



Sustainable  
Solutions  
for the  
Environment

# Post 2012 Carbon Market - Impact on CDM Projects



# Reality Check

## Commodity Prices for ICE ECX CER

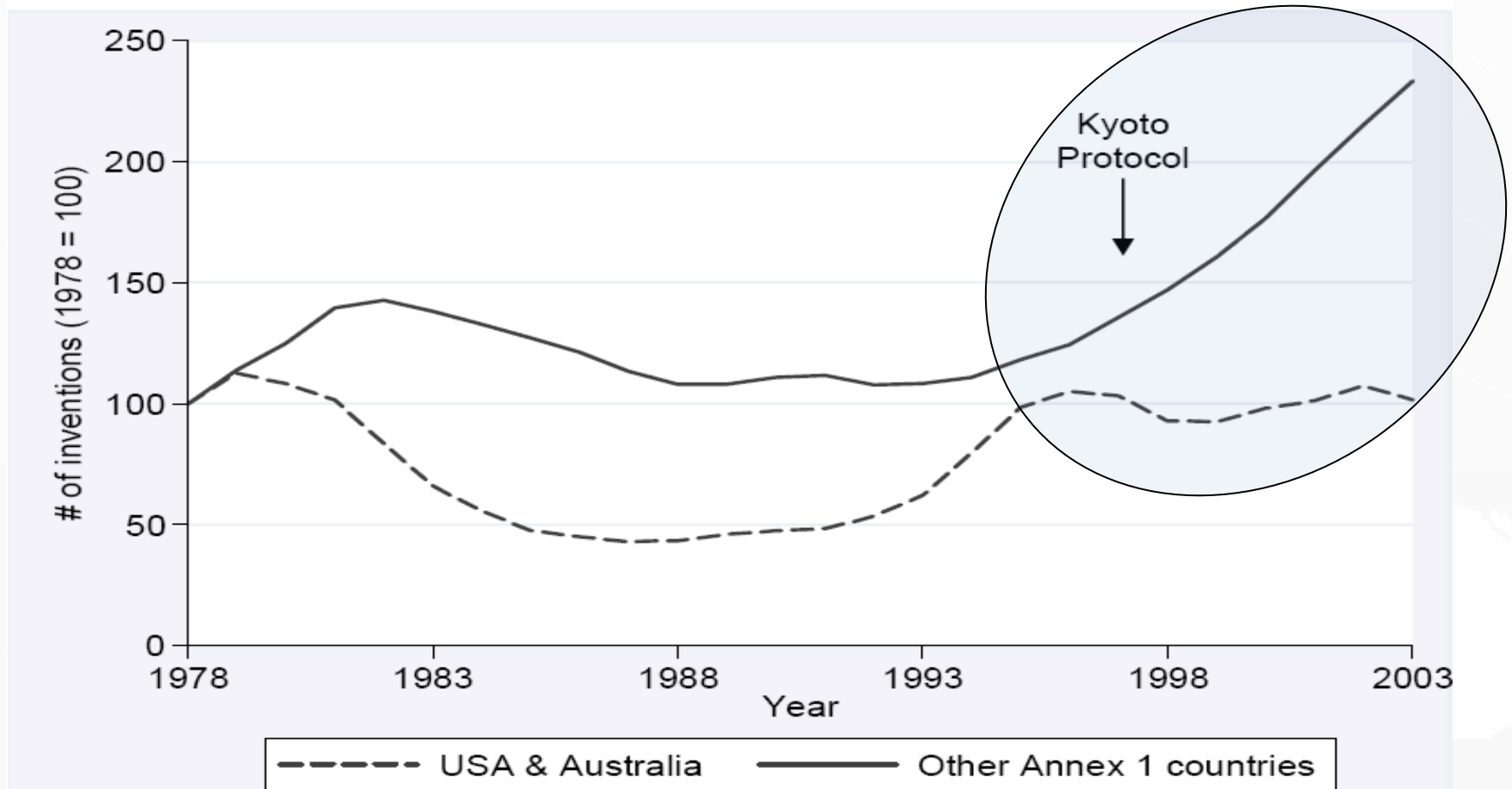
Delayed Futures - 22:29 - Monday, November 26th

[ [Go to Daily](#) ] [ [Options](#) ] [ [Spread Prices](#) ] [ [Profile](#) ] (Click on Contract for Chart)

Contract	Last	Change	Open	High	Low	Volume	Prev. Stl.	Time	Links		
<a href="#">Dec '12 (CQZ12)</a>	0.74s	-0.07	0.79	0.79	0.68	6514	0.81	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Jan '13 (CQF13)</a>	0.67s	-0.09	0.00	0.67	0.67	0	0.76	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Mar '13 (CQH13)</a>	0.56s	-0.09	0.55	0.56	0.55	1144	0.65	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Jun '13 (CQM13)</a>	0.86s	-0.11	0.00	0.86	0.86	0	0.97	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Sep '13 (CQU13)</a>	0.88s	-0.10	0.00	0.88	0.88	0	0.98	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '13 (CQZ13)</a>	0.89s	-0.10	0.95	0.95	0.87	1940	0.99	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Mar '14 (CQH14)</a>	0.91s	-0.10	0.00	0.91	0.91	0	1.01	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Jun '14 (CQM14)</a>	0.93s	-0.10	0.00	0.93	0.93	0	1.03	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Sep '14 (CQU14)</a>	0.95s	-0.10	0.00	0.95	0.95	0	1.05	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '14 (CQZ14)</a>	0.97s	-0.10	0.98	0.98	0.97	201	1.07	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Mar '15 (CQH15)</a>	0.99s	-0.10	0.00	0.99	0.99	0	1.09	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '15 (CQZ15)</a>	1.07s	-0.09	1.04	1.07	1.04	1	1.16	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '16 (CQZ16)</a>	1.26s	-0.06	0.00	1.26	1.26	110	1.32	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '17 (CQZ17)</a>	1.42s	-0.06	1.39	1.42	1.39	1	1.48	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '18 (CQZ18)</a>	1.45s	-0.05	0.00	1.45	1.45	0	1.50	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '19 (CQZ19)</a>	1.66s	-0.04	0.00	1.66	1.66	0	1.70	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>
<a href="#">Dec '20 (CQZ20)</a>	1.76s	-0.04	0.00	1.76	1.76	0	1.80	11/26/12	<a href="#">Quote</a>	<a href="#">Opinions</a>	<a href="#">Options</a>

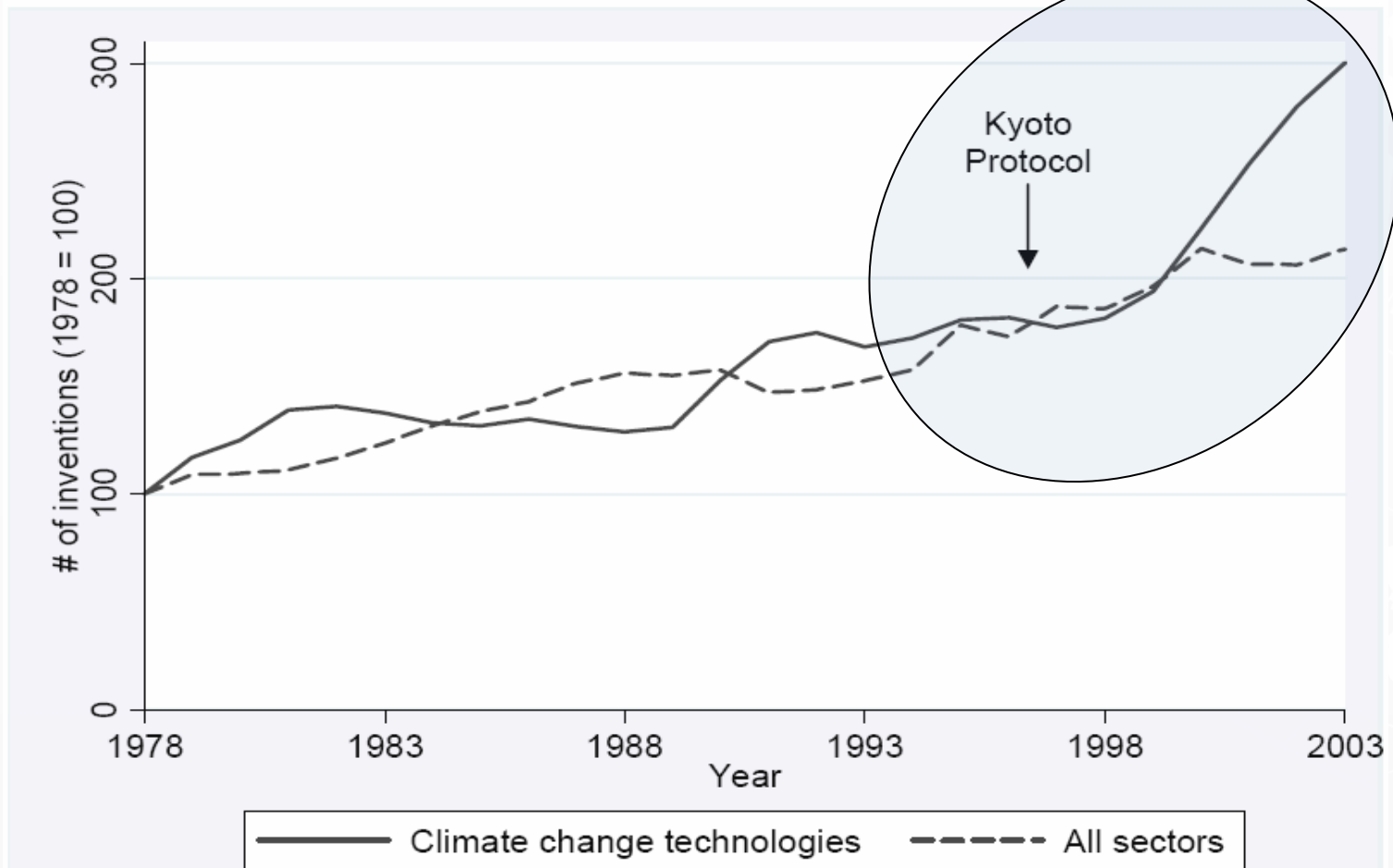
# Rate of innovation has been higher for signatories

**Innovation trend in Annex 1 countries**



# Data indicates that Kyoto has caused innovation

**Innovation trend in climate technologies\* compared to all sectors**



Invention and Transfer of Climate Change Mitigation Technologies on a Global Scale: A Study Drawing on Patent Data. 2008

## EU approach post 2012

- EU takes 20% reduction (2005 levels) till 2020; reduction of 30% possible if international agreement can be reached.
- EU-ETS will limit CER supply if no international agreements is reached.
  - Till 2012 a supply of 1.4 bT of CERs allowed from projects pre-2013.
  - No CER projects registered post 2013 allowed
- EU governments may buy up to 3% of their needs from CER markets (least developed countries preferred)~ 150 MT/a.
- Goods from non-carbon constrained countries may have tax imposed on the carbon content of the goods or requirement to purchase equivalent EUAs.
- If agreement can be reached for post 2012, up to 30% of needs (50% of additional effort required to go from 20% to 30%) could be filled from CER projects.

# Consequences of 'no agreement' will not be acceptable- this is a 'no-win' scenario

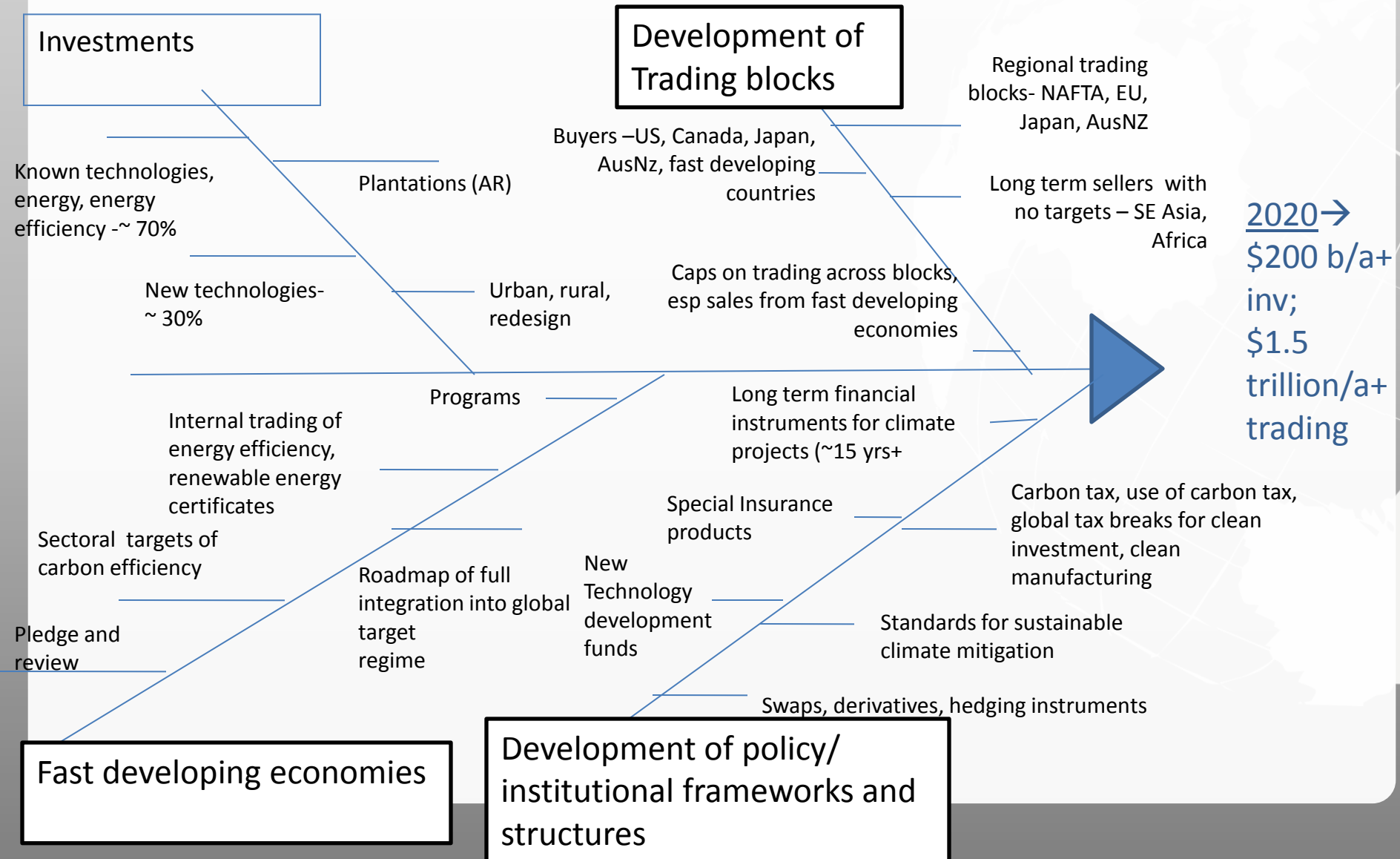
## Global Impact

- More than 1/2 of future emissions will be from FDCs. If they don't participate there is no realistic chance of reversing the Climate Change
- Average Costs of mitigation will increase by a factor of 2+.
- Technologies will take much longer to become viable.
- Western world will lose out on a large market for Clean Tech (Pot \$1.5 trillion + in next 10 years)

# Carbon Markets- to continue , expand

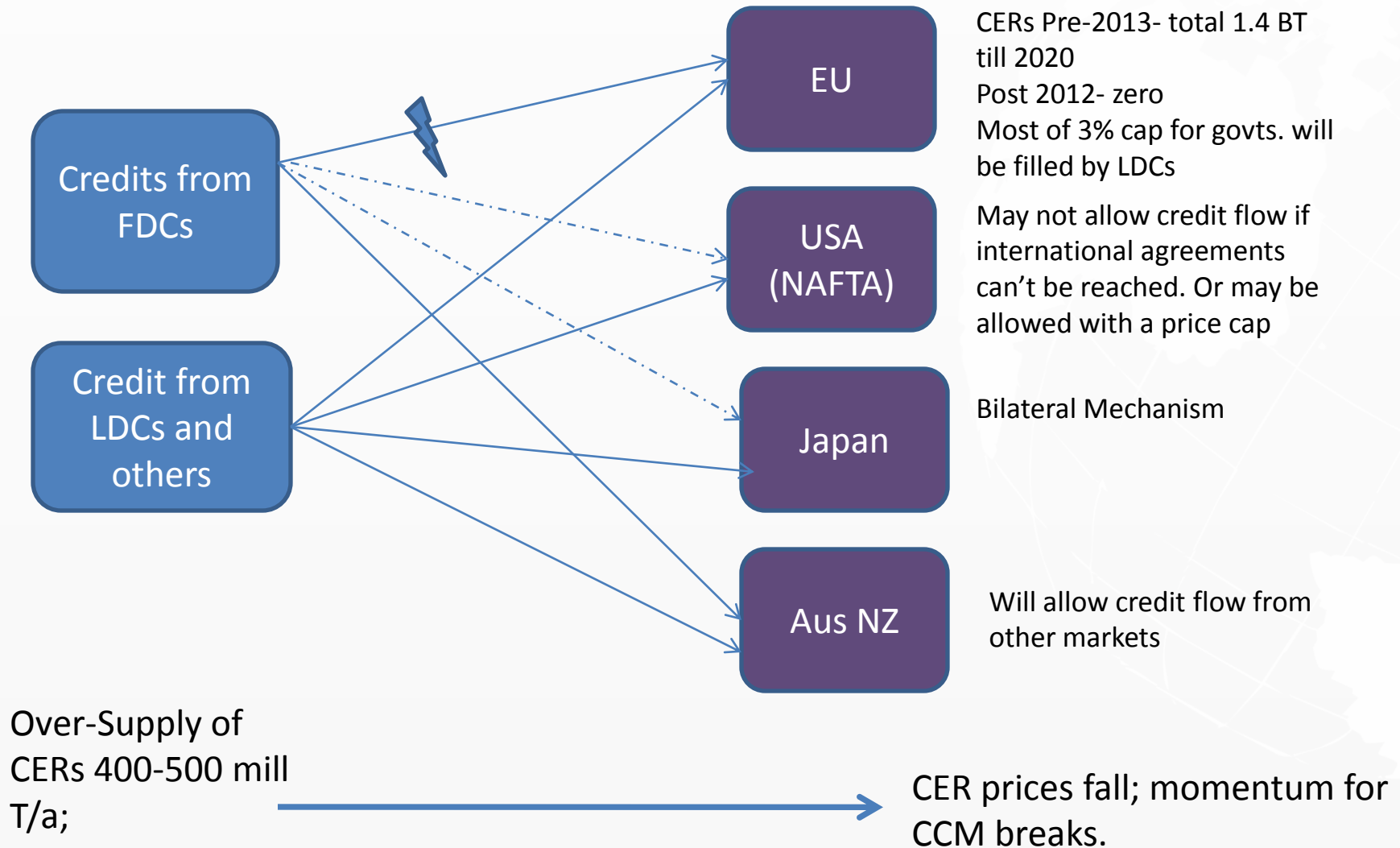
- **Emergence of regional climate blocks by 2012.**
- Emergence of Regional Emissions Trading Schemes which have 'controlled' trade across the blocks.
  - US – Waxman-Markey Bill; 3% below baseline (2005) in 2012, 20% by 2020; 83% by 2050
  - Japan – 15% cut using internal measures by 2020 (base year 2005).
  - EU – Already committed to targets till 2020 (20% reduction) { in addition 10% for KP II}
  - Thailand- Action plans (mostly policy driven)
- **Regional/national Carbon Markets will link with each other at a minimum**
  - Trading of carbon across countries
  - Trading of carbon across private participants
  - Country /region wise policy of importing ('offset') credits from other markets, controlled by 'pressure valve price', control over quality of carbon credits (HFC-23, N2O, Supercritical Coal etc may be more restricted for use)

# What may underlie future carbon markets





## Scenario: No-Agreement post 2012



FDC= Fast developing countries; LDC = least developed countries

## What is in it for Project Owners

### Advanced Stage - Registered/ RFR

- Find the right buyer
- Hedge your risk for rest of crediting period

### Initial or Mid Stage – validation or before

- Switch to Voluntary Carbon Market

### Identify Cost abatement strategies

- Renewable technologies
- Energy Efficiency

## Expectations from Durban

- One or more frameworks for new market mechanism will be established
  - Any such mechanism will maintain and build upon the existing mechanisms, including those established under Kyoto Protocol
  - Countries may come up with a mechanism of differential targets
- The new mechanism can be applicable from 2020
- Period for this negotiation is upto 2015
- Clarity on Green Climate Fund mechanisms

A faint, light gray world map is visible in the background, showing the outlines of continents and a grid of latitude and longitude lines. The map is centered on the Atlantic Ocean, with North and South America on the left and Europe and Africa on the right.

# **BRIEF INTRODUCTION TO EVI**

# About Us

Founded in 1999, EVI started its climate business in 2004 and since then EVI is providing consulting and implementation services to clients in carbon, sustainability and renewables domain.

## Consulting & Implementation

### Carbon

- EVI has registered **85 + CDM** projects to date with 170 + in the pipeline;
- Fastest time to registration;
- Experience spanning a range of technologies and processes

### Sustainability

- As sustainability experts, EVI works with international govt. agencies to frame relevant and actionable policies
- EVI also assists corporate to create sustainability strategy

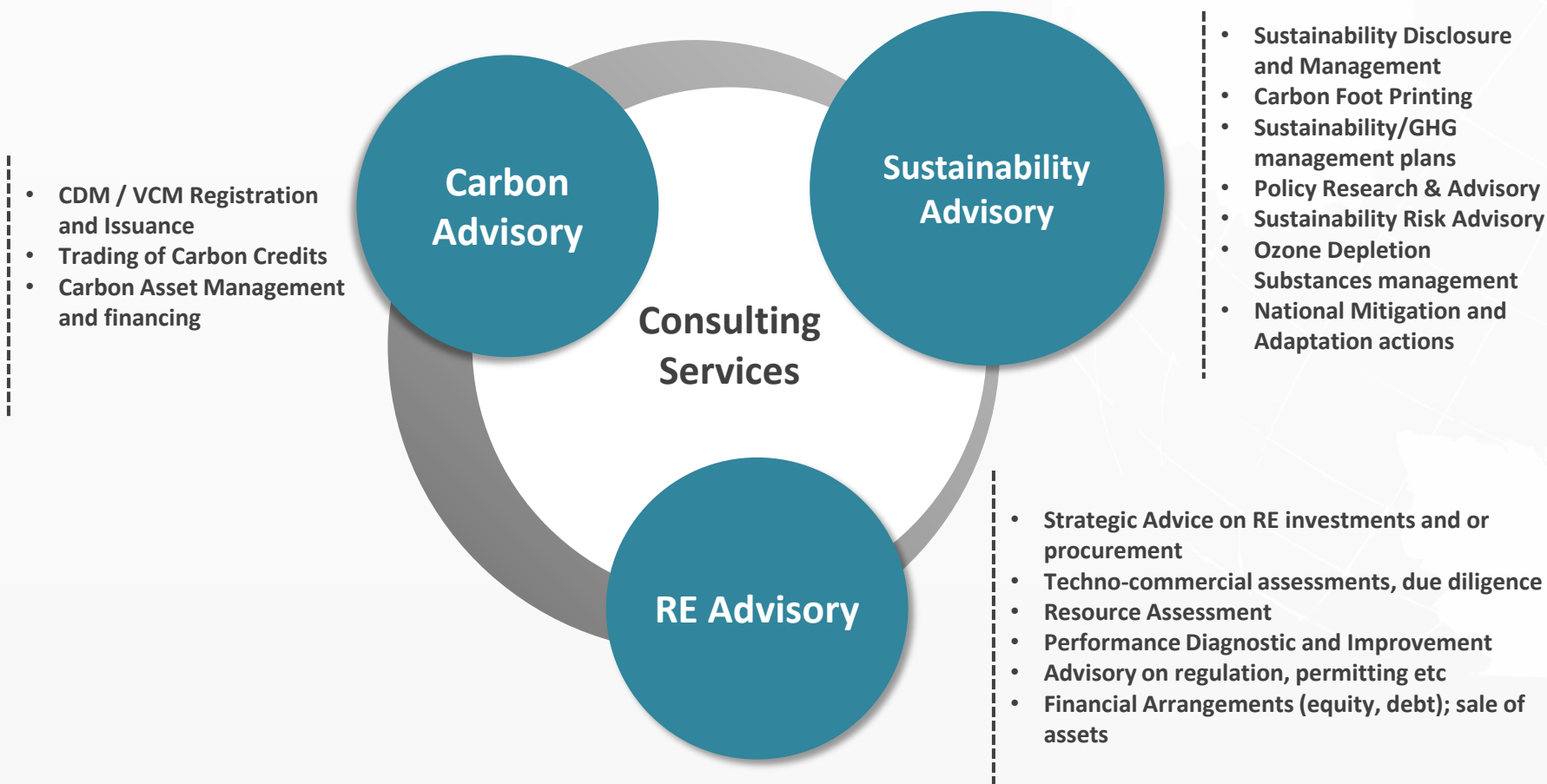
### Renewables

- EVI is providing services to more than **500 MW** of RE projects including solar, wind and biomass energy

- IDFC Private Equity is an investor in EVI. IDFC PE is India's largest private equity firm focused on infrastructure managing a corpus of over \$1.3B
- 120+ employees with a presence in India, Sri Lanka, Singapore, Thailand, Indonesia, Malaysia, Spain, U.K and United States
- Our marquee clientele includes fortune 500 companies, Government bodies, UN bodies, and renowned NGOs

# Consulting Services

Our consulting services focus on most critical issues and opportunities in carbon, sustainability and renewables. We have strong functional expertise and are known to deliver high value solutions to our clients. We are a proven partner to deal with complexities in these emerging areas.





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