

**Confirmation of OTC  
Physically Settled  
UK Emissions Allowance Forward  
(For use in respect of the First Trading Period)**

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Heading for Letter<sup>1</sup>

[Letterhead of Party A]

[Date]

**UK Emissions Allowance Transaction**

[Name and Address of Party B]

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Heading for [Telex/Facsimile/Email]<sup>2</sup>

[Telex/Facsimile/Email]

Date:

To: [Name and [Telex Number/Facsimile Number/Email Address]] of Party B

From: [Party A]

Re: UK Emissions Allowance Transaction

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Dear \_\_\_\_\_ :

The purpose of this [letter agreement/telex/facsimile/email] (this "Confirmation") is to confirm the terms and conditions of the UK Emissions Allowance Transaction entered into between us on the Trade Date specified below (the "Transaction").

The definitions and provisions contained in the 2006 ISDA Definitions, as published by International Swaps and Derivatives Association, Inc. ("the 2006 ISDA Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between this Confirmation, the Agreement (as defined below) and the 2006 ISDA Definitions, this Confirmation will govern.

This Confirmation constitutes a "Confirmation" as referred to in, and supplements, forms part of and is subject to, the [ISDA Master Agreement/ISDA 2002 Master Agreement]<sup>3</sup> dated as of [date], as amended

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<sup>1</sup> Include if applicable.

<sup>2</sup> Delete as applicable.

<sup>3</sup> 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 UK Emissions Allowance 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 a part of, and be subject to, an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) if any Confirmation dated prior to the date of this Confirmation refers to that ISDA Master Agreement and otherwise the 2002 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, a Form of Part [7] to the Schedule to an ISDA Master Agreement for UK Emissions Allowance Transactions (version 1: 16 July, 2021) (For use in respect of the First Trading Period) as published by ISDA [and [specify currency] as the Termination Currency]) on the Trade Date

and supplemented from time to time (the "Agreement"), between [Name of Party A] ("Party A") and [Name of Party B] ("Party B"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

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

1. **General Terms:**

Trade Date: [ ]

Seller: [Party A][Party B]

Buyer: [Party A][Party B]

Specified Trading Period: First Trading Period

Number of Allowances: [ ]

Allowance Purchase Price: [[GBP]<sup>4</sup> ]

Total Purchase Price: [[GBP] ]

Business Days: [●]

Buyer's VAT Jurisdiction: [ ]

Seller's VAT Jurisdiction: [ ]

Seller's location, telephone or facsimile number for purpose of giving notice:<sup>5</sup>

Buyer's location, telephone or facsimile number for purpose of giving notice:<sup>6</sup>

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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 purposes of this UK Emissions Allowance Transaction. "

<sup>4</sup> Parties may provide for settlement in any other currency by specifying here.

<sup>5</sup> Specify city in which Seller is located for purposes of receiving notices.

<sup>6</sup> Specify city in which Buyer is located for purposes of receiving notices.

2. **Settlement Terms:**

Physical Settlement:	Applicable
Settlement Currency:	[ ]
Payment Date:	[The fifth Business Day following the later of the Delivery Date and the date on which the relevant VAT invoice is delivered to the Receiving Party][The later of (a) the twentieth day of the month following the end of the month in which the Delivery Date occurs, or if such day is not a Business Day, the first following day that is a Business Day; and (b) the fifth Business Day following the date on which the relevant VAT invoice is delivered to the Receiving Party] <sup>7</sup> , subject to the provisions of "Failure to Deliver" in Part [7] of the Schedule to the Agreement.
Delivery Date:	[ ] (or, if such date is not a Delivery Business Day [and a Business Day] <sup>8</sup> , the next following day that is a Delivery Business Day [and a Business Day]).
Party A's Delivery Business Day Location:	[ ]
Party B's Delivery Business Day Location:	[ ]
Payment on Termination For Settlement Disruption:	[Applicable][Inapplicable] <sup>9</sup>
Excess Emissions Penalty:	[Applicable][Not Applicable] <sup>10</sup>
[EEP Risk Period:	[ ]]
[EEP Equivalent:	[Applicable]] <sup>11</sup>
[Failure to Deliver (Alternative Method):	[Applicable]] <sup>12</sup>
[EEP:	[Applicable]]
[EEP Risk Period:	[ ]] <sup>13</sup>

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<sup>7</sup> Delete as applicable.

<sup>8</sup> Include bracketed language if the Payment Date is specified to be the Delivery Date and the parties wish the Delivery Date to adjust for payment business days.

<sup>9</sup> Please see Part 7(d)(i)(4)(D) of the Form of Part [7] to an ISDA Master Agreement for UK Emissions Allowance Transactions.

<sup>10</sup> Please see part 7(d)(ii)(1)(B) of the Form of Part [7] to an ISDA Master Agreement for UK Emissions Allowance Transactions.

<sup>11</sup> [The election of whether "EEP Equivalent" is applicable or not applicable may be made only if "Failure to Deliver (Alternative Method)" does not apply.]

<sup>12</sup> [Please see Part 7(d)(ii)(1)(A) of the Form of Part [7] to an ISDA Master Agreement for UK Emissions Allowance Transactions. This is presumed not to apply.]

<sup>13</sup> ["EEP Risk Period" must be specified if both "Failure to Deliver (Alternative Method)" and "EEP" are applicable.]

3. **Calculation Agent:** [Buyer][Seller] save that for the purposes of determining the Delivering Party's Replacement Cost the Calculation Agent shall be the Delivering Party and for the purposes of determining the Receiving Party's Replacement Cost the Calculation Agent shall be the Receiving Party.

4. **Account Details:**

Account for payments to Party A:

UK ETS Account of Party A:

Account for payments to Party B:

UK ETS Account of Party B:

5. **Offices:**

(a) The Office of Party A for the Transaction is [ ]; and

(b) The Office of Party B for the Transaction is [ ].

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*Closing*

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: