



[DATE]

[PARTICIPANT NAME] (the "Participant")

[PARTICIPANT ADDRESS]

Attention: ●

Dear: ●

Re: Methane Technology Implementation Program

Project ID: [Example 123]

The Methane Technology Implementation Program (the "MTIP") was initiated and funded by the Government of Alberta (the "Province") to support greenhouse gas emission reductions and climate change adaptation projects in Alberta. Eligible projects are upstream oil and gas industry wells and facilities or pipeline installations that convey gas (e.g., compressor stations, line heaters) licensed by the Alberta Energy Regulator ("AER") in accordance with the Pipeline Act (Alberta), including all schemes and operations approved under section 10 of the Oil Sands Conservation Act (Alberta), with the exception of oil sands mining schemes and operation. Projects can be single projects or aggregate projects as defined in the application.

Carbon Connect International ("Program Manager"), as manager of the MTIP, is responsible for administrating and coordinating the distribution of funds from the MTIP to participants in the oil and gas sector to incentivize methane reduction initiatives, as approved by the Program Manager.

The Program Manager is pleased to offer a financial incentive to you in an amount up to \$ [●] (the "Incentive Payment Amount") on the terms and conditions set forth in this letter and in Schedule A for the project [insert project name or ID] (the "Project"). The project completion date is [insert date] ("Project Completion Date"). Upon acceptance of this letter by you, the Incentive Payment Amount will be reserved for your Project until the Project Completion Date. The Project must be completed, and all required documentation submitted and all documentation approved by the Program Manager no later than the Project Completion Date. Accordingly, it is recommended that you submit your documentation at least 20 days before the Project Completion Date to allow for adequate review. If the Project will be completed later than the Project Completion Date, the Incentive Payment Amount will no longer be reserved and there may not be additional funding available. The schedule of payments of the Incentive Payment Amount is:

Project Phase	Incentive Payment Amount
Approval	\$0
Procurement (after approval of required documentation and uploading of direct deposit form for electronic fund transfer)	\$XX,XXX
Final Project Completion (after approval of required documentation and uploading of direct deposit form for electronic fund transfer)	\$XX,XXX
TOTAL INCENTIVE PAYMENT AMOUNT	\$XX,XXX

The approval of the Project and the amount of the Incentive Payment Amounts are based on the Project application submitted on the Portal (as defined in Schedule A) and which was approved by the Program Manager. The Incentive Payment Amounts are maximum values and will be adjusted downward if eligible Project costs are lower than those set forth in the Project submitted on the Portal and approved by the Program Manager. Note that scope changes will not be accepted by the Program Manager and will require re-submission of the Project application on the Portal. If resubmission of your application is required, funds may no longer be reserved.

Please confirm your acceptance to these terms and conditions by signing and returning the attached copy of this letter (collectively, the "**Agreement**"), no later than **[date that is 10 days from the date of this Letter Agreement]**, 2020. This offer will expire if such copy is not returned on or before such date.

Yours truly,

Darcy Spady
Managing Partner
Carbon Connect International

Agreed and accepted this ____ day of _____, 2020.

[PARTICIPANT LEGAL NAME]

Per: _____

Name: ●

Title: ●

Per: _____

Name: ●

Title: ●

**SCHEDULE A
TERMS AND CONDITIONS**

1 DEFINITIONS

1.1 For the purposes of the Letter Agreement and these terms and conditions,

- (a) **“Agreement”** means this Letter Agreement and includes all schedules and appendices to and forming part of this Letter Agreement.
- (b) **“Program Manager Confidential Information”** means any business or proprietary information or data which is submitted to the program to fulfil requirements.
- (c) **“Effective Date”** means the date first set out at the top of this Agreement;
- (d) **“Eligible Project Expense”** means 50% of Project Expenses that are eligible to be funded from the Incentive Payment Amount;¹
- (e) **“Environmental Attribute”** means emission offsets, renewable energy certificates, renewable energy credits, and any and all other current or future credits, benefits, emissions reductions, offsets or allowances, however entitled, named, registered, created, measured, allocated or validated, resulting from the Project: (i) that are at any time recognized or deemed of value, or both, by any buyer, applicable law, or any voluntary or mandatory program of any government or other person; and (ii) that are attributable to greenhouse gas emission reductions, or the avoidance of other environmental impacts on air, soil or water.
- (f) **“Permits”** means approvals, franchises, licences, qualifications, authorizations, consents, certificates, certificates of authorization, decrees, orders-in-council, registrations, exemptions, consents, variances, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, permits and other approvals, obtained from, issued by or required by a governmental authority, a professional association or any other regulatory body, in connection with the Participant or the Project;
- (g) **“Portal”** means is a secured website requiring a registration where, once approved, the Participant can access program documents, templates and manage project applications.
- (h) **“Project Expense”** means an expense incurred by the Participant in the coordination, administration, development, purchase or implementation of the Project.

2 TERMS AND USE OF THE AGREEMENT– This Agreement shall be in effect for ten (10) years after the Effective Date, unless terminated in accordance with this Agreement.

2.1 **Undefined Terms** – For greater certainty, capitalized terms not otherwise defined in these terms and conditions have the meanings set forth in the Letter Agreement.

2.2 **Uses** - Funding from the MTIP is for the purchase of technology for projects for the timeline outlined in this Agreement and on the Portal. If a Participant requires an extension of the Project Completion Date, the Participant risks not having such date extended and the Participant may be required, at the sole discretion of the Program Manager, to return any Incentive Payment Amount previously allocated to the Participant..

3 INCENTIVE DETAILS

3.1 **Fund Reservation** - Submission of a project to the MTIP does not guarantee reservations of funds.

3.2 **Fund Allocation** – Funding from the MTIP will be allocated on a first come, first serve basis. Once all project information is submitted for approval, the project will be evaluated and approved or rejected. Once a submission is deemed eligible, the Program Manager will send an offer letter to be signed by the Participant. The Participant will have 10 days to accept the offer letter in order to reserve funds. Upon successful return of the letter and acknowledgement by the Program Manager, the Program Manager will reserve the project funds.

3.3 **Incentive Payment Amount Change** - The Incentive Payment Amount is subject to change by the Program Manager without notice.

3.4 **Maximum / Minimum Funding** - The maximum funding from the MTIP available for the Participant is \$2,000,000 over the duration of the MTIP program. The Participant represents that it has not applied for or been approved for more than \$2,000,000 of funding from the MTIP. The minimum amount of funding from the MTIP for a project is \$10,000. All applications for funding from the MTIP must request \$10,000 or more of funding from the MTIP.

3.5 **Ownership** - The Participant is the beneficial owner of the oil and gas site the Project occurs on. The facility in which the Project occurs must be located in the province of Alberta.

3.6 **Program Manager Acceptance** - The Program Manager can, at its sole discretion, approve or reject any application for

¹ For a list of the types of expenses that are eligible for funding from the MTIP, please see Program Guide on the Program Manager's website.

funding from the MTIP.

- 3.7 **Application** - An application may be made by a technology provider provided that the Participant shall be the party to sign this Agreement.
- 3.8 **Payment** – Payment of the Incentive Payment Amounts can only be made to the Participant.
- 3.9 **Eligible Costs** - Payment of the Incentive Payment Amount will not exceed 50% of Eligible Project Expenses. For a list of eligible costs, please see Project Cost Summary Eligible and Ineligible on the Portal.
- 3.10 **Timing of Incentive Use** – The Participant shall not use any of the Incentive Payment Amount for expenses incurred prior to **[insert date of Minister announcement]** with the exception of Front-End Engineering Design. Projects that started on or after January 1st, 2020 will be eligible, but no funding from MTIP will be provided for expenses incurred prior to **[insert date of Minister announcement]**. Projects that started prior to January 1, 2020 are not eligible for funding from the MTIP.
- 3.11 **Project Completion Date** – If the Project (including all reporting and documentation obligations of the Participant under this Agreement) is not completed prior to the Project Completion Date, the approval of the Project will be cancelled and any payment(s) of Incentive Payment Amount(s) made prior to such cancellation shall be returned forthwith to the Program Manager. Any request for an extension of the Project Completion Date must be made no less than one month prior to the Project Completion Date. Such requests will be considered on a case-by-case basis if appropriate justification is given. The decision to grant an extension of the Project Completion Date is at the sole discretion of the Program Manager.
- 3.12 **Procurement** - Upon procurement and successful completion of all the required documentation, as per Program Guide on the Program Manager's website, 50% of the Incentive Payment Amount will be made to the Participant.
- 3.13 **Project Completion** - Upon Project completion, the Participant will submit the required documentation, as per Program Guide on the Program Manager's website. The total amount of Eligible Project Expenses will be determined by the Program Manager and any remaining Incentive Payment Amount will be based on that determination. Eligible Project Expenses in excess of the total Incentive Payment Amount will not be funded. If the eligible project costs have decreased, the net value of incentives will be paid, based on a total incentive value of 50%, less the cost of the procurement incentive.
- 3.14 Incentive costs will be based on 100% of eligible project expenses. Please see Program Guide on Program Manager's webpage for documentation submission requirements.
- 3.15 **Front End Engineering Design and In-Kind Services**- The maximum amount of Eligible Project Expenses that can be used for front end engineering and design is 10% of the Incentive Payment Amount and In-Kind services is 2% of the Incentive Payment Amount.
- 3.16 **Eligible Technologies** – Only eligible technology types will receive incentives. For an up to date list of technology types, please see Program Manager's website. If there is a technology that is not on the list of eligible technology types, please fill out and submit the Eligible Technology Application which can be found on the on Program Manager's website. Note that technologies will be evaluated on an individual basis. The Program Manager does not guarantee that all technologies that apply will be approved and reserves the right to decline a technology at their sole discretion.
- 3.17 **Project Changes** – Any changes to the project which require a re-evaluation by the Program Manager will require a submission of a new application on the Portal. For expansions to the project scope, only the expanded part of the project may need a new application. For any reductions to the project scope which decrease the Eligible Project Expense, a new application does not need to be submitted, but the Incentive Payment Amount will be adjusted at Project Completion such that the Incentive Payment Amount does not exceed 50% of the Eligible Project Expense. If the adjusted Incentive Payment Amount at Project Completion is less than the payment made at Procurement, the difference in funds will need to be returned by the participant.
- 3.18 **Technology Innovation and Emissions Reduction (TIER) Regulation** - Regulated emissions under the *Technology Innovation and Emissions Reduction Regulation* ("**TIER**") are not eligible for MTIP funding. Only facilities that aggregate (as such term is used for purposes of TIER) or are not regulated by TIER are eligible for funding from the MTIP.
- 3.19 **Aggregation** – Participants can submit a single application for more than one project if they are in the same municipality and if the proposed projects are of the same type. The Participant represents that if they have submitted one application for more than one project, such projects are in the same municipality.
- 3.20 **Stacking** –Funding for the Project from provincial or federal government programs, other agencies, grants, programs or similar sources are allowed however the source and funding amount must be disclosed at the time the project application is submitted. The combined amount of funds from MTIP and provincial or federal government programs ,other agencies, grants, programs or similar sources can not exceed 100% of the Eligible Project Expenses.

4 OBLIGATIONS OF THE PARTICIPANT

- 4.1 **Project Spending** – The Participant shall use the Incentive Payment Amount solely for Eligible Project Expenses set forth in the Project.
- 4.2 **Funds Reservation** – Funds will not be reserved for the Participant or the Project until the Letter Agreement is signed and returned to the Program Manager.
- 4.3 **Representation by the Participant** – The Participant covenants, represents and warrants to the Program Manager that:
- (1) it has made full, true, and plain disclosure to the Program Manager of all facts that are material to this Agreement;
 - (2) the Participant produced oil, gas or condensate in Alberta in 2019 that was reported in Petrinex;
 - (3) the execution by the Participant of this Agreement and the carrying out of this Agreement by the Participant have been duly and validly authorized by the Participant in accordance with applicable law, and this Agreement will constitute a binding legal obligation of the Participant; that there is presently no order of any court or other tribunal, or any action suit, or proceeding being brought or pending or threatened against or affecting the Participant, that could affect the ability of the Participant to carry out and complete its obligations hereunder;
 - (4) and technology or equipment for which Incentive Amounts were received shall remain installed by the Participant for no less than five (5) years after the Project Completion Date. If the site is sold within the 5 year timeframe, the Participant must notify the Program Manager of the sale.
- 4.4 **Compliance with Laws** – In carrying out in this Agreement, the Participant will comply with any applicable: (a) laws of the Province of Alberta and of Canada; (b) bylaw or resolution of any municipal government; and (c) valid permits, licenses, and approvals.
- 4.5 **Environmental Attributes** –
- (1) The Participant will not register or claim any Environmental Attributes generated by the Project. The Participant will not transfer or assign any rights, title and interests, if any, in all Environmental Attributes generated by the Project to any person.
 - (2) The Participant warrants that no Environmental Attributes generated by the Project have been claimed, sold or otherwise transferred to a third party and that no other person has any claim to or ownership of the Environmental Attribute generated by the Project.

5 DOCUMENTATION AND RETENTION REQUIREMENTS

- 5.1 **Project Documentation** – Participants shall submit the documentation outlined in the Portal upon (a) Project approval, (b) procurement of the Project technology and/or equipment; and (c) upon final installation of the Project technology and/or equipment. Prior to the Project Completion Date, the Participant shall submit all information and documentation as is requested by the Program Manager.
- 5.2 **Retention of Records** – During the term of this Agreement, and for a period of five (5) years immediately following the Project Completion Date, the Participant shall provide all information and documentation relating to the Project as is requested by the Program Manager.
- 5.3 **Signing Authority** - All documents and reports shall be approved and signed by the person or persons identified in the Project or such other person proposed by the Participant and approved by the Program Manager.

6 INSPECTION AND AUDIT

- 6.1 **Inspection** – The Program Manager or the Government of Alberta and it's assignee is entitled, at all times during the term of this Agreement and for 5 five (5) years following the Project Completion Date, upon giving seven (7) days notice to the Participant, to have its authorized agents attend at the premises of the Participant. The authorized agent's attendance will be for the purpose of examining premises and inspecting or auditing all files, documents, records and books of account maintained in relation to this Agreement, and any other assets pertinent to this Agreement. The Participant shall provide the authorized agents with such assistance as may be reasonably required during such inspection or audit. This right of inspection and audit is limited to the purpose of ascertaining whether this Agreement has been complied with. Any audit that is unsatisfactory will be shared with the Government of Alberta and will be taken into consideration for any future eligibility for or allocation of funds from any TIER funded programs.
- 6.2 **Verification** – The Program Manager reserves the right to withhold, reject or require reimbursement from the Participant of all or a portion of the Incentive Payment Amount until the installation and operation of the technology and/or equipment approved in the Project is verified to the satisfaction of the Program Manager.

7 EVENT OF DEFAULT AND TERMINATION

- 7.1 **Event of Default** – It shall be an “Event of Default” if,
- (1) in the Program Manager’s sole determination, the Participant breaches any provision of this Agreement; or
 - (2) the Participant does or expects to: (i) file a petition in bankruptcy or make an assignment for the benefit of its creditors; (ii) be adjudged bankrupt or insolvent or take the benefit or protection of any legislation for bankrupt or insolvent debtors; (iii) file any petition or institute any proceedings under any bankruptcy or insolvency legislation in any jurisdiction seeking to effect reorganization or a composition; (iv) have its chattels, equipment and supplies seized in execution or by a process of law; or (v) be the subject of an appointment of a receiver or trustee.
- 7.2 **Termination** – The Program Manager may terminate this Agreement immediately and without notice: (a) upon the occurrence of an “Event of Default” as specified in section 7.1; or (b) where the Program Manager is of the opinion the Participant or its employees, subcontractors or agents are in a conflict of interest.
- 7.3 **Consequence of Termination** – In the event of termination of this Agreement:
- (1) the Participant shall not use any portion of the Incentive Payment Amount as of the date of termination; and
 - (2) within seven (7) days after the date of termination, the Participant shall repay the entire Incentive Payment Amount to the Program Manager.

8 INDEMNITY AND INSURANCE

- 8.1 **Indemnity** – The Participant shall indemnify and hold harmless the Program Manager, its employees and agents against and from any and all third party claims, demands, actions, or costs (including legal costs on a solicitor-client basis) for which the Participant is legally responsible that arise from or relate to the performance of the Participant’s obligations under this Agreement or in connection with the Project. This Section 8.1 will survive the expiry or termination of this Agreement.
- 8.2 **Insurance** – The Participant shall, at its own expense and without limiting its liabilities herein, (a) insure its operations under a contract of general liability insurance in an amount not less than \$2,000,000 inclusive per occurrence, insuring against body injury, personal injury and property damage including loss of use thereof; and (b) where the conduct of the Participant or the actions required to complete the Project will include the Participant rendering professional services, the Participant will maintain such amount of professional liability insurance as is required by law or by the body or association that governs or regulates such professional services, and in any event no less than what is consistent with good industry practice for businesses providing such professional services.
- 8.3 **Permits** – The Participant has obtained all Permits that are necessary for the Project and is in compliance in all respects with all such Permits.

9 FREEDOM OF INFORMATION

- 9.1 **FOIP ACT** –
- (1) The Participant acknowledges that: (a) the Program Manager may send all documentation and information relating to the Project to the Province; and (b) any documentation and information that has been provided to the Province is subject to the Freedom of Information and Protection of Privacy Act (Alberta) (“**FOIP Act**”).
 - (2) If there is a conflict between this Agreement and the FOIP Act or any other applicable legislation governing access to information or protection of privacy, the FOIP Act or other legislation prevails over this Agreement.

10 PROTECTION OF PRIVACY AND CONFIDENTIALITY

- (1) Participant agrees to hold and treat the Program Manager Confidential Information in confidence and shall use at least reasonable care (but in no event less than the same degree of care as the Participant uses to protect its own confidential information) to prevent disclosure of the Program Manager Confidential Information. The Participant may disclose confidential information to third parties with a legitimate need to know who are bound by similar written confidentiality obligations. If the Program Manager Confidential Information is required to be disclosed pursuant to applicable law, the Participant must provide prompt advance notice thereof, to the extent legally permissible, to enable the Program Manager to seek a protective order or otherwise prevent such disclosure. The Participant shall not use the Program Manager Confidential Information for any purpose other than to carry out its obligations under this Agreement. Participant acknowledges that unauthorized disclosure of the Program Manager Confidential Information may cause irreparable harm to the Program Manager and would entitle the Program Manager to seek injunctive relief upon disclosure or threatened disclosure, in addition to any other remedies at law to which the party may be entitled.

- (2) Subject to section 9.1, the Program Manager and the Participant acknowledge that any information made available by the Participant to the Program Manager with respect to this Agreement, including without limitation any intellectual property of the Participant, may be confidential and proprietary. Notwithstanding the foregoing, the Participant shall provide to Program Manager all raw and aggregated data acquired, generated or gathered by the Participant in connection with the Project and the Participant hereby grants to the Program Manager the non-exclusive right to use such raw or aggregate data provided that such data is used in a manner that the Participant is unidentifiable. Furthermore, the Participant acknowledges and agrees that the raw or aggregated data may be provided by the Program Manager to the Province.
- (3) Upon approval by the Participant, studies or testimonials can be released about the Project.

11 GENERAL

- 11.1 The Program Manager does not warranty or guarantee the suitability or performance of any equipment or technology used in the Project. The Program Manager shall not be liable for any whole or partial failure of any equipment or technology nor for the performance of such equipment or technology. The Participant is liable and responsible for (and the Participant acknowledges that the Program Manager is not liable nor responsible for) assessing the suitability, merits and performance of the equipment and/or technology and counterparties to any agreements entered into in connection with the equipment or technology. The Participant agrees that all equipment and technology used or installed in connection with the Project will be used or installed in accordance with: (a) the manufacturer's specification, (b) all Permits, and (c) all applicable federal, provincial and local laws.
- 11.2 The Project is not currently a regulatory requirement that is required by Alberta Energy Regulator or any other governmental agency or regulatory body.
- 11.3 This Agreement is subject to change and may be modified by the Program Manager at any time. Such modification would be effective upon posting the amended Agreement on the Portal. A Participant's continued progression of the Project and acceptance of Incentive Payment Amounts after the posting of an amended Agreement to the Portal shall be deemed to be acceptance of such amended Agreement.
- 11.4 This Agreement constitutes the entire Agreement between the Parties and no other oral or written representations of any kind shall be deemed to have been made by either party.
- 11.5 The Participant shall not assign this Agreement or any rights or benefits to other parties who are not named in this Agreement.
- 11.6 This Agreement may be executed in counterparts, in which case the counterparts together shall constitute one agreement and delivery or communication of execution electronically shall constitute good delivery.
- 11.7 This Agreement shall be interpreted and governed in accordance with the laws applicable in the Government of Alberta and the Parties agree to attorn to the jurisdiction of the Courts of the Government of Alberta.
- 11.8 References in this Agreement to section numbers are to the corresponding numbered provisions of this Agreement.
- 11.9 All dollar figures referenced in this Agreement including Appendices are in Canadian Dollars.
- 11.10 In the case of conflicts or discrepancies among this document and any Schedules or Appendices attached to this document, the documents shall take precedence and govern in the following order: (a) these Terms and Conditions, and (b) the Schedules or Appendices to this document.
- 11.11 Nothing in this Agreement creates, or shall be construed to create, an agency, employment, partnership or joint venture relationship between the Program Manager and the Participant. The Participant is an independent entity and its employees, agents, or any other person or entity it engages to carry out the Project, are employees, agents or contractors of the Participant and not of the Program Manager.