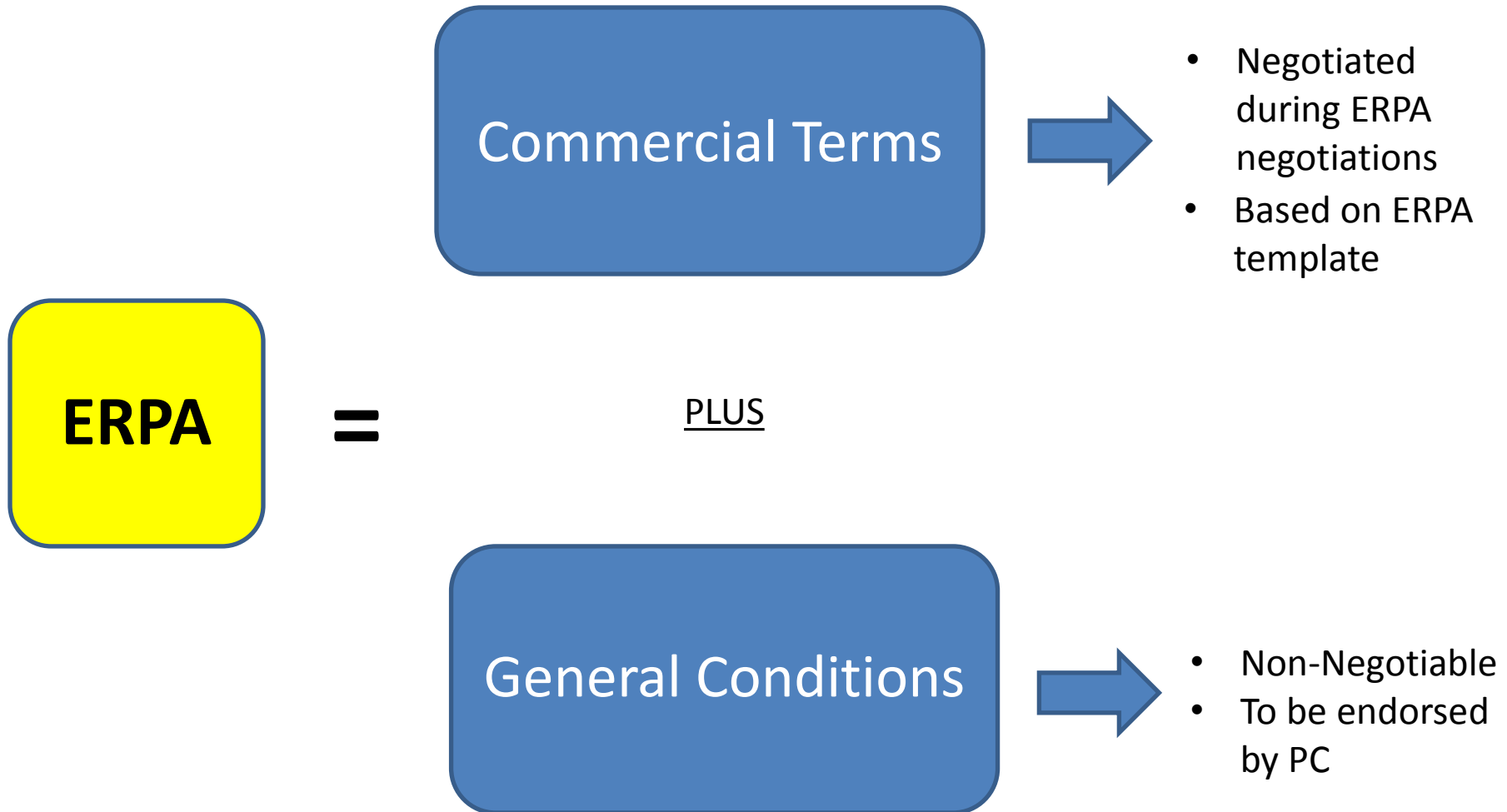
Time	Action
December 8-9	CF8 meeting in Paris; approval of the MF
December 12, 2013	Pre-PC16 Workshop (Geneva, Switzerland) on Implications of MF on ERPA GCs
December 13-15, 2013	PC16 (Geneva, Switzerland) on Implications of MF on ERPA GCs
April 9-11, 2014	CF9 meeting in Brussels
June 16-19, 2014	CF10 meeting in Bonn
July 2-4, 2014	PC17 (Lima, Peru); presentation on ERPA GCs
August-October 2014	(Potentially) additional follow-up sessions on ERPA GCs
November 2014	PC18 (tbd); endorsement of ERPA GCs by PC



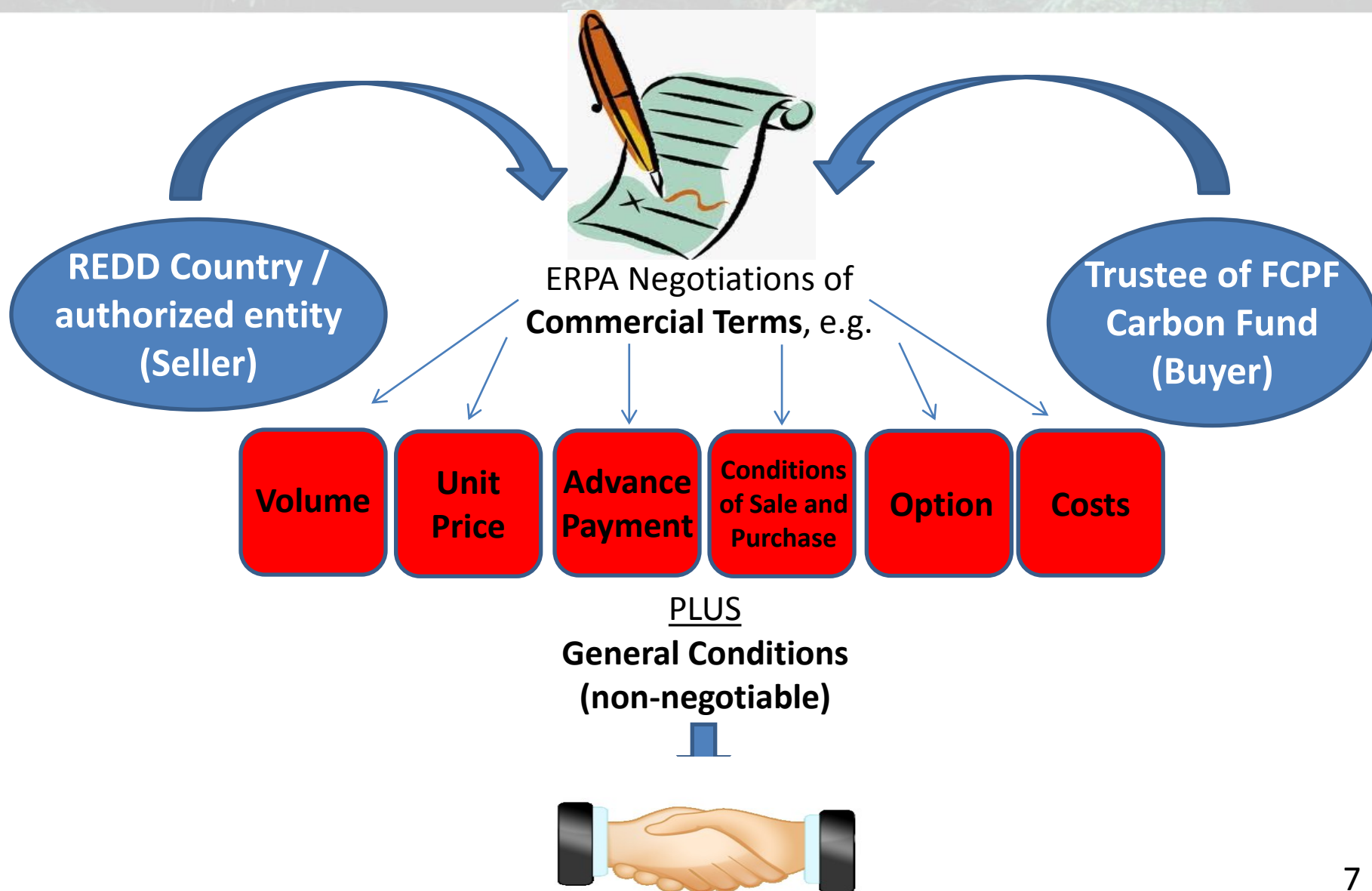
II.

Structure of ERPA

Structure of ERPA



ERPA Negotiations



Commercial Terms (negotiable)

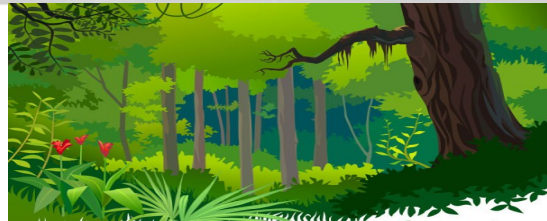
- **Contract ER Volume**
- **Unit Price**
- **Advance Payment**
- **Conditions of Sale and Purchase**
- **Options**

General Conditions (non-negotiable)

- **Transfer & Payment**
- **Title to ERs**
- **Costs**
- **ER Program Operation & Management**
- **Benefits & Benefit Sharing**
- **ER Program Buffer**
- **Events of Default & Remedies**
- **Dispute Resolution**
- **Governing Law**

General Conditions

- Transfer & Payment -



ER Program

ERs (generated
& measured)

ER Monitoring
Report

ERs (verified)

Verification
Report

Seller

ER Program
Buffer

Transfer
Buffer ERs
No \$\$

Transfer Form

Transfer

Contract ERs

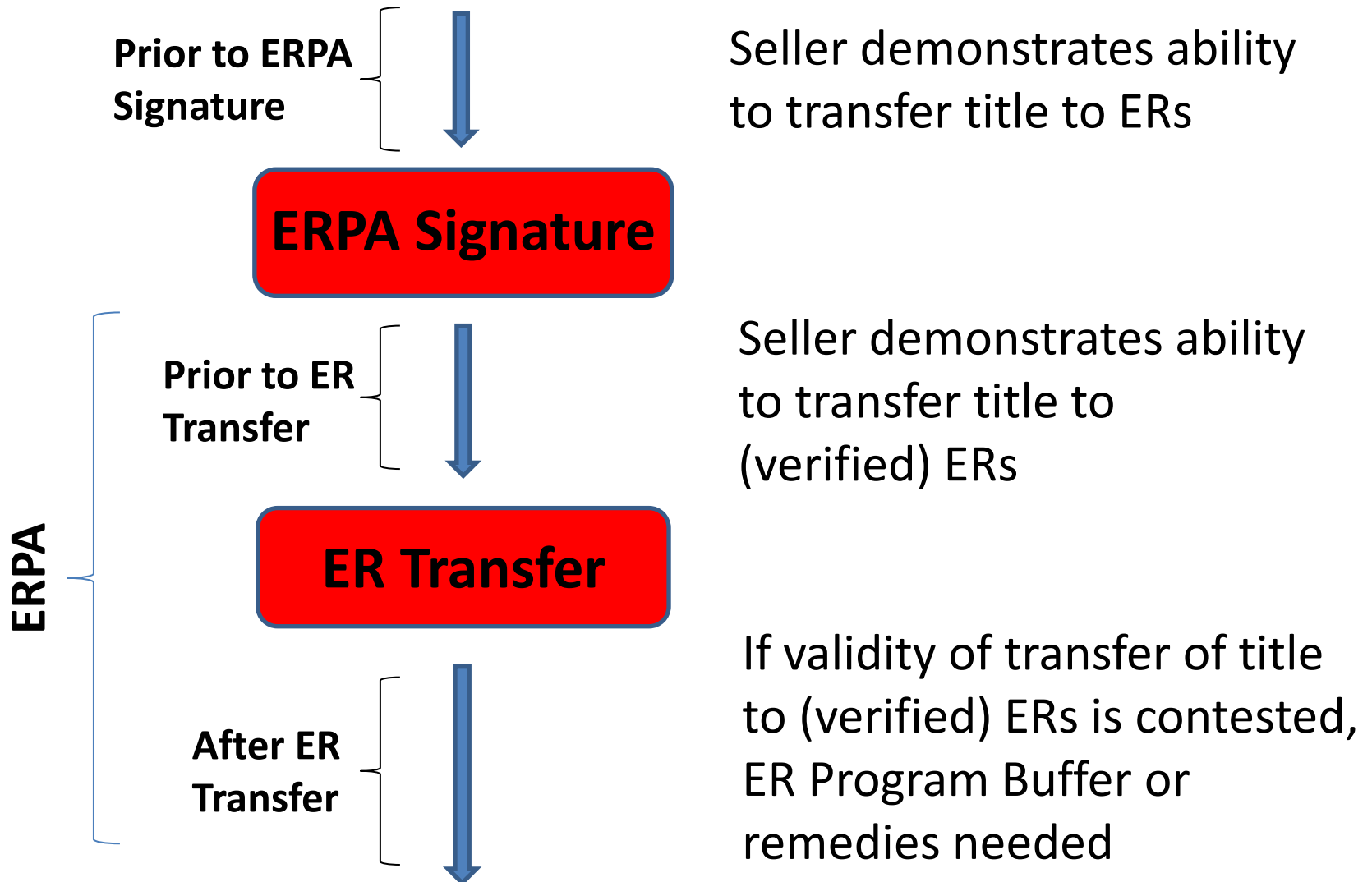
Buyer

\$\$ (Unit Price)

(minus Cost Recovery Discount
and Advance Payment(s), if any)

General Conditions

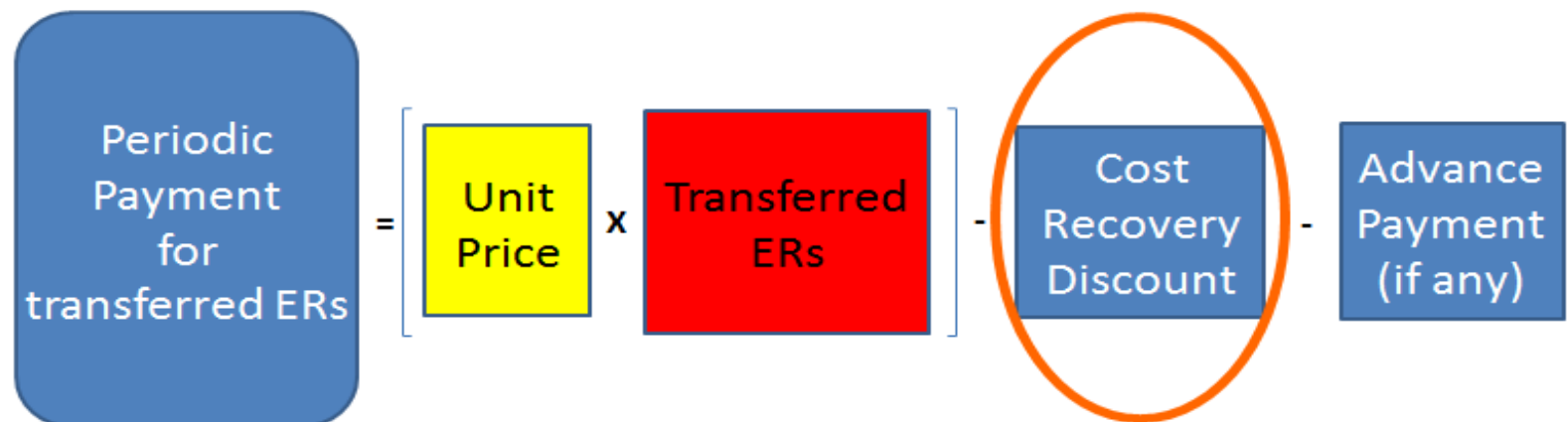
- Title to ERs -



General Conditions

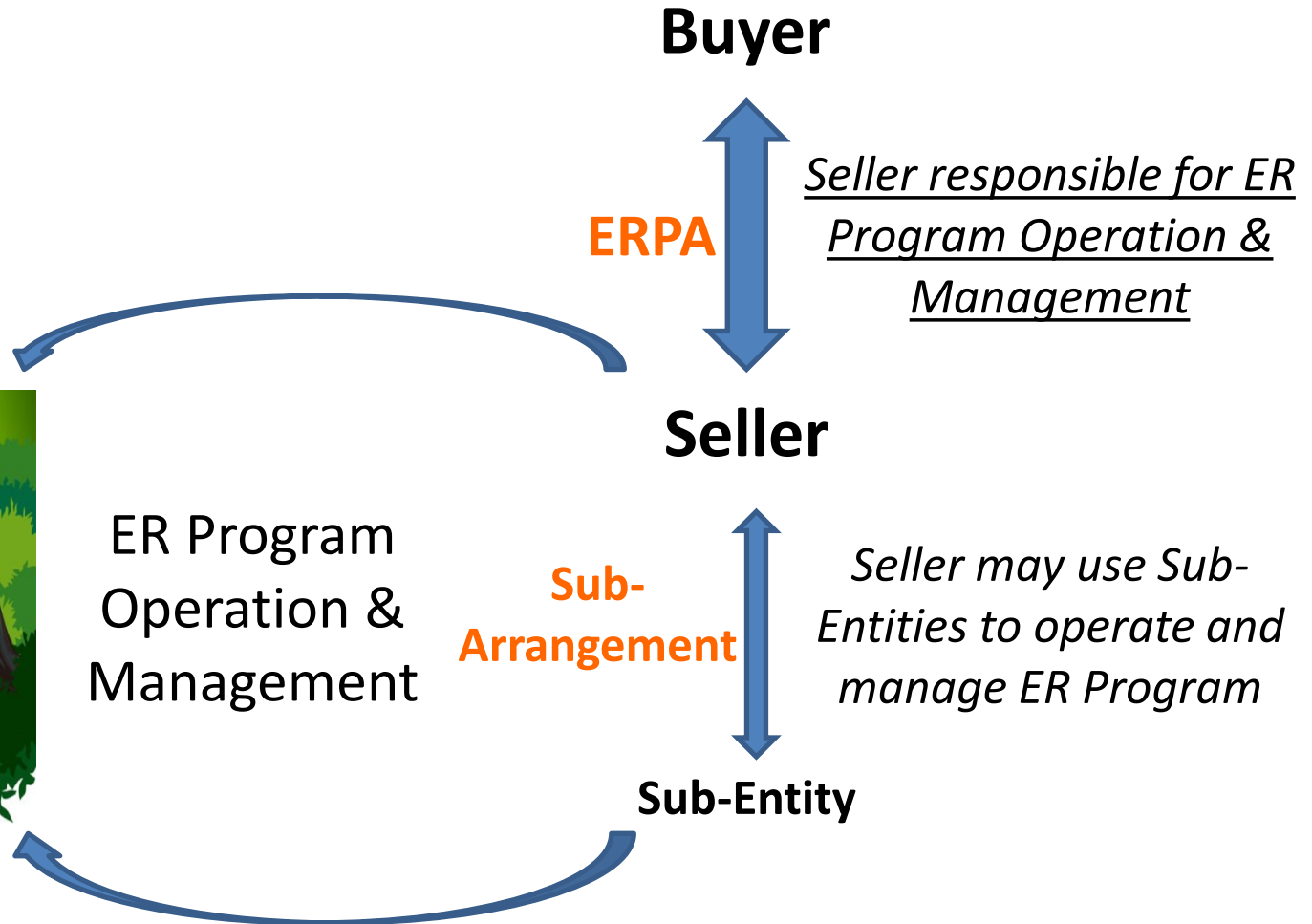
- Allocation of Costs -

- **'Costs'** include costs and expenses incurred during...
 - ER Program preparation
 - ER Program implementation/supervision
- Costs incurred **by Seller** to be borne by Seller
 - To be covered through, e.g., own resources, external funding, FCPF ERPA payments, future (other) ERPA payments
- Costs incurred **by Buyer**
 - FMT recommends 'Cost Recovery Discount' approach



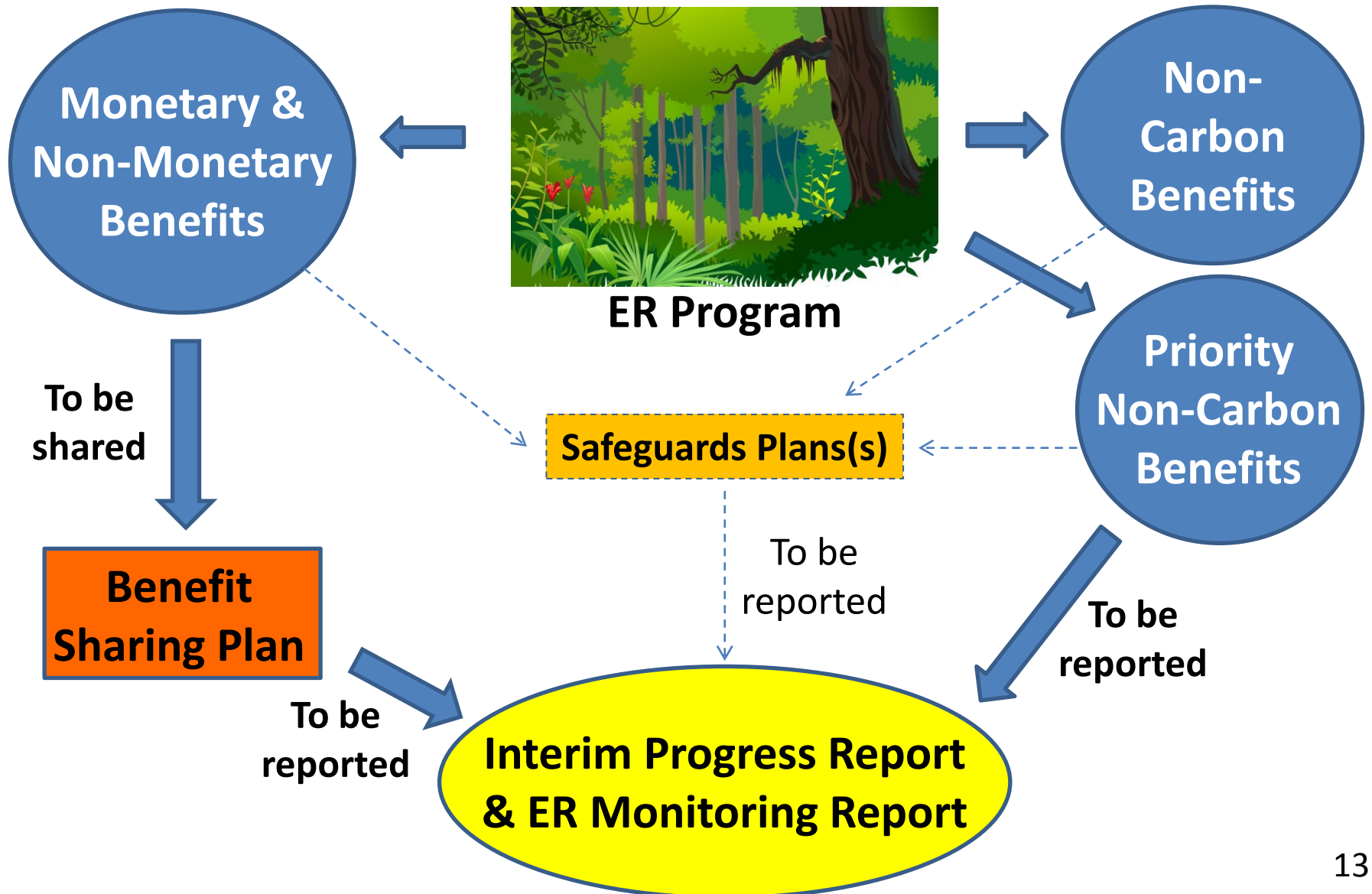
General Conditions

- ER Program Operation & Management -



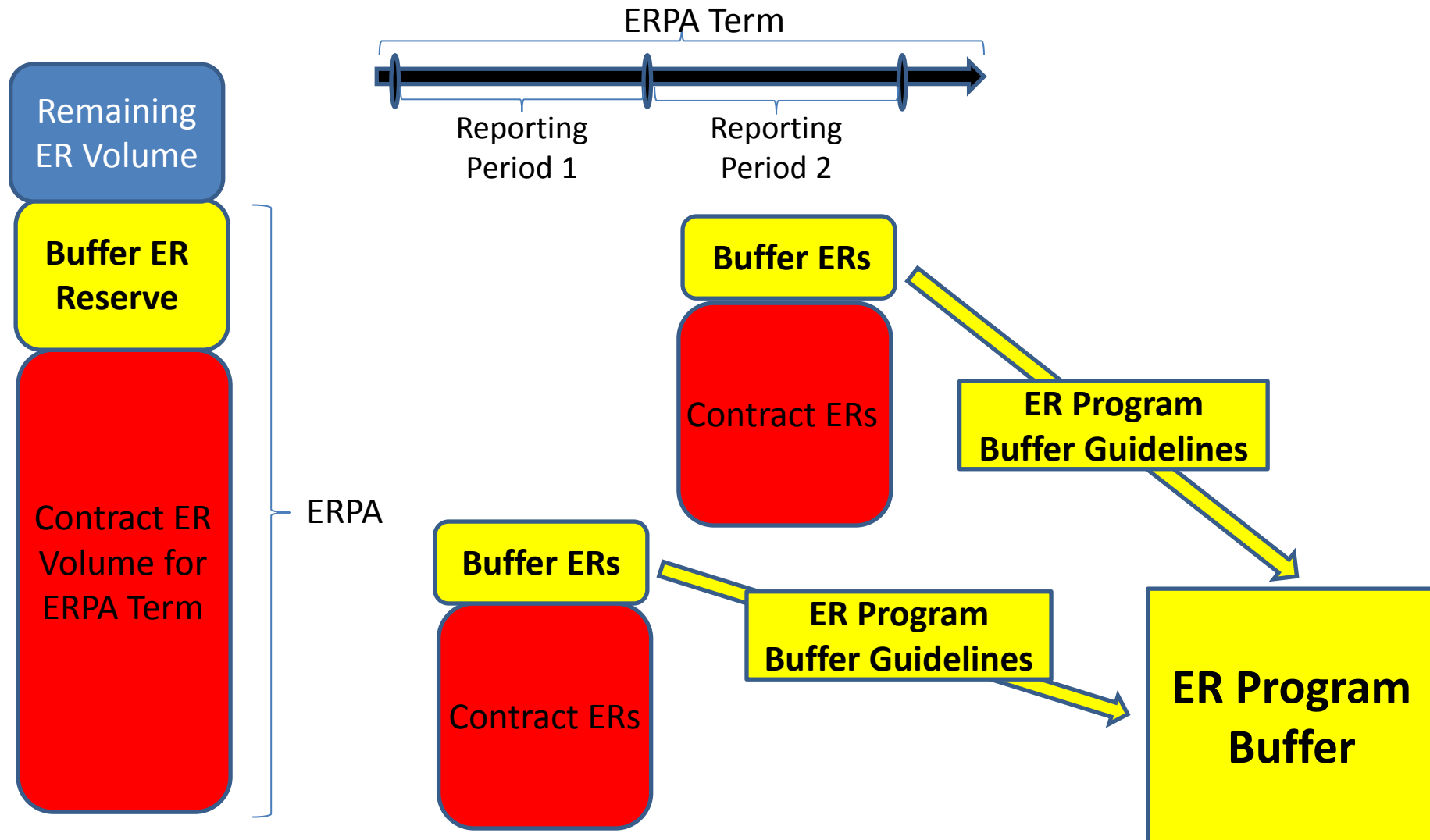
General Conditions

- Benefits -



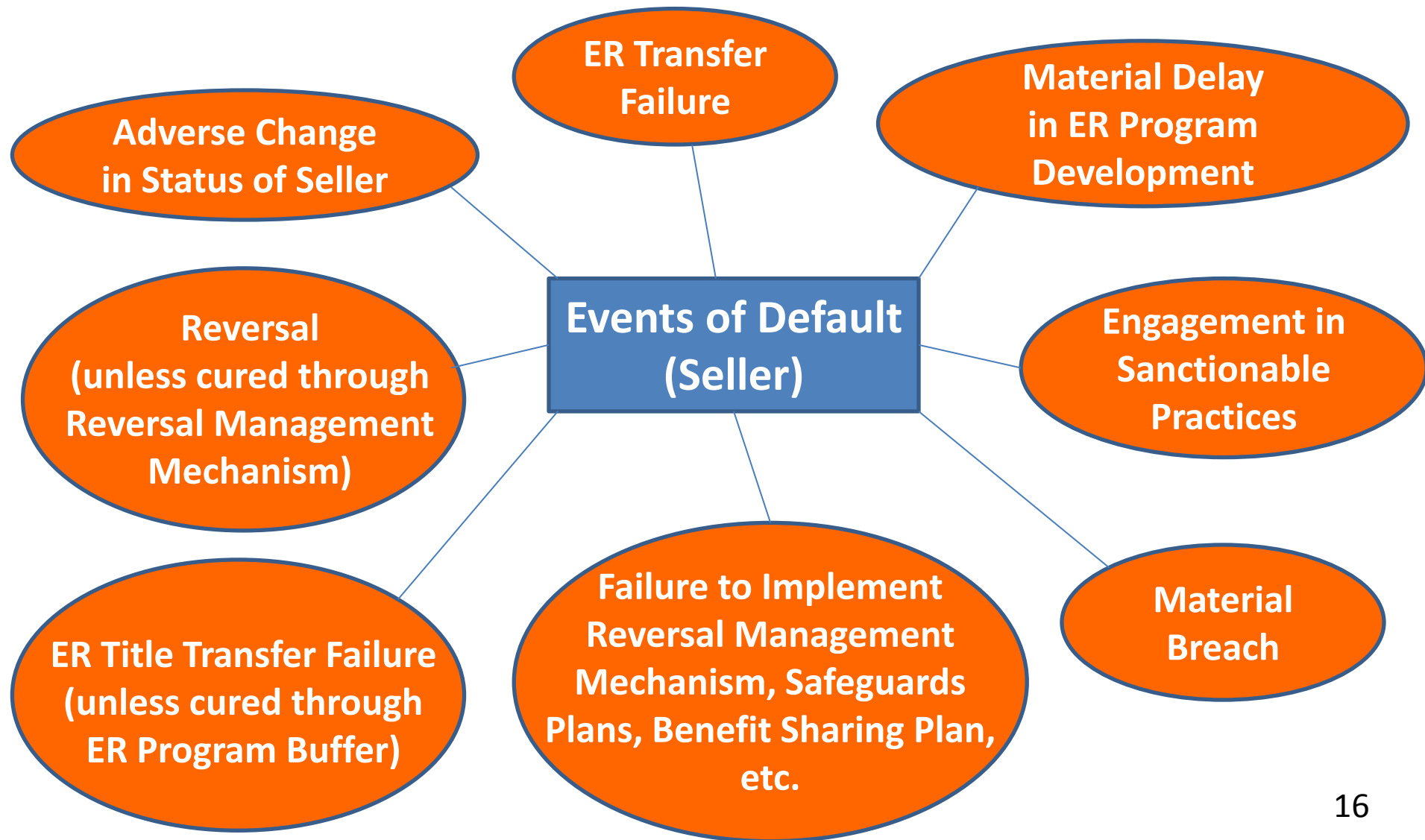
General Conditions

- ER Program Buffer -



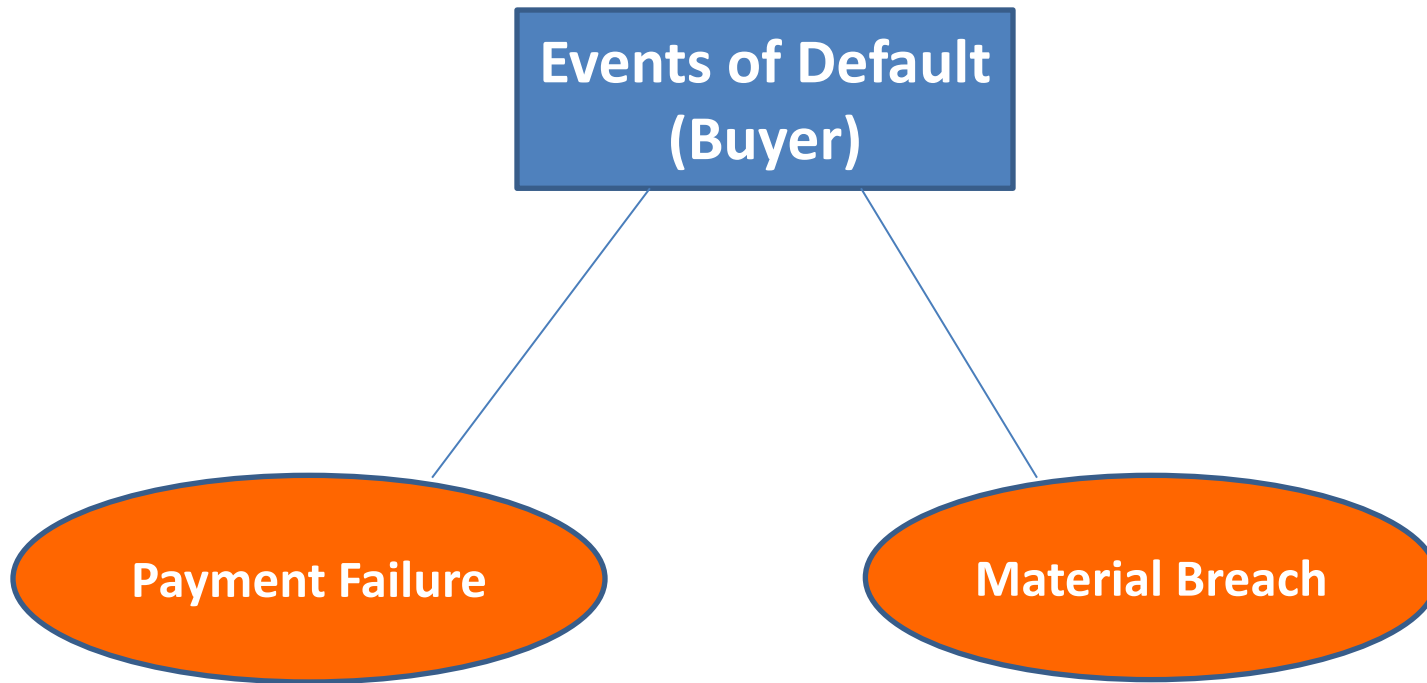
General Conditions

- Events of Default & Remedies (1) -



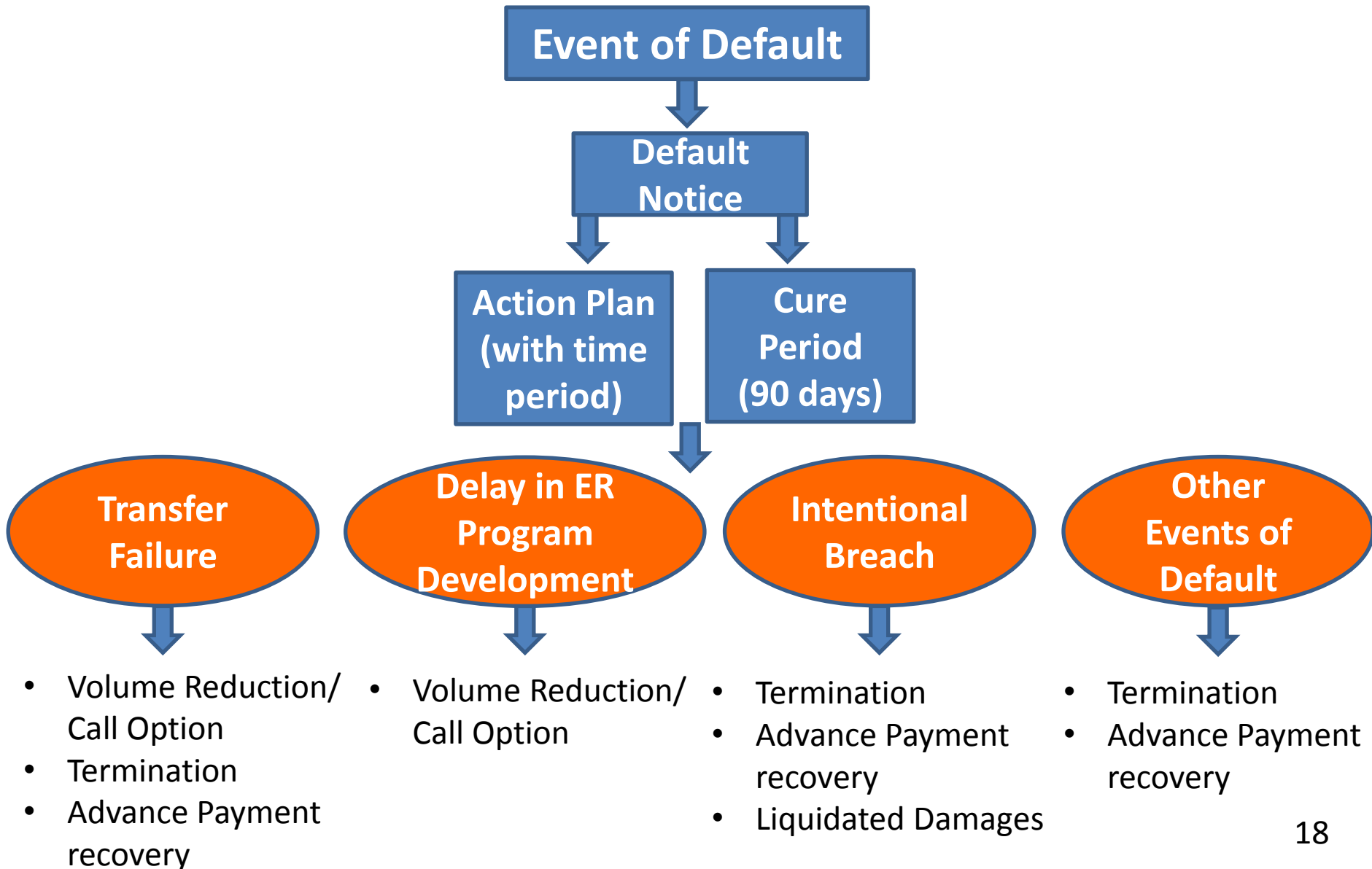
General Conditions

- Events of Default & Remedies (2) -



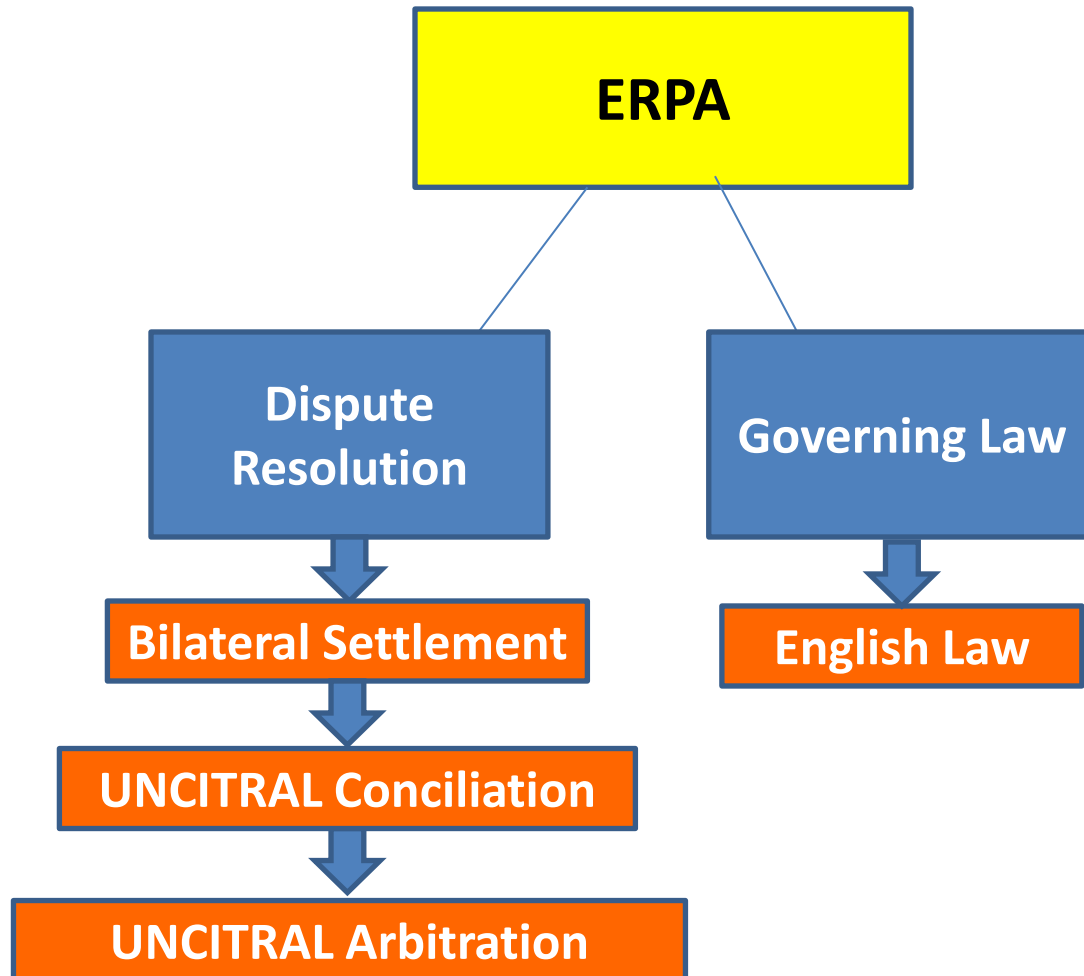
General Conditions

- Events of Default & Remedies (3) -



General Conditions

- Dispute Resolution & Governing Law -





III.

Next Steps

Next Steps

- At PC17, PC members are asked to reach out to FMT on any questions
- Prior to PC18, FMT will make (revised) version of ERPA General Conditions available to PC members
- Between PC17 and PC18 (November 2014), FMT is available for any questions
- The FMT will aim at **endorsement of ERPA General Conditions at PC18 in November 2014**



THANK YOU