

Please note: this guideline may be updated from time to time.

Circumstances Requiring a Performance Bond under the Bioenergy Producer Credit Program

- Applications will be accepted for producing facilities and for proposed facilities that will be in production no later than March 31st of the second year approved under the BPCP. (Applicants from the first call period (June-July 2011) are allowed until September 30, 2013 to be in production.)
- Applicants are to demonstrate that a facility has a high certainty of production by being a producing facility at the time of application or, if not yet producing, by demonstrating all permits and approvals required to commence production are in place and major equipment has been received, purchased or is on order with a firm financial commitment.
- Applicants that cannot provide this level of certainty for their facility may be approved under the program prior to production subject to posting a performance bond.

Amount

- The value of the performance bond is calculated as 25 per cent of the applicant's annual grant for the first Program Year of full operation approved by Alberta Energy.
- The first Program Year of full operation normally follows the Program Year in which production will commence, although the applicant may not achieve maximum production levels.

Timing

- The requirement for a performance bond is determined based on an application.
- The amount of the performance bond is confirmed in a grant agreement issued to the applicant for execution, or in a notice of approval delivered to the applicant prior to issuing the grant agreement.
- If a performance bond is required, the grant agreement will not be fully executed until the performance bond is in place. This means the performance bond is required within 45 days of the department offering a grant agreement to an applicant.

Outcomes

- The performance bond is no longer required once Alberta Energy is satisfied that the applicant has met conditions (above) demonstrating a high level of certainty.
- The performance bond may forfeit to the Province if an approved applicant if the agreement is terminated prior to meeting these conditions, or fails to satisfy Alberta Energy that conditions are met within a timeframe that would lead to achieving production by the target month identified by the applicant.

Instructions for a Security Deposit Serving as a Performance Bond under the BPCP

- The following forms of Security Deposit are acceptable for a performance bond under the BPCP:
 - a. **Irrevocable Letter of Credit or Letters of Guarantee:**
 - An irrevocable letter of credit or letter of guarantee from a Chartered Bank, a Credit Union, a Trust Company or the Alberta Treasury Branch guaranteeing payment upon presentation to the issuer.

- An Automatic Renewal Clause should be added whenever possible for securities that are for a term of over 1 year.
 - The terms of the letter of credit or letter of guarantee should state the purpose as relating to a condition of the company's approval under the Bioenergy Producer Credit Program.
- b. Redeemable Term Deposits, Certificate of Deposit, Redeemable Guaranteed Investment Certificate**
- One of the above forms of security issued by a Chartered Bank, a Credit Union, a Trust Company, or Alberta Treasury Branches.
 - These must be in negotiable form and assigned to the Minister of Finance, Province of Alberta, as to principal only. Assignment documents must be acknowledged as accepted by banks or financial institutions as issuer.
 - PLEASE NOTE: MORTGAGE CORPORATION CERTIFICATES ARE NOT ACCEPTABLE AS THEY ARE NOT PRE-ENCASHABLE PRIOR TO MATURITY

Please ensure all **beneficiaries/assignees** are payable to:

MINISTER OF FINANCE - PROVINCE OF ALBERTA

The contacts for questions regarding securities are:

Gabriel John (Gabriel.John@gov.ab.ca)

Charlotte Vimtrup (Charlotte.Vimtrup@gov.ab.ca)

All securities should be delivered by courier to the following address:

Department of Energy
Attention: Gabriel John
Senior Advisor, Bioenergy Policy
Infrastructure and Alternative Energy Branch
10th floor North Petroleum Plaza
9945 – 108 Street
Edmonton, Alberta T5K 2G6
Phone: 780-427-7168