

GENERAL ACCREDITATION CONDITIONS

(CARBON SEQUESTRATION)

1 BACKGROUND

1.1 The Sequestration Pool Manager's Accreditation

Under section 97DB(2)(a) of the Act, the Scheme Administrator has accredited the Sequestration Pool Manager as an abatement certificate provider in relation to the Accredited Carbon Sequestration Activities.

1.2 Requirements of the Act and Regulations

There are a number of provisions of the Act and the Regulations which are relevant to the Sequestration Pool Manager's Accreditation, to these Conditions and to the creation of NGACs in relation to the Accredited Carbon Sequestration Activities. Some of the more important of these provisions are referred to in clause 2.

The Sequestration Pool Manager should ensure it is also familiar with all other relevant provisions of the Act and the Regulations.

The Regulations also impose certain mandatory conditions on the Sequestration Pool Manager's Accreditation. Those conditions are repeated in clause 3.

1.3 Conditions Imposed by Scheme Administrator

Under section 97DD(1)(b) of the Act, the Scheme Administrator may also impose conditions on the Sequestration Pool Manager's Accreditation. The conditions imposed by the Scheme Administrator under section 97DD(1)(b) are set out in clause 4.

1.4 Definitions and Interpretation

Definitions of expressions and rules of interpretation used in these Conditions are set out in clause 6.

2 SOME RELEVANT PROVISIONS OF THE ACT AND THE REGULATIONS

2.1 Abatement Certificates Only to be Created in Relation to the Accredited Carbon Sequestration Activities

Under section 97D(2) of the Act, the Sequestration Pool Manager may only create abatement certificates in relation to the Accredited Carbon Sequestration Activities.

2.2 Duration of Sequestration Pool Manager's Accreditation

Under section 97DC of the Act, the Sequestration Pool Manager's Accreditation remains in force until suspended or cancelled by the Scheme Administrator.

2.3 Variation of Conditions of Accreditation

- (a) Under section 97DD(1)(b) of the Act, the Scheme Administrator can impose further accreditation conditions while the Sequestration Pool Manager's Accreditation remains in force.
- (b) Under clause 73J(4) of the Regulations, the Scheme Administrator may, at any time by notice in writing given to the Sequestration Pool Manager, revoke or vary a condition imposed on the Sequestration Pool Manager's Accreditation by the Scheme Administrator.

2.4 Penalties for Breach of Conditions of Accreditation

Section 97DD(5) prescribes a maximum penalty of 2000 penalty units for contravention of any of the conditions of accreditation imposed under the Regulations or by the Scheme Administrator as set out in these Conditions.

2.5 Suspension or Cancellation of Accreditation

Under Clause 73HC of the Regulations, the Scheme Administrator may suspend or cancel the Sequestration Pool Manager's Accreditation on any of the following grounds:

- (a) the Scheme Administrator is satisfied that the Sequestration Pool Manager has ceased to be eligible for accreditation as an abatement certificate provider in respect of the Accredited Carbon Sequestration Activities;
- (b) the Sequestration Pool Manager has requested the suspension or cancellation;
- (c) the Scheme Administrator is satisfied that the Sequestration Pool Manager has contravened a provision of the Act, the Regulations, the Rules or any conditions of accreditation imposed under the Regulations or by the Scheme Administrator as set out in these Conditions;
- (d) the Sequestration Pool Manager has become bankrupt, applied to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounded with the Sequestration Pool Manager's creditors or made an assignment of the Sequestration Pool Manager's remuneration for the benefit of the Sequestration Pool Manager's creditors; or
- (e) the Sequestration Pool Manager is a corporation that is the subject of a winding up order or for which a controller or administrator has been appointed.

2.6 Audits

- (a) Under clause 73M of the Regulations, the Scheme Administrator may at any time conduct or require audits to be conducted of the Sequestration Pool Manager in relation to the following matters:
 - (1) the creation of abatement certificates;
 - (2) the Sequestration Pool Manager's eligibility for accreditation; and
 - (3) the Sequestration Pool Manager's compliance with any conditions of the Sequestration Pool Manager's Accreditation.

- (b) An audit under clause 73M of the Regulations may be conducted for the purpose of:
 - (1) substantiating information provided to the Scheme Administrator; or
 - (2) determining whether the Sequestration Pool Manager has complied with the Act, the Regulations, the Rules or any conditions of the Sequestration Pool Manager's Accreditation.
- (c) Under section 97HB of the Act, the Sequestration Pool Manager is liable to pay the cost (as certified by the Scheme Administrator) of any audit conducted under clause 73M of the Regulations.

3 CONDITIONS IMPOSED BY THE REGULATIONS

3.1 Claiming Benefits under Other Schemes (*Regulations, clause 73IA*)

The Sequestration Pool Manager must not contravene any Clause 73HA Undertaking given to the Scheme Administrator in connection with the Sequestration Pool Manager's application for the Sequestration Pool Manager's Accreditation.

3.2 Carbon Sequestration Activity to be Maintained (*Regulations, clause 73ID*)

If the Sequestration Pool Manager creates an NGAC in respect of the Accredited Carbon Sequestration Activities, then the Sequestration Pool Manager must ensure the continued storage, by means of Eligible Forest planted on Eligible Land, of the quantity of carbon dioxide stored by the Carbon Sequestration in respect of which the NGAC is created (calculated in accordance with the Rules) for a period of 100 years after the NGAC is created.

3.3 Record Keeping (*Regulations, clause 73IF*)

- (a) The Sequestration Pool Manager must keep a record of the following in respect of the Accredited Carbon Sequestration Activities:
 - (1) the location and size of any Eligible Land owned or controlled from time to time by the Sequestration Pool Manager;
 - (2) any Carbon Sequestration Rights held in respect of any other Eligible Land from time to time;
 - (3) any activity on land referred to in sub-clause (1) or (2) that is likely to result in a reduction in the greenhouse gas emissions abated by the planted Eligible Forests on that land, including any clearing of that land;
- (b) The Sequestration Pool Manager must keep such other records as the Scheme Administrator, by notice in writing to the Sequestration Pool Manager, requires the Sequestration Pool Manager to keep.
- (c) A record required to be kept by an Sequestration Pool Manager by or under this clause must be retained by the Sequestration Pool Manager for at least 6 years after the record is made.

- (d) Records are to be kept in a form and manner approved by the Scheme Administrator.

3.4 Co-operation with Audits (*Regulations, clause 73IG*)

- (a) The Sequestration Pool Manager must provide such information and assistance as is necessary to comply with any audit conducted under Division 8 of Part 8B of the Regulations.
- (b) Without limiting subclause (a), the Sequestration Pool Manager must provide such access to premises as is necessary to comply with any schedule or timetable of audits agreed to by the Sequestration Pool Manager (whether before or after the Sequestration Pool Manager's Accreditation).

4 CONDITIONS IMPOSED BY THE SCHEME ADMINISTRATOR

4.1 Preconditions to Creation of NGACs

The Sequestration Pool Manager must not create any NGACs in relation to the Accredited Carbon Sequestration Activities, until:

- (a) the Sequestration Pool Manager has provided to the Scheme Administrator:
 - (1) any Security required under clause 4.8 or any Section 97EF Security required under clause 4.9; and
 - (2) a certificate of currency or any other written evidence (in a form acceptable to the Scheme Administrator) for any insurance required under clause 4.10; and
- (b) the Sequestration Pool Manager demonstrates (to the satisfaction of the Scheme Administrator) that any calculation method or carbon accounting that the Sequestration Pool Manager proposes to use for the purpose of calculating the number of NGACs created in relation to the Accredited Carbon Sequestration Activities:
 - (1) is consistent with the Standard;
 - (2) complies with the requirements of the Act, the Regulations and the Rules; and
- (c) the Scheme Administrator notifies the Sequestration Pool Manager in writing that it is satisfied as to each of the matters referred to in clauses 4.1(a) and 4.1(b).

4.2 Variation of Approved Arrangements

- (a) At any time while the Sequestration Pool Manager's Accreditation remains in force, the Scheme Administrator may at its sole discretion and in accordance with the Act and the Regulations (either on its own initiative or after receiving a written request to do so from the Sequestration Pool Manager) issue to the Sequestration Pool Manager a written notice approving a change to:
 - (1) the Approved Record Keeping Arrangements;

- (2) the Approved Calculation Method;
 - (3) the Approved Maintenance Compliance Reporting Arrangements;
 - (4) the Approved Risk Management Arrangements;
 - (5) the Approved NGAC Compliance Reporting Arrangements; or
 - (6) the Security.
- (b) Any change notified under clause 4.2(a) will take effect on a date specified in the notice, provided that date is not less than 1 month after the date of the notice.

4.3 Compliance with Approved Arrangements

At all times while the Sequestration Pool Manager's Accreditation remains in force, the Sequestration Pool Manager must:

- (a) effect, maintain, keep up to date and keep secure the Approved Record Keeping Arrangements;
- (b) calculate and create the correct number of NGACs in relation to the Accredited Carbon Sequestration Activities (in accordance with the Rules) by applying the Act, the Regulations, the Rules, the Standard and the Approved Calculation Method;
- (c) comply with the Approved NGAC Compliance Reporting Arrangements for each calendar year for which NGACs are created in respect of any Accredited Carbon Sequestration Activities;
- (d) comply with the Approved Maintenance Compliance Reporting Arrangements, for each calendar year for which sub-clause (c) does not apply;
- (e) effect and maintain the Approved Risk Management Arrangements;
- (f) ensure that each signatory to each Restriction On Use for each parcel of Accredited Eligible Land (other than the Scheme Administrator) is aware of its obligations under the Restriction On Use and complies with its terms; and
- (g) immediately notify the Scheme Administrator (in writing) of any non-compliance with clause 4.3(a), (b), (c), (d), (e), or (f).

4.4 Compliance with the Act, the Regulations, the Rules and the Registry Procedures

The Sequestration Pool Manager must at all times comply with all of the requirements of the Act, the Regulations, the Rules and the Registry Procedures, including all requirements relating to the creation, registration, transfer and surrender of NGACs.

4.5 Notification Obligations for Exceeding Nominated Number of NGACs

If for any calendar year the Sequestration Pool Manager proposes to create a total number of NGACs (for the Accredited Carbon Sequestration Activities) which

exceeds 110% of the Nominated Number of NGACs then, before doing so, the Sequestration Pool Manager must:

- (a) provide at least 1 month's written notice to the Scheme Administrator indicating the Sequestration Pool Manager's intention to do so and specifying:
 - (1) the total number of NGACs the Sequestration Pool Manager proposes to create in that calendar year;
 - (2) the basis (in accordance with the Act, the Regulations and the Rules) on which the Sequestration Pool Manager claims to be entitled to create that total number of NGACs in that calendar year; and
- (b) provide to the Scheme Administrator (or any person authorised by the Scheme Administrator) such information and access to the Accredited Eligible Land as the Scheme Administrator may require, to enable the Scheme Administrator to verify that the Sequestration Pool Manager is entitled to create that total number of NGACs in accordance with the Act, the Regulations and the Rules.

4.6 Abatement Certificates Not to be Created for Carbon Sequestration Already Used for Other Purposes

The Sequestration Pool Manager must not create NGACs in respect of any Carbon Sequestration already brought to account or traded by the Sequestration Pool Manager (or any other person) for any purpose, including (without limitation) for the purpose of complying with any other mandatory scheme (whether in New South Wales or in another jurisdiction) intended to promote Carbon Sequestration or the reduction of greenhouse gas emissions.

4.7 Carbon Sequestration Already Used to Create Abatement Certificates Not to be Used for Other Purposes

If the Sequestration Pool Manager has already created an NGAC in respect of any Carbon Sequestration, then the Sequestration Pool Manager must not bring to account, trade or use (or allow any other person to use) that Carbon Sequestration for any other purpose, including (without limitation) for the purpose of complying with another mandatory scheme (whether in New South Wales or in another jurisdiction) intended to promote Carbon Sequestration or the reduction of greenhouse gas emissions.

4.8 Security

- (a) If a security amount is specified in the Schedule to the Accreditation Notice, then prior to creating any NGACs in relation to the Accredited Carbon Sequestration Activities the Sequestration Pool Manager must provide Security in that amount to the Scheme Administrator.
- (b) Without limiting the Scheme Administrator's rights under the Act, the Regulations, the Rules or these Conditions, the Scheme Administrator may deduct from (or claim against) that Security any debt, liability, expense, claim or costs incurred by (or claimed against) the Scheme Administrator as a result of any breach by the Sequestration Pool Manager of the Act, the Regulations, the Rules, these Conditions or the Registry Procedures (other than any failure by the Sequestration Pool Manager to comply with

any order made against the Sequestration Pool Manager under section 97EF of the Act).

- (c) Subject to the Scheme Administrator's rights under this clause 4.8, the Scheme Administrator will release the Security upon the cancellation or expiry of the Sequestration Pool Manager's Accreditation.

4.9 Sequestration Pool Manager to Provide Section 97EF Security

- (a) If a Section 97EF Security Amount is specified in the Schedule to the Accreditation Notice, then prior to creating any NGACs in relation to the Accredited Carbon Sequestration Activities the Sequestration Pool Manager must provide Section 97EF Security in that amount to the Scheme Administrator.
- (b) Without limiting the Scheme Administrator's rights under the Act, the Regulations, the Rules or these Conditions, if:
 - (1) an order is made against the Sequestration Pool Manager under section 97EF of the Act: and
 - (2) the Sequestration Pool Manager fails to comply with the order,then, the Scheme Administrator may deduct from (or claim against) that Section 97EF Security an amount up to the Compliance Cost, provided the Scheme Administrator has first given the Sequestration Pool Manager the written notice required under clause 73JA(5) of the Regulations.
- (c) Subject to the Scheme Administrator's rights under this clause 4.9, the Scheme Administrator will release the Section 97EF Security upon the cancellation or expiry of the Sequestration Pool Manager's Accreditation.

4.10 Insurance

If an insurance amount is specified in the Schedule to the Accreditation Notice, then the Sequestration Pool Manager must, at its own expense, effect and maintain an insurance policy in that amount (with an insurer and on terms acceptable to the Scheme Administrator) for any debt, liability, expense, claim or cost incurred or suffered by the Scheme Administrator (or by any other person) as a result of any failure of the Sequestration Pool Manager to comply with the Act, the Regulations, the Rules, these Conditions or the Registry Procedures.

4.11 Voluntary Undertaking to Limit Future Creation of NGACs

- (a) If at any time the Scheme Administrator notifies the Sequestration Pool Manager that the Scheme Administrator considers that the Sequestration Pool Manager has created too many NGACs in relation to the Accredited Carbon Sequestration Activities as a result of:
 - (1) the Sequestration Pool Manager not correctly or accurately creating or calculating NGACs in accordance with the Act, the Regulations, the Rules, the Standard, these Conditions, or the Approved Calculation Method;
 - (2) any non-compliance with the Maintenance Obligation; or

- (3) the Sequestration Pool Manager's creation and calculation of NGACs not being sufficiently verifiable or supported by the Sequestration Pool Manager's record keeping arrangements (whether or not these are consistent with the Approved Record Keeping Arrangements),

(each, an "**Excess NGAC**"), then the Sequestration Pool Manager (either on its own initiative or following a request from the Scheme Administrator) may give to the Scheme Administrator a voluntary undertaking to limit the number of NGACs the Sequestration Pool Manager will create in relation to the Accredited Carbon Sequestration Activities in any future period of time:

- (1) despite any entitlement the Sequestration Pool Manager may otherwise have to create NGACs in excess of that limit (in relation to the Accredited Carbon Sequestration Activities) during that future period; and
 - (2) so as to compensate or allow for any Excess NGACs.
- (b) For each NGAC that the Sequestration Pool Manager is entitled to create but does not as a result of a voluntary undertaking under clause 4.11(a) ("**NGAC Foregone**") the Sequestration Pool Manager must keep records which disclose the date on which that entitlement arose together with details of the Excess NGAC to which the NGAC Foregone relates, in accordance with clause 73IF(5) of the Regulations and the Approved Record Keeping Arrangements.
 - (c) The Sequestration Pool Manager must not contravene any voluntary undertaking given to the Scheme Administrator under clause 4.11(a).

4.12 Sequestration Pool Manager to co-operate with the Scheme Administrator and Auditors

The Sequestration Pool Manager must provide any information, documents, assistance or access to premises required by:

- (a) the Scheme Administrator; or
- (b) any Auditor or other person appointed or authorised by the Scheme Administrator,

for the purposes of monitoring or auditing of the Sequestration Pool Manager's compliance with the Act, the Regulations, the Rules, these Conditions or the Registry Procedures.

4.13 Record Keeping and the Maintenance Obligation

- (a) This clause 4.13 is in addition and without prejudice to any other condition or obligation imposed on the Sequestration Pool Manager under the Act, the Regulations, the Carbon Sequestration Rule, these Conditions, the Registry Procedures or the Approved Record Keeping Arrangements.
- (b) In respect of each NGAC that the Sequestration Pool Manager creates, the Sequestration Pool Manager must, for the duration of the Maintenance Obligation for that NGAC, retain all records required to be kept by the Sequestration Pool Manager under the Act, the Regulations, the Carbon Sequestration Rule, these Conditions, the Registry Procedures or in

connection with the Approved Record Keeping Arrangements to the extent they are necessary to substantiate the:

- (1) date of creation of that NGAC; and
- (2) Sequestration Pool Manager's compliance with the Maintenance Obligation in respect of that NGAC.

4.14 Breach of Related Obligations

- (a) If at any time the Scheme Administrator considers (in its absolute discretion) that the Sequestration Pool Manager is, may or will be in breach of any of its Related Obligations ("**Related Obligation Breach**"), the Scheme Administrator may issue a written notice to that effect to the Sequestration Pool Manager and require the Sequestration Pool Manager to take such steps to remedy or prevent the Related Obligation Breach (as the case may be) to the Scheme Administrator's satisfaction including taking such steps as required by the Scheme Administrator ("**Related Obligation Notice**").
- (b) If 28 days after the date of the Related Obligation Notice the Scheme Administrator considers (in its absolute discretion) that the Sequestration Pool Manager has not satisfactorily remedied or prevented or commenced remedy or prevention of the Related Obligation Breach (as the case may be) then the Scheme Administrator (in its absolute discretion) may take any action to remedy or prevent the Related Obligation Breach (as the case may be) to its satisfaction, and recover its costs and expenses for doing so from the Sequestration Pool Manager as a debt due to the Scheme Administrator.
- (c) This clause 4.14 is without prejudice to clause 4.15.

4.15 Issue of Restriction Commencement Notice under Restriction On Use

- (a) At any time while the Sequestration Pool Manager's Accreditation remains in force if the Scheme Administrator considers (in its absolute discretion) that the Sequestration Pool Manager is, may or will be in breach of its Maintenance Obligation ("**Breach**"), the Scheme Administrator may issue a written notice to that effect to the Sequestration Pool Manager and require the Sequestration Pool Manager to take such steps to remedy or prevent the Breach (as the case may be) to the Scheme Administrator's satisfaction including taking such steps as required by the Scheme Administrator ("**Notice**").
- (b) A breach of a Related Obligation by the Sequestration Pool Manager may be treated by the Scheme Administrator (in its absolute discretion) as constituting a breach of the Sequestration Pool Manager's Maintenance Obligation and accordingly a "Breach" for the purposes of clause 4.15(a).
- (c) If 28 days after the date of the Notice the Scheme Administrator considers (in its absolute discretion) that the Sequestration Pool Manager has not satisfactorily remedied or prevented or commenced remedy or prevention of the Breach (as the case may be) then the Scheme Administrator may issue a Restriction Commencement Notice.
- (d) If the Sequestration Pool Manager has commenced remedy or prevention of the Breach (as the case may be) in accordance with clause 4.15(a) and

the Scheme Administrator considers (in its absolute discretion) that the Breach will not be remedied or prevented by the Sequestration Pool Manager (as the case may be) to the satisfaction of the Scheme Administrator, the Scheme Administrator may issue a Notice to the Sequestration Pool Manager (under clause 4.15(a)).

- (e) Despite any other provision in this clause 4.15, the Scheme Administrator may issue a Restriction Commencement Notice if Scheme Administrator considers that the Sequestration Pool Manager is or may be subject to an Insolvency Event.

5 ADJUSTMENTS TO ACCREDITED SEQUESTRATION POOL

5.1 Removal of Accredited Eligible Forests from the Accredited Sequestration Pool

- (a) If an Sequestration Pool Manager Encumbers, sells or otherwise disposes of its ownership or control rights over:

- (1) any Accredited Eligible Forest; or
- (2) any Accredited Carbon Sequestration Rights relating to that Accredited Eligible Forest,

then the Sequestration Pool Manager must comply with this clause 5.1.

- (b) If the Sequestration Pool Manager is not the registered proprietor of any Accredited Carbon Sequestration Right and the person who is the registered proprietor ("**Registered Proprietor**") Encumbers, sells or otherwise disposes of that Accredited Carbon Sequestration Right, then the Sequestration Pool Manager must comply with this clause 5.1.

- (c) If an Sequestration Pool Manager or a Registered Proprietor makes a sale or disposal under clause 5.1(a) or 5.1(b) (respectively) or is subject to the enforcement of any Encumbrance created under clause 5.1(a) or 5.1(b) (respectively), the Sequestration Pool Manager must either:

- (1) continue to comply with any Maintenance Obligation that has arisen in respect of each NGAC created by the Sequestration Pool Manager for any Carbon Sequestration in the Accredited Eligible Forest the subject of the sale, disposal or enforcement (such compliance to be by means of other Accredited Eligible Forest planted on Accredited Eligible Land sufficient to meet that Maintenance Obligation); or
- (2) transfer that Maintenance Obligation to another Carbon Sequestration Accredited Abatement Certificate Provider, provided that the Scheme Administrator:
 - (A) approves of the transfer (which approval may be on such conditions as the Scheme Administrator considers appropriate); and
 - (B) is satisfied that the adjustment of the Carbon Stock of that Abatement Certificate Provider reflects the carbon required to be stored by that Abatement Certificate Provider in order to meet that Maintenance Obligation (as if each NGAC in

respect of which the Maintenance Obligation arose had been created by that Abatement Certificate Provider).

- (d) If the Sequestration Pool Manager or the Registered Proprietor creates an Encumbrance under clause 5.1(a) or 5.1(b) (respectively), the Sequestration Pool Manager must procure that the person taking the benefit of the Encumbrance enters into a deed (in favour of the Sequestration Pool Manager) under which that person agrees that any enforcement of the Encumbrance will not be undertaken in a manner inconsistent with the Sequestration Pool Manager's obligations under clause 5.1(c).
- (e) The Sequestration Pool Manager must provide to the Scheme Administrator details of rights or Accredited Carbon Sequestration Rights the subject of any sale or disposal or Encumbrance under clause 5.1(a) or 5.1(b) (respectively) immediately after the sale or disposal is effected.
- (f) In respect of any sale, disposal or enforcement of any Encumbrance created under clause 5.1(a) or 5.1(b) (respectively), on and from the date the Scheme Administrator notifies the Sequestration Pool Manager in writing that the Scheme Administrator:
 - (1) is satisfied that the Sequestration Pool Manager will be able to comply with clause 5.1(c)(1); or
 - (2) approves of and is satisfied with the matters referred to in clause 5.1(c)(2),

then the Accredited Eligible Forest the subject of sale or disposal under clause 5.1(a) or 5.1(b) (respectively) will no longer be treated as an Accredited Eligible Forest under the Sequestration Pool Manager's Accreditation and accordingly will no longer be part of the Accredited Sequestration Pool.

5.2 Addition of Eligible Forest to Accredited Sequestration Pool

- (a) The Sequestration Pool Manager may add Eligible Forest ("**Additional Eligible Forest**") to its Accredited Carbon Sequestration Pool by acquiring:
 - (A) ownership or control of the Carbon Sequestration Rights registered against the title of the Eligible Land on which that Additional Eligible Forest is situated; and
 - (B) ownership or control of that Additional Eligible Forest sufficient to enforce those Carbon Sequestration Rights,

provided that the Sequestration Pool Manager first:

- (1) provides to the Scheme Administrator a Restriction On Use for each parcel of that Eligible Land;
- (2) provides to the Scheme Administrator such details of the Additional Eligible Forest, Eligible Land and Carbon Sequestration Rights referred to in clause 5.2(a) as may be required by the Scheme Administrator; and

- (3) satisfies the Scheme Administrator of the matters referred to in clause 5.2(b) and receives written notice from the Scheme Administrator to that effect.
- (b) The Sequestration Pool Manager must satisfy the Scheme Administrator of the following matters in respect of any Additional Eligible Forest:
 - (1) that each of the following are in place and will apply (to the satisfaction of the Scheme Administrator) to the Additional Eligible Forest:
 - (A) the Approved Risk Management Arrangements;
 - (B) the Approved Record Keeping Arrangements;
 - (C) the Approved Maintenance Compliance Reporting Arrangements;
 - (D) the Approved NGAC Compliance Reporting Arrangements; and
 - (E) the Approved Calculation Method,

(each, as amended from time to time (in accordance with clause 4.2) as the Scheme Administrator considers (in its absolute discretion) appropriate for effective application of that arrangement and/or method (as the case may be) to that Accredited Eligible Forest);
 - (2) that the Carbon Stock of the Sequestration Pool Manager is sufficient to account for the Sequestration Pool Manager's existing Maintenance Obligation under clause 3.2 as well as any Maintenance Obligation that may arise under clause 5.2(c)(4).
- (c) On and from the date of the Scheme Administrator's written notice to the Sequestration Pool Manager under clause 5.2(a)(3):
 - (1) the Additional Eligible Forest will be treated as an Accredited Eligible Forest and, accordingly, be taken to be part of the Accredited Sequestration Pool;
 - (2) the Eligible Land on which that Additional Eligible Forest is situated will be taken to be Accredited Eligible Land;
 - (3) each Carbon Sequestration Right registered against the title of that Eligible Land will be taken to be an Accredited Carbon Sequestration Right; and
 - (4) each NGAC created prior to that date in respect of Carbon Sequestration within the Additional Eligible Forest will be taken to be an NGAC created by the Sequestration Pool Manager for the purposes of clause 3.2 and the Sequestration Pool Manager's Maintenance Obligation under clause 3.2 will apply in respect of each such NGAC;
- (d) The Scheme Administrator may in its absolute discretion require the Sequestration Pool Manager to provide an amount as Security in respect of

the increase to the Accredited Sequestration Pool (in addition to any other Security already required), in which case the Schedule to the Accreditation Notice will be amended accordingly.

6 DEFINITIONS AND INTERPRETATIONS

6.1 Definitions

In these Conditions of Accreditation, the following expressions have the following meanings:

"Accreditation Notice" means the Accreditation Notice to which these Conditions are attached;

"Accredited Carbon Sequestration Activities" has the meaning given to that expression in the Accreditation Notice;

"Accredited Carbon Sequestration Right" has the meaning given to it in the Accreditation Notice;

"Accredited Eligible Forest" has the meaning given to that expression in the Accreditation Notice;

"Accredited Eligible Land" has the meaning given to that expression in the Accreditation Notice;

"Accredited Sequestration Pool" has the meaning given to that expression in the Accreditation Notice;

"Act" means the Electricity Supply Act (NSW) 1995;

"Additional Eligible Forest" has the meaning given to that term in clause 5.2(a);

"Approved Calculation Method" means the carbon accounting method proposed by the Sequestration Pool Manager under clause 4.1(b) and which is the subject of a notice by the Scheme Administrator under clause 4.1(c) (subject to any changes approved by the Scheme Administrator from time to time under clause 4.2) and which is identified in the Schedule to the Accreditation Notice;

"Approved Record Keeping Arrangements" means all of the record keeping systems and arrangements necessary to substantiate that all NGACs created in relation to the Accredited Carbon Sequestration Activities are created and calculated in accordance with the Act, the Regulations and the Rules and which have been approved by the Scheme Administrator by notice in writing issued to the Sequestration Pool Manager on or before the date of the Accreditation Notice (subject to any changes approved by the Scheme Administrator from time to time under clause 4.2) and which are identified in the Schedule to the Accreditation Notice;

"Approved Maintenance Compliance Reporting Arrangements" means processes and arrangements to monitor and report to the Scheme Administrator on (and to ensure) the Sequestration Pool Manager's ongoing compliance with the Maintenance Obligation and which have been approved by the Scheme Administrator by notice in writing issued to the Sequestration Pool Manager on or before the date of the Accreditation Notice (subject to any changes approved by

the Scheme Administrator from time to time under clause 4.2) and which are identified in the Schedule to the Accreditation Notice;

"Approved NGAC Compliance Reporting Arrangements" means the processes and arrangements to monitor and report to the Scheme Administrator on (and to ensure) the Sequestration Pool Manager's ongoing compliance with the creation of NGACs in accordance with the Act, Regulations and Rules and the Approved Calculation Method and which have been approved by the Scheme Administrator by notice in writing issued to the Sequestration Pool Manager on or before the date of the Accreditation Notice (subject to any changes approved by the Scheme Administrator from time to time under clause 4.2) and which are identified in the Schedule to the Accreditation Notice;

"Approved Risk Management Arrangements" means risk management procedures and arrangements to address any Unplanned Depletion Processes and which have been approved by the Scheme Administrator by notice in writing issued to the Sequestration Pool Manager on or before the date of the Accreditation Notice (subject to any changes approved by the Scheme Administrator from time to time under clause 4.2) and which are identified in the Schedule to the Accreditation Notice;

"Auditor" means an auditor from the panel of auditors established by the Scheme Administrator from time to time for the purposes of conducting audits under Part 8A of the Act;

"Carbon Sequestration" has the meaning given to that expression in the Accreditation Notice;

"Carbon Sequestration Accredited Abatement Certificate Provider" means an abatement certificate provider accredited by the Scheme Administrator in accordance with section 97DB(2)(a) of the Act in respect of a Carbon Sequestration Activity;

"Carbon Sequestration Activity" means Carbon Sequestration in an Eligible Forest;

"Carbon Sequestration Right" has the meaning given to that expression in the Accreditation Notice;

"Carbon Sequestration Rule" means the Greenhouse Gas Benchmark Rule (Carbon Sequestration) No 5 of 2003 made under the Act;

"Carbon Stock" means the total amount in tonnes of carbon contained in the Accredited Sequestration Pool at a given time;

"Clause 73HA Undertaking" means an undertaking (as required by the Scheme Administrator under clause 73HA of the Regulations) not to claim any benefit under a mandatory Greenhouse Gas Scheme if such an action would result in a benefit being obtained under both that Scheme and the Abatement Certificate Scheme established by Part 8A of the Act in respect of the same output or Greenhouse Gas Abatement;

"Compliance Cost" means in respect of any Section 97EF Security provided under clause 4.9, the compliance cost (as defined in clause 73JA of the Regulations) in respect of any failure by the Sequestration Pool Manager to comply with an order under section 97EF referred to in clause 4.9;

"Conditions" means these General Accreditation Conditions, as amended or varied from time to time in accordance with the Act and the Regulations;

"Eligible Forest" has the meaning given to that expression in the Accreditation Notice;

"Eligible Land" has the meaning given to that expression in the Accreditation Notice;

"Encumbrance" means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement or any other security agreement or arrangement in favour of any person, and **Encumbers** is to be construed accordingly;

"Insolvency Event" means, in respect of the Sequestration Pool Manager, that it:

- (a) is, or states that it is, unable to pay its debts when they fall due;
- (b) is the subject of an application made to a court for the appointment of a liquidator or provisional liquidator in respect of it that is not revoked, stayed or dismissed within 14 days of being made;
- (c) is the subject of an application made to a court that it be wound up that is not stayed or dismissed within 14 days of being made;
- (d) enters, or resolves to enter, into any composition, scheme of arrangement, deed of company arrangement with, or assigns for the benefit of, all or any class of its creditors, or proposes a reorganisation, moratorium or other administration involving any of them (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- (e) passes any resolution to wind itself up, or otherwise dissolve itself or gives notice of its intention to do so or is otherwise being dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- (f) becomes subject to an order that it be wound-up;
- (g) appoints, or there is appointed, a liquidator or provisional liquidator in respect of it whether or not appointed pursuant to a court order;
- (h) takes any step to obtain protection or is granted protection from all or any of its creditors under any applicable law or an administrator is appointed;
- (i) is or makes a statement from which it may be reasonably deduced that it is the subject of an event described in section 459C(2)(b) of the Corporations Act 2001 (Cth);
- (j) as a result of the operation of section 459F of the Corporations Act 2001 (Cth), is taken to have failed to comply with a statutory demand; or
- (k) is subject to the appointment of a controller (as defined in the Corporations Act 2001 (Cth)) in respect of all or any part its property;

"Maintenance Obligation" means the Sequestration Pool Manager's obligation under clause 3.2 (subject to clause 5.2(c)(4)) in respect of each NGAC created:

- (a) to ensure the continued storage (by means of Eligible Forest planted on Eligible Land) of the quantity of carbon stored by the Carbon Sequestration for which the NGAC has been created; and
- (b) for a period of 100 years after the NGAC was created;

"NGAC" means New South Wales Greenhouse Abatement Certificates created under the Act;

"Nominated Number of NGACs" is defined in the Schedule to the Accreditation Notice;

"Registers" means the register of accredited abatement certificate providers and the register of abatement certificates established by the Scheme Administrator under section 97G of the Act;

"Registry Operator" means any person appointed from time to time by the Scheme Administrator to assist it with the establishment or operation of the Registers;

"Registry Procedures" means all procedures, rules, processes and requirements established or published by the Scheme Administrator (or any Registry Operator) in connection with the Registers;

"Regulations" means the Electricity Supply (General) Regulations 2001;

"Related Obligations" means the obligations of the Sequestration Pool Manager referred to in clause 4.3;

"Restriction Commencement Notice" means a written notice issued by the Scheme Administrator under any Restriction On Use to each signatory to that Restriction On Use (including the Sequestration Pool Manager and the owner of the Accredited Eligible Land the subject of that Restriction On Use) notifying them that the restrictions set out in that Restriction On Use have commenced applying to that land;

"Restriction On Use" for any Eligible Land, means a restriction under section 88E of the Conveyancing Act 1919 (NSW):

- (a) in favour of the Scheme Administrator;
- (b) in a form acceptable to the Scheme Administrator;
- (c) which includes as signatories to it:
 - (1) the registered proprietor of each Carbon Sequestration Right registered against the title to that Eligible Land;
 - (2) the registered proprietor of that Eligible Land; and
 - (3) the holder of any other registered interest in that Eligible Land; and
- (d) is duly registered against the title to that Eligible Land in accordance with the Conveyancing Act 1919 (NSW);

"Rules" means the greenhouse gas benchmark rules established under the Act and the Regulations;

"Sequestration Pool Manager" means the Sequestration Pool Manager identified in the Accreditation Notice;

"Sequestration Pool Manager's Accreditation" means the accreditation of the Sequestration Pool Manager as an abatement certificate provider referred to in clause 1.1;

"Scheme Administrator" means the Independent Pricing and Regulatory Tribunal, in its capacity as Scheme Administrator under Part 8A of the Act, or if it ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed, the agency or body which is appointed to perform or performs most closely its functions;

"Section 97EF Security" means:

- (a) security in the form of cash or an unconditional undertaking or guarantee in terms acceptable to the Scheme Administrator and given by a financial institution or insurer acceptable to the Scheme Administrator; and
- (b) which is given by the Sequestration Pool Manager for the purposes of clause 4.9 (in addition to the Security given by the Sequestration Pool Manager for the purposes of clause 4.8);

"Section 97EF Security Amount" means an amount so described in the Schedule to the Accreditation Notice which:

- (a) is required by the Scheme Administrator to secure or guarantee the Sequestration Pool Manager's compliance with any order made against the Sequestration Pool Manager under section 97EF of the Act; and
- (b) has been determined by the Scheme Administrator having regard to the matters set out in clause 73JA(2) of the Regulations;

"Security" means security in the form of cash or an unconditional undertaking or guarantee in terms acceptable to the Scheme Administrator and given by a financial institution or insurer acceptable to the Scheme Administrator;

"Standard" has the meaning given to it in the Carbon Sequestration Rule; and

"Unplanned Depletion Process" means the reduction of carbon held in any Accredited Eligible Forest as a result of the occurrence of any unplanned event in respect of that Accredited Eligible Forest such as, but not limited to, fire, disease, pests, climate variability or extreme weather conditions.

6.2 Interpretation

In these Conditions, unless the context requires otherwise:

- (a) references to clauses are references to clauses of these Conditions;
- (b) the singular includes the plural and vice versa;
- (c) a gender includes the other genders;
- (d) headings are used for convenience only and do not affect the interpretation of these Conditions;

- (e) a reference to a document includes the document as modified from time to time and any document replacing it;
- (f) person includes a natural person and any body or entity whether incorporated or not;
- (g) month means calendar month and "year" means 12 months;
- (h) a reference to any statute, proclamation, rule, regulation or ordinance includes any amendment, consolidation, modification, re-enactment or reprint of it or any statute, proclamation, rule, regulation or ordinance replacing it. A reference to a specified section, clause, paragraph, Schedule or item of any statute, proclamation, rule, regulation or ordinance means a reference to the equivalent section of the statute, proclamation, rule, regulation or ordinance which is for the time being in force;
- (i) including and similar expressions are not words of limitation; and
- (j) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed ("defunct body"), means the agency or body which is appointed to perform or performs most closely the functions of the defunct body.