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Guidance Notes

to the

General Agreement Concerning the Delivery and Acceptance of Biomethane and/or Sustainability Documentation

1. Purpose of these Guidance Notes and Introduction

These Guidance Notes have been prepared to assist users of the EFET General Agreement Concerning the Delivery and Acceptance of Biomethane and/or Sustainability Documentation ("**EFET Biomethane**").

Their purpose is to explain the key contractual provisions, the rationale behind the drafting choices reflected in the EFET Biomethane and the commercial and legal considerations that informed them.

Unless otherwise expressly set forth in these Guidance Notes, capitalised terms used throughout these Guidance Notes shall have the meanings attributed to those terms in the EFET Biomethane.

2. Objectives of the EFET Biomethane

The EFET Biomethane was developed by the Legal Committee of Energy Traders Europe and endorsed in May 2026.

Its purpose is to provide market participants with a standard contractual framework for trading Biomethane, Proof of Sustainability and Certificates under a single agreement. The EFET Biomethane has been drafted to support transactions across multiple jurisdictions and to accommodate the evolving nature of the European biomethane market. Accordingly, it provides users with sufficient flexibility to address applicable legal, regulatory and commercial requirements.

The publication of the EFET Biomethane follows more than two years of work by members of the Legal Committee. As the European biomethane market continues to develop and remains subject to a fragmented and evolving regulatory landscape, the EFET Biomethane has been designed to accommodate differences between national legal and regulatory frameworks, while remaining sufficiently flexible to adapt to future developments in European legislation and market practice.

To complement the EFET Biomethane, the Legal Committee intends to develop an appendix to the EFET General Agreement Concerning the Delivery and Acceptance of Natural Gas ("**EFET Gas**"). This appendix will enable Parties that already have EFET Gas in place to document transactions in Sustainability Documentation without entering into a separate master agreement.

In addition, the Legal Committee will continue to assess the need for jurisdiction-specific contractual documentation and, where appropriate, develop country-specific appendices to address particular features of national biomethane markets[1].

3. Concept and Structure

EFET Biomethane is closely aligned with other EFET standard agreements, in particular EFET Gas, and reflects the amendments introduced in version 2.1(consolidated) published in June 2025. To ensure consistency, EFET Biomethane follows the structure and drafting approach of EFET Gas wherever appropriate. Accordingly, EFET Biomethane incorporates well-established contractual concepts that are widely recognised by market participants, while adapting them where necessary to address the specific characteristics of biomethane transactions.

Certain contractual provisions have also been drawn from the EECS Certificates Master Agreement, version 1.1(b) dated November 4, 2021 ("**CMA**"), where this was considered appropriate to reflect established market practice for the trading of Sustainability Documentation.

EFET Biomethane is a master agreement providing a contractual framework under which the Parties may enter into an unlimited number of transactions (Individual Contracts).

The contractual documentation comprises:

- the General Agreement, which sets out the standard contractual terms and conditions applicable to all Individual Contracts between the Parties;
- the Election Sheet, through which the Parties may tailor certain provisions of the General Agreement to reflect their negotiated commercial and legal arrangements; and
- the Confirmation of Individual Contract, which records the commercial terms of each transaction. Standard forms of Confirmation are provided for both fixed-price and floating-price transactions.

4. Scope and Use Cases

The purpose of EFET Biomethane is to facilitate the trading of bundled products comprising Biomethane together with the corresponding Proof of Sustainability and/or Certificates relating to that relevant batch of Biomethane, in accordance with applicable legal and regulatory requirements, including applicable mass balance requirements. This reflects the drafting approach adopted in EFET Biomethane and represents the preferred use case identified by the members of the Legal Committee.

EFET Biomethane may also be used for transactions involving Sustainability Documentation only. This option was included to accommodate Parties that already have EFET Gas in place and wish to continue documenting the sale

[1] At the time of publication, the German and Dutch markets have been identified by the members of the Legal Committee as the initial priority jurisdictions.

and purchase of Biomethane under EFET Gas while using EFET Biomethane solely for the corresponding Sustainability Documentation. In such cases, the provisions relating exclusively to Biomethane (Biomethane Provisions, as defined in Annex I of the EFET Biomethane) may be disapplied in the relevant Confirmation. However, using EFET Biomethane exclusively for trading Sustainability Documentation requires careful coordination with the contractual arrangements under EFET Gas. Once the Legal Committee publishes the planned appendix to EFET Gas, that appendix is expected to become the preferred contractual solution for trading Sustainability Documentation alongside transactions documented under EFET Gas.

EFET Biomethane distinguishes between Biomethane and Sustainability Documentation by providing separate contractual provisions for each component, while maintaining a clear contractual link between them. This approach is reflected throughout EFET Biomethane, including in the relevant definitions and by the consistent use of the term "corresponding" when referring to Sustainability Documentation associated with a particular batch of Biomethane.

The same approach is reflected in the standard form of Confirmation, which is divided into separate sections for Biomethane and for Sustainability Documentation. The Biomethane section, which is based on standard confirmations under EFET Gas, records the commercial terms relating to the supply of Biomethane. The Sustainability Documentation section separately records the commercial terms applicable to the delivery of the corresponding Proof of Sustainability and/or Certificates, thereby enabling the Parties to distinguish the value of the physical commodity from the associated "green premium".

Separating Biomethane from Sustainability Documentation, while maintaining a contractual link between them, enables EFET Biomethane to reflect the specific characteristics of each component of the bundled product. In particular, Biomethane and Sustainability Documentation are subject to different delivery mechanisms, allocation of risk, regulatory obligations and, in certain cases, different delivery dates.

This structure also enables EFET Biomethane to address situations in which one component of the bundled product is delivered while the corresponding component is not. EFET Biomethane therefore contains contractual mechanisms designed to deal with such discrepancies while preserving the commercial relationship between the two components of the transaction.

5. Selected Contractual Provisions

A. <u>§ 1.3 Reference to the General Agreement</u>

§ 1.3 (***Reference to the General Agreement***) may be specified in the Election Sheet as applying by Parties wishing to distinguish EFET Biomethane from any other separately negotiated biomethane trading agreement(s) in parallel use.

B. <u>Nominated Beneficiaries (§ 4.2 Definition of Schedule and Applicable Code)</u>

A Nominated Beneficiary means, in respect of a Party, any person or Entity designated by that Party in the Individual Contract, whose Account may be specified in an Individual Contract as the Buyer’s Account or the Seller’s Account, as applicable.

This mechanism enables the Parties to arrange for the delivery of Sustainability Documentation to or from an account held by a person or entity other than the Buyer or the Seller. Subject to the consent of the other Party, the Parties may identify the relevant Nominated Beneficiary and the corresponding account details in the relevant Individual Contract.

C. <u>§ 7.5 Long Term Force Majeure and § 7a.5 Long Term Trade Restriction Limit</u>

The provisions governing the Long Term Force Majeure Limit and the Long Term Trade Restriction Limit differ from the provisions in EFET Gas.

Under EFET Biomethane, the sole condition for the relevant termination right to arise is that the Force Majeure or Trade Restriction continues beyond the applicable Long Term Force Majeure Limit or Long Term Trade Restriction Limit. Unlike EFET Gas, no minimum quantity of undelivered Biomethane is required for these provisions to apply.

This approach reflects the specific characteristics of biomethane transactions. In many cases, the commercial value of a transaction depends on the delivery of the full contracted quantity of Biomethane together with the corresponding Sustainability Documentation. Consequently, even a relatively small shortfall in the quantity delivered may materially affect the economic purpose of the transaction. For this reason, the operation of these provisions depends solely on the duration of the relevant event rather than on the volume of Biomethane affected.

For further information on the remaining amendments to §§ 7 and 7a, please refer to point F. Quantity Reconciliation Mechanisms below.

D. § 7b Change in Law

The Change in Law provisions are based on the provisions contained in the CMA, reflecting the importance of regulatory developments in markets for Biomethane and Sustainability Documentation. They were developed to enable the Parties to adapt the EFET Biomethane to facilitate the continued performance of the Parties' obligations in the case of a legislative change which materially impacts the EFET Biomethane or a specific transaction. The inclusion of these provisions reflects the fact that the biomethane market is still evolving and is subject to a developing and rapidly changing regulatory landscape.

The Change in Law provisions operate on an opt-out basis. Accordingly, they apply unless the Parties expressly disapply them in the Election Sheet.

The Parties are also given additional flexibility to tailor the operation of these provisions. In particular, they may disapply one or more of the events listed in § 7b.2 (***Change in Law***), thereby limiting the circumstances in which a Change in Law event may arise.

E. § 8 Remedies for Failure to Deliver or Accept the Biomethane Contract Quantity and § 8a Remedies for Failure to Deliver or Accept the Sustainability Documentation Contract Quantity

EFET Biomethane establishes separate remedies regimes for failures relating to the delivery or acceptance of the Biomethane Contract Quantity and the Sustainability Documentation Contract Quantity. This reflects the separate contractual treatment of Biomethane and Sustainability Documentation throughout EFET Biomethane.

The remedies applicable to Biomethane are based on the relevant provisions of EFET Gas and therefore follow well-established market practice for natural gas transactions.

The remedies applicable to Sustainability Documentation have been specifically adapted to reflect the characteristics of biomethane markets and the delivery of Sustainability Documentation. While these provisions are based on drafting concepts used in EFET Gas and other EFET standard agreements, they introduce solutions tailored to the specific nature of Sustainability Documentation. The Sustainability Documentation remedies operate on an opt-out basis and may therefore be modified or disapplied by the Parties in the Election Sheet.

§§ 8a.2 (***Failure to Deliver***) and 8a.3 (***Failure to Accept***) apply whenever the Seller or the Buyer fails to deliver or accept all or part of the Sustainability Documentation Contract Quantity. These provisions are intended to cover cases where only one component of a bundled product is delivered (for example, where the Proof of Sustainability is delivered but the Certificate is not, or vice versa) as well as cases where Sustainability Documentation is delivered but does not evidence the sustainability characteristics of the full agreed quantity of Biomethane.

Before the relevant remedies become available, the defaulting party is given a ten-day grace period following receipt of written notice from the non-defaulting party.

The compensation payable under §§ 8a.2 and 8a.3 is determined by reference to the price at which the non-defaulting party is, or would be (without being required to enter into one or more replacement transaction(s)), able to purchase or otherwise acquire equivalent Sustainability Documentation in an arm's length transaction. Given the current stage of development of biomethane markets, the concept of "equivalent Sustainability Documentation" should be assessed on a case-by-case basis. Relevant considerations may include the characteristics of the Sustainability Documentation specified in the relevant Confirmation, such as the applicable certification scheme, feedstock, carbon intensity or other agreed attributes, together with the availability of reliable market price information.

Compensation under these provisions should reflect only the value of the Sustainability Documentation itself (commonly referred to as the "green premium") and should not include the value of the corresponding Biomethane. Any compensation relating to the corresponding Biomethane should be determined separately in accordance with § 8.

§ 8a.5 (***Commercially Reasonable Manner***) provides guidance on the interpretation of the requirement to determine prices in a "commercially reasonable manner" for the purposes of the Sustainability Documentation remedies. Given the diversity of Sustainability Documentation and the currently limited availability of transparent market pricing, particularly for certain products and jurisdictions, the Parties may rely on any sources of market information that are reasonably available to them, provided they act in good faith and exercise due care. The Parties may identify the sources of market intelligence to be used for the purposes of a particular transaction in an Individual Contract. In addition, they may tailor the provisions of § 8a in the Election Sheet, including by agreeing a specific methodology for calculating compensation in the event of a failure to deliver or accept the Sustainability Documentation Contract Quantity.

F. Quantity Reconciliation Mechanisms

One of the distinguishing features of EFET Biomethane is the inclusion of mechanisms designed to address discrepancies between the quantities of Biomethane and the corresponding Sustainability Documentation. Such discrepancies may arise as a result of a failure by a Party to deliver or accept the relevant contract quantity, or as a consequence of a Force Majeure event or an Applicable Trade Restriction affecting only one component of the bundled product. These mechanisms also recognise that the delivery dates of the Biomethane Contract Quantity and the Sustainability Documentation Contract Quantity may differ.

§ 8a.4 (***Quantity Reconciliation***) introduces quantity reconciliation mechanisms for situations where only one component of a bundled product has been delivered or accepted, or where the quantities of Biomethane and the corresponding Sustainability Documentation do not match as a result of a Party's failure to perform its contractual obligations.

EFET Biomethane also incorporates quantity reconciliation mechanisms in the provisions dealing with Force Majeure and Applicable Trade Restrictions. In particular, relevant reconciliation solutions are reflected in § 7.2 (***Release from Delivery and Acceptance Obligations***); § 7.4 (***Effects of Force Majeure on the Other Party***); § 7a.3 (***Release from Delivery, Acceptance and Payment Obligations***); and § 7a.4 (***Effects of Applicable Trade Restriction on the Trade Restricted Party***).

G. § 8b Off-Spec Gas

The Off-Spec Gas provisions, based on the relevant provisions in EFET Gas, have been incorporated into EFET Biomethane to address situations in which Biomethane does not comply with the applicable Transportation Requirements.

As these provisions may not be appropriate for all Biomethane transactions or market arrangements, they operate on an opt-out basis. Accordingly, the Parties may disapply them in the Election Sheet where they consider this appropriate.

H. Tolerance

Since Biomethane transported through a gas network is subject to the applicable requirements of the relevant network operator, the provisions relating to Tolerance, based on the respective provisions of EFET Gas, have been incorporated into EFET Biomethane.

However, because EFET Biomethane maintains a contractual link between Biomethane and the corresponding Sustainability Documentation, and introduces Quantity Reconciliation mechanisms throughout the agreement, any discrepancy between the Biomethane Delivered Quantity and the Sustainability Documentation Delivered Quantity may give rise to operational and contractual issues for both Parties.

For this reason, the standard forms of Confirmation include a footnote reminding the Parties to consider the interaction between the Tolerance provisions and, in particular, the provisions of §§ 8 and 8a. Where a Tolerance other than zero is agreed, the Parties should ensure that the agreed contractual arrangements appropriately address any resulting differences between the delivered quantities of Biomethane and the corresponding Sustainability Documentation.

I. § 8c No Encumbrances and Ineffectiveness of Sustainability Documentation

The provisions of § 8c are based on the respective provisions of the CMA and address risks that are specific to the delivery of Sustainability Documentation.

§ 8c.1 (***No Encumbrances***) introduces an obligation that Sustainability Documentation delivered under EFET Biomethane must be free from any Encumbrances. § 8c.2 (***Breach of the No Encumbrances Obligation***) sets out the consequences of a breach of this obligation. The mechanism provided in § 8c.2 operates on an opt-out basis and may therefore be disapplied by the Parties in the Election Sheet.

The inclusion of these provisions reflects the legal characteristics of Sustainability Documentation and is supported by legal analyses commissioned by the Legal Committee under German law and the law of England and Wales. Those legal opinions are available solely to Legal Committee members.

Section 8c.3 (***Ineffectiveness***) introduces a specific contractual mechanism to address circumstances in which delivered Sustainability Documentation subsequently proves to be ineffective. Consistent with the approach adopted in the CMA, these circumstances are treated differently from an ordinary failure to deliver. Rather than immediately giving rise to termination or the standard failure-to-deliver remedies, the provision allows the affected Sustainability Documentation to be replaced, thereby preserving the transaction where appropriate.

Like the No Encumbrances remedies, § 8c.3 operates on an opt-out basis and may be disapplied by the Parties in the Election Sheet.

J. § 13 Invoicing and Payment

EFET Biomethane provides the Parties with flexibility to issue either a single invoice covering the bundled product or separate invoices for Biomethane and the corresponding Sustainability Documentation.

This flexibility reflects the operational characteristics of biomethane transactions. In particular, the delivery of Biomethane and the delivery of the corresponding Sustainability Documentation may occur on different dates, sometimes with a significant time gap between them.

K. § 22.3 Expert Determination

The provisions of § 22.3 governing the Expert Determination differ from the relevant provisions in CMA in order to align them more closely with the standard wording used by the International Chamber of Commerce and the ICC Rules for the Administration of Expert Proceedings. This alignment is intended to enhance consistency with the ICC procedural framework and to facilitate the operation of the Expert Determination mechanism where the Parties elect to use it.

