



Emergent Ventures International Pte. Ltd.

**Kyoto Protocol post COP 15:
Recent Developments and Outlook beyond 2012**

Structure of Presentation

- ▶ Climate Change & its effects
- ▶ EVI's Proposition & Key Offerings
- ▶ Where we stand right now: State of negotiations post COP 15
- ▶ Who does what: Role of Developed and Developing Nations
- ▶ Where do we go from here: Market Outlook



A comparison of the size of Grinnell Glacier. The top image was taken in 1911; bottom image was taken in 2000



Frequency of cyclones /hurricanes has increased: Katrina Cyclone in above picture



Early leafing of oak trees. The four earliest leafing dates occurred in the past decade, a response to increasing temperatures over the past 41 years



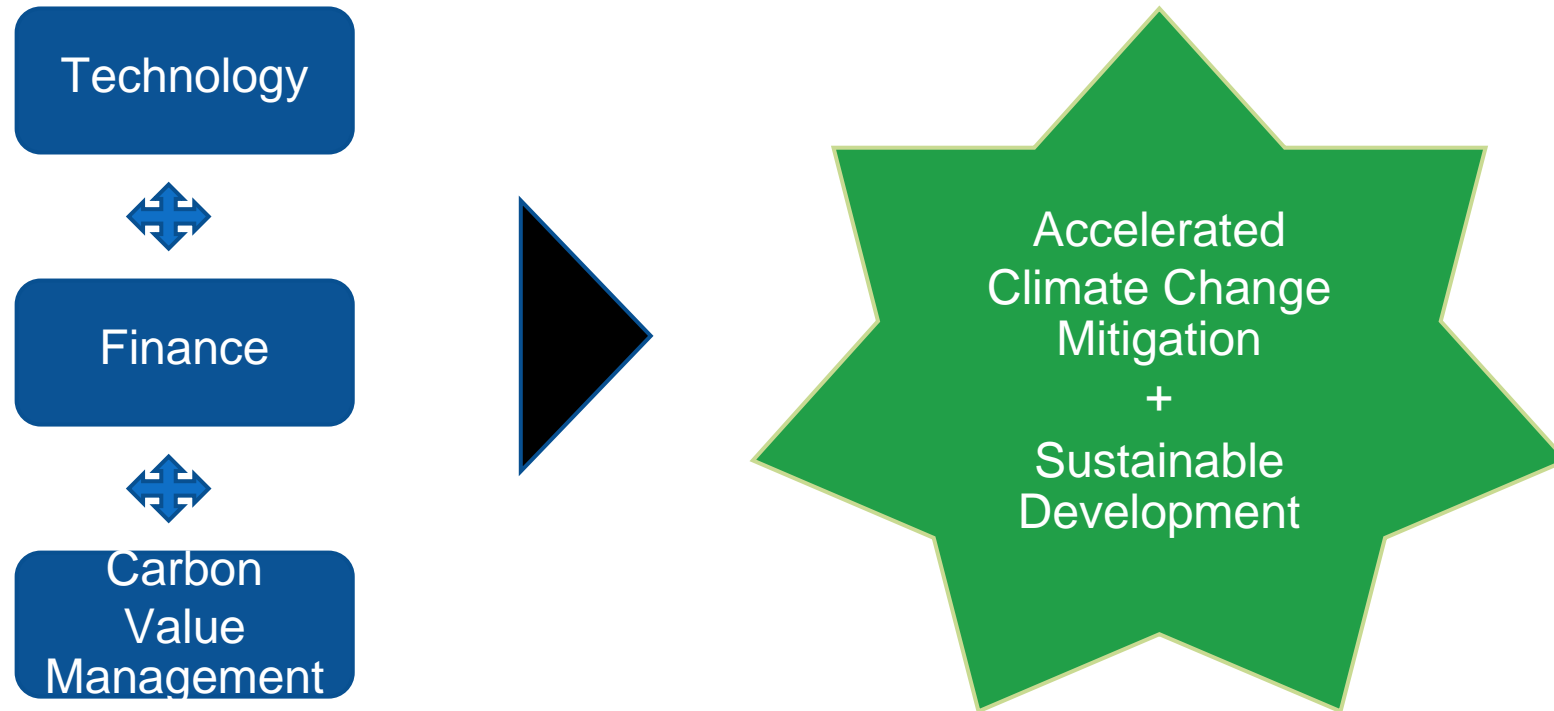
Mumbai 2005 recorded maximum rainfall in a single day



Dry lake during drought in Orlando Florida.

Climate change is the biggest threat faced by the humanity

EVI - Proposition



- ▶ Amongst the largest Carbon Advisory firms with 200+ projects (34 already Registered), across wide variety of sectors, presence in 10+ countries
- ▶ SPVs for Hydro, Wind, Bio-mass power, Bio-fuels, Efficient Lighting and Sustainable Development projects

Key Offerings

- ▶ **Technical Services related to Carbon Credits**
 - ▶ Projects origination/selection/due-diligence (review of CDM applicability, methodology selection, risks assessment)
 - ▶ Project development for CDM/VER: preparation of PIN/PDD, obtaining host country approval, putting monitoring system in place, facilitating validation, registration, verification & issuance

- ▶ **Carbon Asset Management**
 - ▶ Tracking the overall market dynamics for carbon credits;
 - ▶ Creating plans for the appropriate deal structure, acceptable pricing, portfolio management including risk management, identification of high quality buyers and markets for best value
 - ▶ Facilitation in development of the Emission Reduction Purchase Agreements (“ERPAs”)

Key Offerings

▶ **Climate Value Advisory**

- ▶ Climate change risk & opportunities assessment, creation of climate change strategy
- ▶ Sustainability advisory, reporting & audit
- ▶ Carbon Foot-printing, neutrality and GHG management
- ▶ Renewable energy & clean technology advisory, green power procurement

▶ **Finance & Technology Services**

- ▶ Evaluation & implementation of renewable energy projects
- ▶ Carbon backed financing & technology solutions
- ▶ Combination of EPC Contract (Technology), provision of up to 50% of equity as quasi equity (Finance), and O&M, if needed by the client



Where We Stand Right Now

State of Negotiations Post COP 15

Outcome of COP 15- *Copenhagen Accord*



- ▶ Some Positives of the Copenhagen Accord:
 - ▶ Adoption of the global target of limiting overall temperature increase to **2°C** compared to pre-industrial levels
 - ▶ Commitment by Annex 1 (developed) countries to register with the UN their proposed **mid-term emissions reductions targets** by 31st January 2010
 - ▶ Commitment by non-Annex 1 (developing) countries to register with the UN the **actions proposed** to help mitigate climate change
 - ▶ Agreement by Annex and non-Annex 1 countries to submit their actions to a system of international **Measurement, Reporting and Verification**
 - ▶ Recognition of the problem of deforestation (responsible for 17% of global emissions) and acceptance of **REDD+ projects**
 - ▶ Developed countries' commitment to finance a package of **\$30 bn** for the period of 2010-2012 and goal of **\$100 bn** per annum by 2020
 - ▶ Agreement on establishment of a country driven mechanism to accelerate **technology development and transfer**

Outcome of COP 15- *Copenhagen Accord*



▶ And Some Drawbacks:

- ▶ No firm measures on how the **2°C** target (considered to be ambitious) will be achieved
- ▶ Registry process for emissions reductions targets and actions is yet **voluntary and not legally binding**; an internationally accepted compliance mechanism like the Kyoto Protocol will be needed
- ▶ Little clarity was provided in respect of new market mechanisms for **Post-2012**
- ▶ There was nothing that met the call from business, the financial sector and investors for long-term policy and regulatory frameworks to provide clarity on which to base **investment decisions**
- ▶ No **deadline** to reach a legally binding agreement



Who Does What

Role of Developed and Developing nations

Role of Developed Nations

- ▶ Annex I (developed) countries commit to implement quantified emissions targets for 2020; required to be submitted by 31st January 2010
- ▶ Delivery of ERs and financing by developed countries will be Measured, Reported and Verified (MRV); ensuring that accounting of such targets and finance is rigorous, robust and transparent
- ▶ As the world's largest economy, US needs to assume leadership role; President Obama needs to start with getting the cap-and-trade bill passed in the senate

Role of Developing Nations

- ▶ Non-Annex I (developing) countries shall submit mitigation actions by 31st January 2010; these need to be communicated through national communications every two years
- ▶ Nationally Appropriate Mitigation Actions (NAMAs) seeking international support will be recorded in a registry; subject to international Measurement, Reporting and Verification (MRV)
- ▶ Domestic Measurement, Reporting and Verification (MRV) will be applicable where ever international support is not pursued; the guidelines for MRV will be ‘international’



Where Do We Go From Here

Carbon Market Outlook

What Can We Expect?

▶ European Union

- ▶ European Union Emissions Trading Scheme is set to achieve a 20% cut in emissions by 2020
- ▶ Decision on whether to include CDM credits is still pending
- ▶ But all indications are that CERs will be allowed in EUETS Phase III; up to what extend is not confirmed

▶ United States

- ▶ US has indicated 17% reduction by 2020 and 80% reduction by 2050
- ▶ Setting up of internationally accepted Measurement, Reporting and Verification (MRV) standards will help start US participation in an international emission reduction scheme
- ▶ A lot will depend on getting the cap-and-trade bill passed in the

What Can We Expect?

- ▶ Australia, Japan
 - ▶ No firm commitment of targets yet
 - ▶ All eyes on the deadline 31st January 2010

- ▶ China, India
 - ▶ Will submit mitigation actions by 31st January 2010
 - ▶ These are expected to revolve around Energy efficiency improvements and some commitments on Renewable energy generation

Conclusion

- ▶ The outcome of COP 15 (The Copenhagen Accord) is an ‘in principle’ kind of an agreement without any operational details
- ▶ UNFCCC need to set international rules for development of these operational details till COP 16 in Mexico
- ▶ We need to understand that all this takes time; after all Kyoto protocol was not born overnight
- ▶ The countries pledges by 31st January 2010 will only be a starting point for a long series of negotiations to follow
- ▶ 2010 remains a crucial year for international climate change process



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Thank you