

## What is it?

The CWB offers a delivery guarantee for Producer Payment Options (PPOs) to provide farmers a guideline to determine their tonnage commitment to the programs. The guarantee applies to tonnage signed up under all PPO programs combined.

For Canada Western Red Spring (CWRS), Canada Western Hard White Spring (CWHWS), Canada Prairie Spring Red (CPSR), Canada Western Red Winter (CWRW) and Canada Soft White Spring (CWSWS) wheat, the guarantee is 100 per cent of production offered for delivery until Series A acceptance levels are announced.

The guarantee for Canada Western Extra Strong (CWES) and Canada Prairie Spring White (CPSW) wheat is 100 per cent of production until the sign-up deadline.

The guarantee for durum is 90 per cent of tonnage committed to PPO programs until Series A acceptance levels are announced.

Delivery is only guaranteed up to Series A acceptance levels on PPO contracts signed up after Series A acceptance levels are announced.

**The delivery guarantee is only in effect until Series A acceptance is announced, except for CPSW and CWES wheat.**

## How does it work?

If overall acceptance levels are less than the delivery guarantee, the CWB will provide additional delivery opportunity for tonnage committed before the Series A acceptance announcement.

To be eligible for additional delivery opportunity, you must take advantage of all delivery opportunities during the crop year. You must also take into consideration deliveries allocated to the pool account to qualify for this provision.

### Example – EPO

A producer signs a 1 350-tonne EPO on September 25 based on his production of 1 500 tonnes of durum (1 500 x 90% = 1 350). The producer signs a 1 500-tonne Series A delivery contract. Tonnes offered under Series A are automatically rolled over to Series B. Below are the acceptance levels:

Series	Sign-up tonnage	Acceptance level	Tonnes accepted
A	1 500	80%	1200
B	300 rollover	0%	0

After the Series B acceptance announcement, the overall acceptance level for the crop year is 80 per cent for both Series. Because the overall acceptance has not reached the minimum guaranteed level of 90 per cent, a special delivery provision will be made for the producer to deliver an additional 150 tonnes. The producer will receive notification to deliver the 150 tonnes through a special delivery provision letter. This will bring the total accepted tonnage to 90 per cent (1 350tonnes) of the total durum tonnage that was committed to delivery contracts. The 150 tonnes must be settled against the EPO contract.

If the producer had cancelled his Series B contract, he would not be eligible for the special delivery provision because he did not take advantage of all possible delivery opportunities.

### Example – pool deliveries and EPO

Assume the same production expectation and acceptance levels as in the previous example.

On August 15, the producer delivers 100 tonnes into the pool. On September 30, he wants to sign up an EPO. To remain eligible for the delivery guarantee, the 100 tonnes already delivered into the pool must be taken into consideration.

The 100 tonnes must be deducted from the 1 350 eligible for commitment under an EPO contract, so the producer signs up 1 250 tonnes.

He would be eligible for the special delivery provision of 50 tonnes. If the producer had signed up the full 1 350, he would have to assign the 100-tonne shortfall to another producer, buy it out or be assessed pricing damages.

### Example – pool deliveries, EPO and GDCs

Assume in the above example that the CWB offered a Guaranteed Delivery Contract (GDC) for durum after Series acceptance levels were announced.

The producer would have to offer at least 150 tonnes on the GDC to be eligible for the special delivery provision. If the offer is accepted, that tonnage must be applied to the EPO contract.

If the offer was made but not accepted the producer would still be eligible for the special delivery provision.