
Heading for Letter Agreement or Facsimile

[Letterhead of Party A]

Date: [Date]

To: [Name and Address or Facsimile Number of Party B]

From: [Party A]

Re: Emissions Transaction

Dear _____:

The purpose of this [letter agreement][facsimile] is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This [letter agreement][facsimile] constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2005 ISDA Commodity Definitions (the "Commodity Definitions") (as published by the International Swaps and Derivatives Association, Inc.), are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.¹

[This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of [date], as amended and supplemented from time to time (the "Agreement"), between you and us. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.]²

The terms of the particular Transaction to which this Confirmation relates are as follows:

Buyer:
[Option Buyer]

Seller:
[Option Seller]

Trade Date:

¹ If the parties wish to incorporate the 2000 ISDA Definitions (which include the Emissions Annex thereto), as amended and/or supplemented from time to time, this paragraph should be replaced by the following: "The definitions and provisions contained in the 2000 ISDA Definitions (which include the Annex thereto), as amended and/or supplemented from time to time (the "Swap Definitions") and in the Commodity Definitions (the "Commodity Definitions," and together with the Swap Definitions, the "Definitions"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Commodity Definitions, the Commodity Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern."

² Include if applicable. If the parties have not yet executed, but intend to execute, an ISDA Master Agreement include, instead of this paragraph, the following: "This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute and deliver an agreement in the form of an ISDA Master Agreement, with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to an ISDA Master Agreement (each a "Confirmation") confirming transactions (each, a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form part of, and be subject to, an agreement in the form of an ISDA Master Agreement as if we had executed an agreement in such form (but without any Schedule except for the election of [English law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction."

Emissions Product:

Term:

[Strike] Price: [US Dollars \$ per unit]

Quantity:

Regulatorily Continuing Emissions Product or Regulatorily Non-Continuing Emissions Product:

If neither Emissions Product is selected above, the Emissions Product will be deemed to be a Regulatorily Non-Continuing Emissions Product.

[Option Premium] [\$_____ per Emissions Product (\$_____ total) due from Buyer within two (2) Local Business Days of the Trade Date]

[Expiration Date(s)] [Date of expiration of option(s)]

[Option Exercise] [If exercising the option, Option Buyer will contact _____ on or before [1:00 p.m.] E.P.T. on [or before] the above Expiration Date(s) (“Exercise Date”).]

Abandonment of Scheme:

Upon the occurrence of an Abandonment of Scheme, as defined in clause (h)(iv) of the Emissions Annex, one of the following two elections, the specific terms of which are set forth in clause (b)(iii) of the Emissions Annex, will govern the parties’ rights and obligations with respect to this Emissions Transaction:

___ Option A: Abandonment of Scheme Additional Termination Event with liquidation and closeout pursuant to Sections 5 and 6 of the Agreement.

___ Option B: Termination without liquidation and Termination Payment as set forth in the Emissions Annex.

If none of the above options is selected, Option A will apply.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us [by facsimile].

Yours sincerely,

[PARTY A]

By: _____
Name:
Title:

Confirmed as of the date first above written:

[PARTY B]
By: _____
Name:
Title: