



ECO SECURITIES



EcoSecurities Group plc

CDM/JI and Carbon Offset Programs

19 June, 2008



EcoSecurities

EcoSecurities is a leading aggregator of carbon credits in the global carbon market

- Founded in 1997 and involved in many firsts, including first UN-registered project (NovaGerar) and first to receive CERs (La Esperanza)
- “Leading Greenhouse Gas Advisory Firm Worldwide” Environmental Finance (01-07)
- More than advisory: carbon credit portfolio (30 April, 2008):
 - **434 projects (119 Registered Clean Development Mechanism)**
 - **18 technologies, 36 countries**
- Growing portfolio of voluntary projects (VCS, CCAR, US and international)

Financial Metrics:

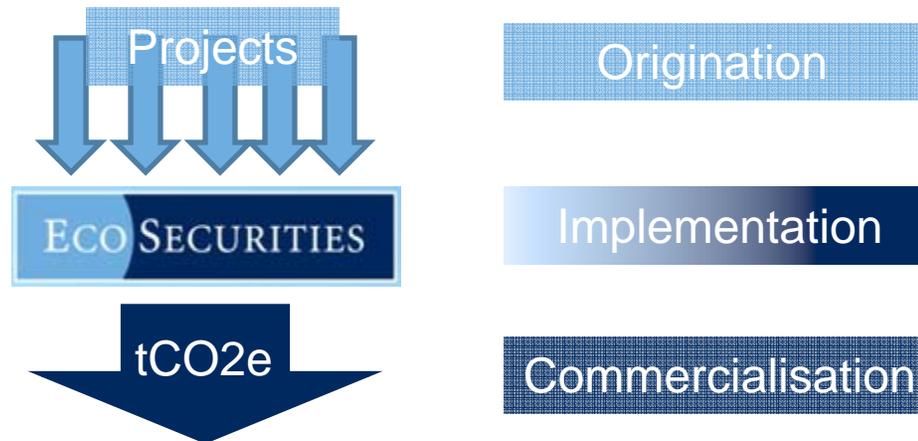
- Public listing on the AIM of the London Stock Exchange (ECO.L)
- 300 employees world-wide in 25 countries



Role of an Aggregator

Services to Projects

- Technical assistance with physical project - Maximize reductions and accuracy of measurement
- Technical assistance with validation and verification - Maximize speed to market and standard selection (VERs)
- EcoSecurities can invest or sign ERPA/VERPA offtake agreement (which can help a project with financing)

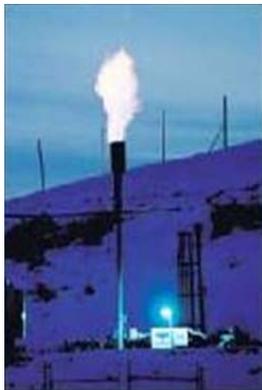


Services to Buyers

- Underwrite risk of delays and failure during the project development cycle
- Underwrite risk of project operation and offset verification



Origination



destroy



avoid



sequester

Issues: Cost, Additionality, Monitoring and measurement, Permanence, Conformance with existing standards, Scale, etc.



Implementation

ACTIVITY	REPORT	RESPONSIBLE
Project Identification	PIN	PP
Project Formulation	PDD	PP
National Approval	Host Country Approval	DNA
Submission of PDD & Host Country Approval to Validator		PP
Validation	Validation Report	DOE-A
Submission of PDD & Validation Report to CDM-EB		DOE-A
Registration		CDM-EB
Monitoring	Monitoring Report	PP
Submission of Monitoring Report to DOE-B		PP
Verification/Certification	Verification Report Certification Report	DOE-B
Submission of request for CERs		DOE-B
Issuance of CERs	CERs	CDM-EB

Converting project operations to CERs, VERs

A carbon credit standard is a set of rules that:

- Qualify = Validation by an approved DOE, followed by Registration
- Quantify = Verification by an approved DOE, followed by Issuance

Higher “quality” standards generally qualify fewer projects and require more complex quantification

- Additionality
- Baseline

New project types require new methodology development (Eco – 13)

Commercialisation

Timing and Risk

- Sale can occur at many points of development/operation/issuance continuum
- Matched (project specific) or portfolio, guaranteed or contingent
- Typical sale: ERPA providing for forward delivery post verification

Pricing

- Market price: typically a price for issued CERs for December delivery
- Secondary vs. Primary spread = project and implementation risk
- Transactions may occur at a discount (earlier delivery or contingencies)
- Or a premium (e.g. renewable CERs for voluntary buyers)

Structure Examples

- Origination facility
- Tranched CER sale
- Source VER Portfolios

Pre-Compliance Approaches

Early action

- Footprinting
- Passing through VERs/CERs to customers
 - NetJets Europe
 - Source Portfolios
- Plan/execute direct reductions, contract for origination facilities, etc.
- Hedging via exchanges

Develop projects in-house

- finding and contracting
- validation, monitoring and verification
- development, operation, nondiversification risk (sector, standard)



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