

Green Loan Guarantee Program | Terms and Conditions

The following is an outline of the terms that may be included in an agreement for a loan guarantee provided by Energy Efficiency Alberta (EEA) under the GLGP. These terms are general in nature and subject to modification by EEA depending upon the structure and details of the specific project. EEA must be satisfied by the final terms and conditions and the guarantee agreement must be in a form satisfactory to the Province. EEA (EEA) administers the GLGP on behalf of the Province. administers the GLGP on behalf of the Province.

i. **Guaranteed Amounts:** During the term of the guarantee, the Province will guarantee to the lender the participant's repayment of a maximum of specified principal amount of an eligible loan and any accrued but unpaid interest as calculated under the loan agreement. The Province will not guarantee the payment of any fees, penalties, make whole amounts or other such amounts that may become due under the loan agreement.

a. **Guarantee Maximums:** The GLGP set maximum as set out in the following table:

Class	Maximum Guarantee per Loan
Small Emitters	\$10M
Medium Emitters	\$25M
Large Emitters	\$50M
Indigenous Communities- REP2 Eligible only	\$25M

i. The term is for a maximum of 10 years from the date of issuance of the GLGP.

ii. The GLGP has a 2:1 leverage ceiling (which means for a \$5 million loan the guarantee will cover \$2.5 million).

ii. **Participant's Obligations:** The participant will be required to fulfil certain conditions related to the loan and transaction prior to the guarantee becoming effective and meet certain requirements throughout the life of the guarantee. EEA will determine the appropriate conditions for each transaction, including the following (note that EEA may add or delete any conditions at its discretion depending on the specific transaction):

a. C&I customers must be incorporated in Canada and registered to conduct business in Alberta. They must also have or intend to have their business operations directed and managed in Alberta. These qualifying applicants will be segmented based on their emissions into either a Small, Medium, or Large Emitters categories, as shown in the following table.

Class	Annual Emissions Thresholds
Small Emitters	< 10,000 tCO ₂
Medium Emitters	10,000 – 100,000 tCO ₂
Large Emitters	>100,000 tCO ₂
Indigenous Communities	n/a

- b. Meet all financial underwriting conditions to be eligible for a loan with a chartered financial institution. EEA reserves the right to request further financial information prior to issuing the GLGP.
 - c. At the discretion of EEA, the participant may be required to provide confirmation that the material agreements that are required to carry out the project are in place and provide copies of the agreements.
 - d. There will be a requirement for the participant to provide information on any pending transactions of its equity in the project if it intends to complete a transaction before the 10-year term of the GLGP has expired.
 - e. The participant will be required to fulfill ongoing covenants while the loan guarantee is in place, including allowing EEA to review documents and information relating to the loan and project on an annual basis (more frequently if circumstances warrant), providing information and reports to EEA, complying with restrictions on its operations and management, and other matters as EEA requires.
 - f. The participant will agree to allow EEA access to all necessary information (e.g. utility bills) in order to conduct annual technical audits to ensure the GHG savings are being realized. Audits will be at the discretion of the EEA; more frequent audit will be at the discretion of EEA if it is deemed necessary.
- iii. **Lender's (Applicant's) Obligations:** EEA will require the lender to agree to conditions as part of the guarantee agreement, which shall be subject to the discretion of EEA based on the particular transaction and which can include the following:
- a. The lender will be required to follow its usual practices in entering into the loan agreement, making advances and administering the loan agreement.
 - b. The lender will forward on the business plan for use of proceeds to EEA prior to a GLGP conditional approval being issued.
 - c. The lender will be required to create and maintain a security interest appropriate to the transaction and will need to provide confirmation to EEA of its receipt of satisfactory security. The form of the security must be satisfactory to EEA and the lender will be required to obtain EEA's consent before realizing on the security. The lender will be required to apply any proceeds of realization of the security to the loan before applying it to any other indebtedness. The lender will not be required to attempt to realize on the security prior to making a claim under the guarantee but the lender will be required to obtain the written

consent of EEA before realizing on the security. The lender will be required to assign the loan agreement and security to the Province upon payment of a claim under the guarantee.

d. The lender will be required to notify EEA if the participant is in default of the loan agreement or if it becomes aware of any material deterioration in the financial condition of the participant or the value of the security. EEA may require the lender to cease advances under the loan in the event of a material adverse change.

e. The lender will not be permitted to amend the loan agreement without EEA's prior written consent.

f. The lender will be required to provide information to EEA with respect to the administration of the loan and will provide the outcome of either annual reviews or audits of the loan.

g. The lending institution will be required to obtain EEA's consent prior to taking any actions that may impact the form or nature of the loan provided to the participant, such as, but not limited to:

- i. Creating additional security interests in its assets or borrowing additional funds.
- ii. Selling or otherwise making a disposition of a portion or all of its assets.
- iii. Amending or terminating relevant agreements.
- iv. Changes in ownership.

iv. Effective Date of Guarantee: As noted, there will be certain conditions precedent to the effectiveness of the guarantee and the loan guarantee agreement will provide for satisfactory evidence to be provided to EEA that the conditions precedent have been fulfilled including but not limited to copies of agreements, closing certificates, legal opinions and other documents satisfactory to the EEA.

v. Payment of Claims: The loan guarantee agreement will contain specific requirements and terms respecting the process for making a demand on the guarantee. The lender can call on the guarantee only if the participant fails to pay principal and interest under the loan agreement. The Province will make all reasonable efforts to pay any valid claim within ninety days of its receipt of supporting documentation. The lender will be required to assign the loan agreement and security to the Province upon payment of a claim under the guarantee.