

Tricorona

Technology Transfer within Kyoto Protocol and the Carbon Market

Marco Berggren
Head of Technology Transfer
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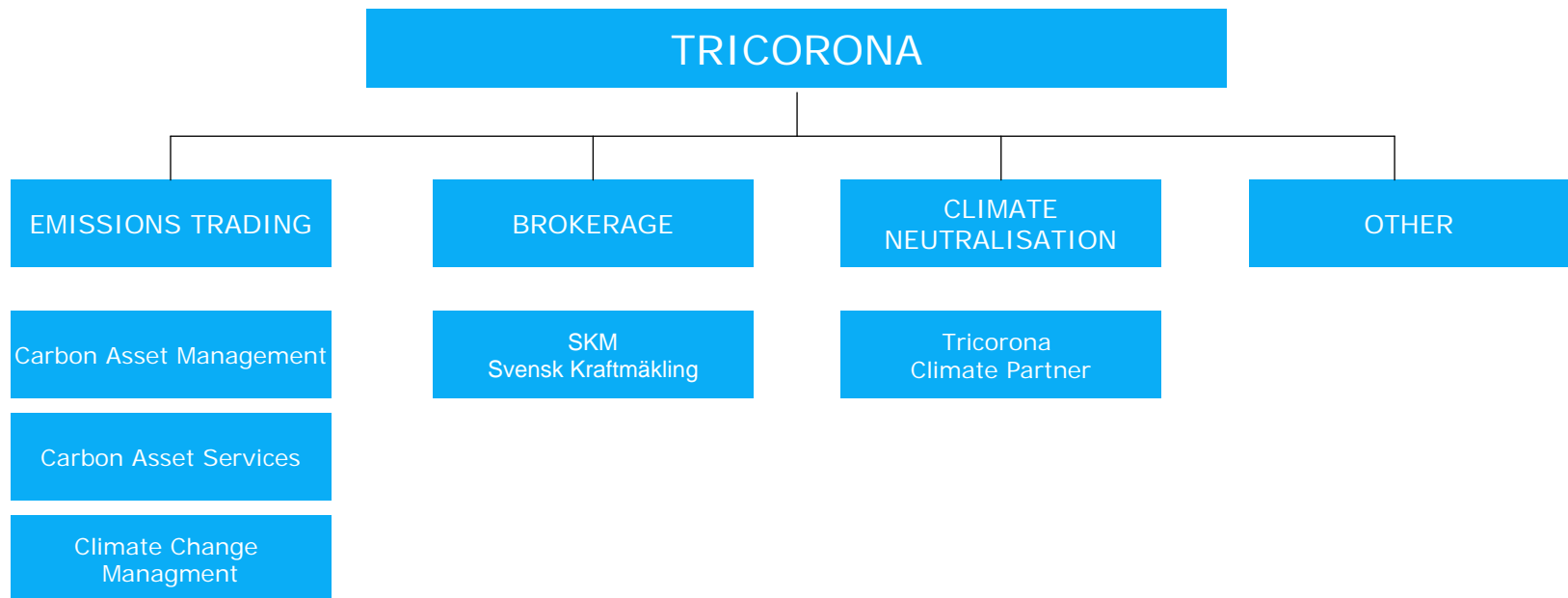
Agenda

- Tricorona – Carbon Asset Management Sweden
- Kyoto Protocol and CDM
- Additionality
- Technology Transfer within Kyoto Protocol and the Carbon Market
- Summary

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*"Tricorona invests and trades
in environment-related market instruments"*



Tricorona – Carbon Asset Management Sweden

Portfolio model:

Off-take contract vs. guaranteed delivery



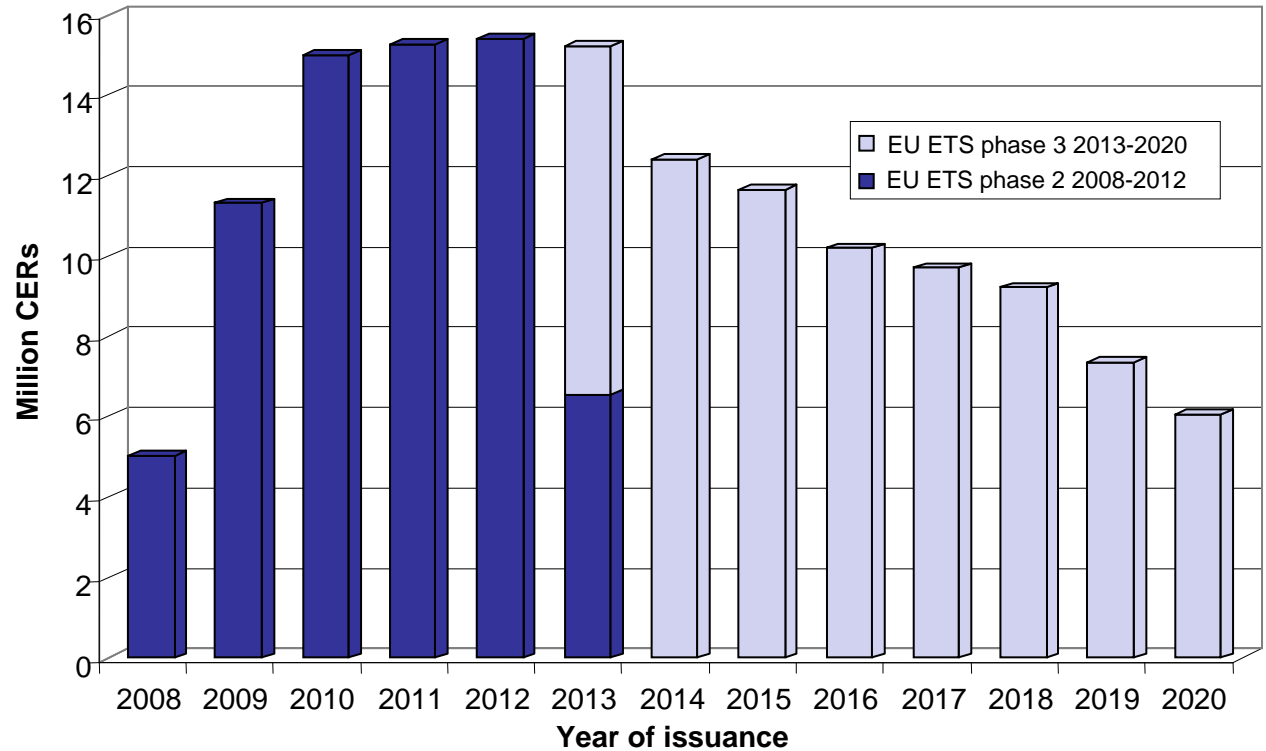
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Tricorona CDM portfolio as per 30th September 2008

2012/2013
75 million CERs

2013 - 2020
- 67.5 million CERs

2021 -
- 70 million CERs



The Emissions Market

League tables

Tricorona – Carbon Asset Management Sweden AB named second largest buyer of CDM projects globally

TOP 20 BUYERS	PROJECTS
EcoSecurities	271
Carbon Asset Management Sweden	121
EDF Trading	82
IBRD	81
RWE	72
Cargill International	71
Mitsubishi	66
Trading Emissions	61
ENEL	58
Agrinergy	56
AgCert	56
Marubeni	49
Noble Carbon	47
MGM Carbon Portfolio	47
Carbon Resource Management	46
CAMCO	45
Climate Change Capital	43
Kommunalkredit	40
Energy Systems International	39
Danish Ministry of Climate & Energy	36

Source: UN Environmental Programme *Risoe*, Sep. 2008, (www.cdmpipeline.org)

The Kyoto Protocol and Clean Development Mechanism (CDM)

- Industrialised countries to reduce GHG emission by 5.2%
- Developing countries no restriction on emissions
- Three Flexible Mechanism in Kyoto Protocol
 - Emission Trading with cap and trade (ET)
 - Clean Development Mechanism (CDM)
 - Joint Implementation (JI)

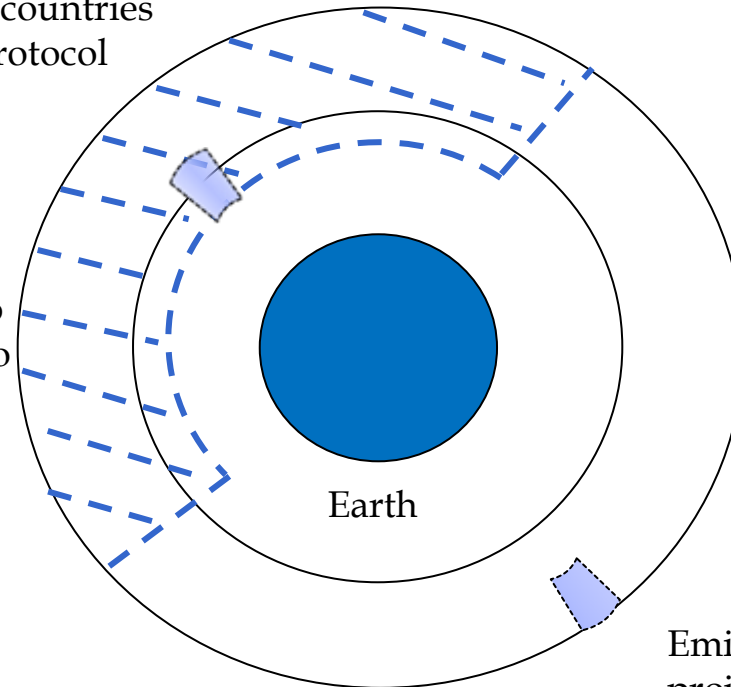
The Kyoto Protocol and Clean Development Mechanism (CDM)

- CDM projects generate carbon credits which are transferred from Developing countries to Industrialised countries, e.g. from China to Sweden
- All generation and transfers of carbon credits are governed by UNFCCC
- The carbon credits shall be verified and certified on the basis of:
 - Voluntary participation of each party involved
 - Real, measurable and sustainable development benefits
 - Additional to what would occur in the absence of the project activity

Additionality in CDM

Emission reduction (5.2% below 1990s level) by Industrialised countries through the Kyoto Protocol

... can be used by an industry in Sweden to comply with the Kyoto Protocol



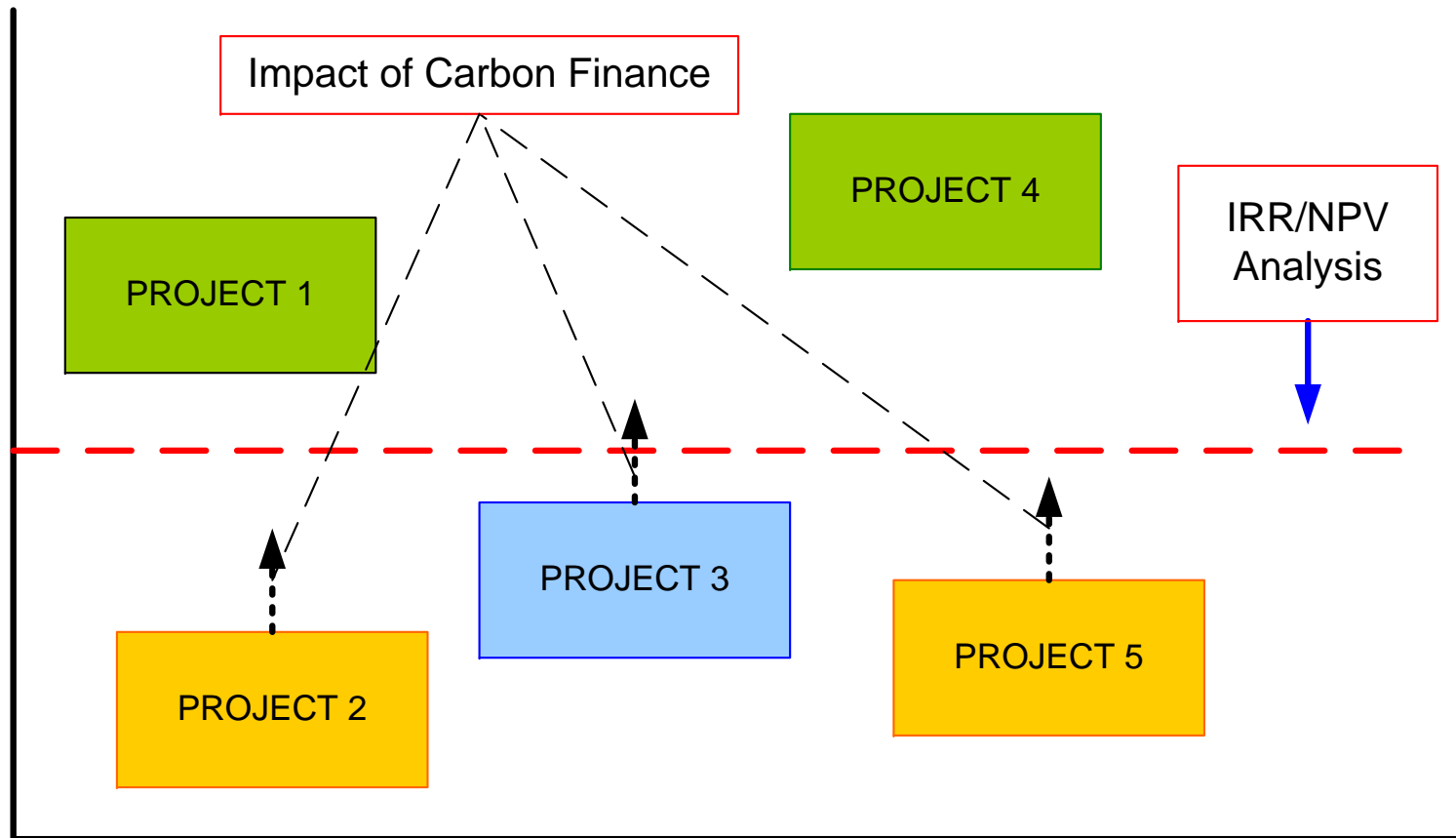
2012 Year's emissions in a Business as Usual scenario

1990 Year's emissions

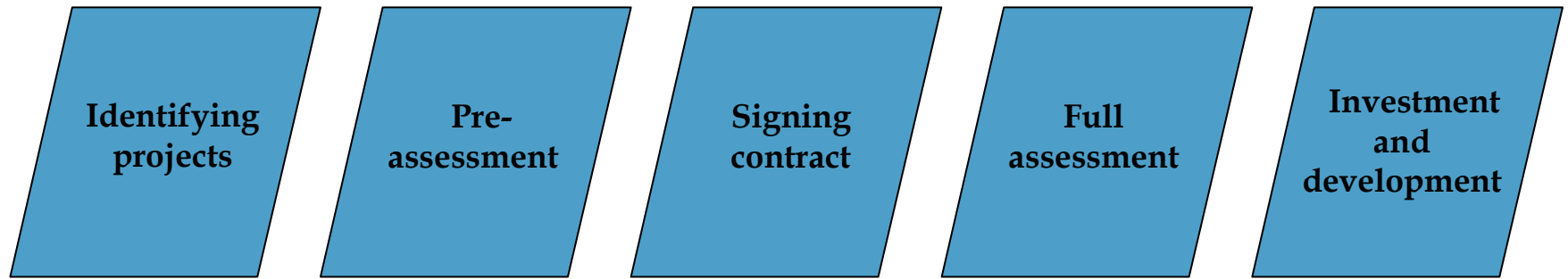
Emission reductions from a project in China that would not occur in the absence of the CDM...

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Additionality

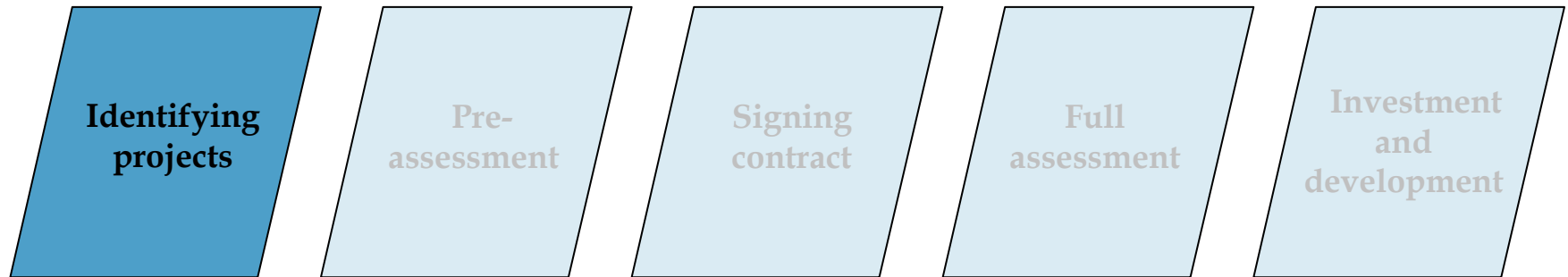


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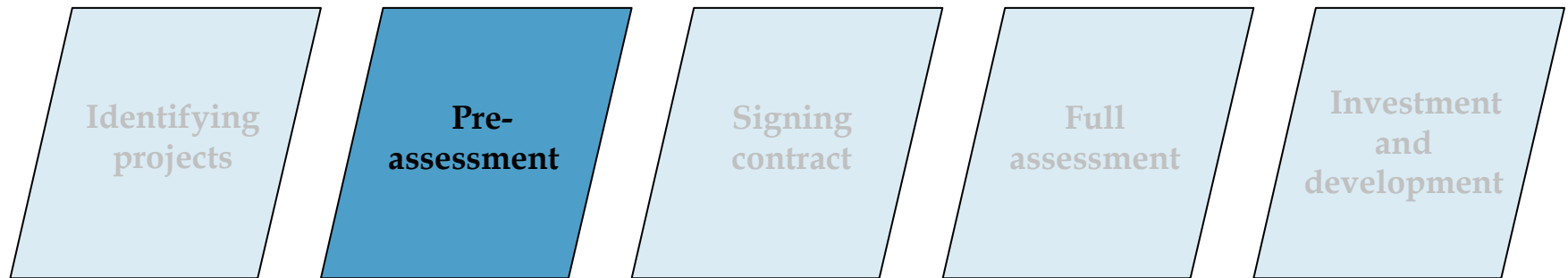
Technology Transfer within Kyoto Protocol and
the Carbon Market

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- Technology Provider identifies potential projects from own pipeline
- Projects with implementation barriers - additionality
 - Insolvent customer
 - Long Pay-back time of investment
 - Technology is new and untried in the industry/region

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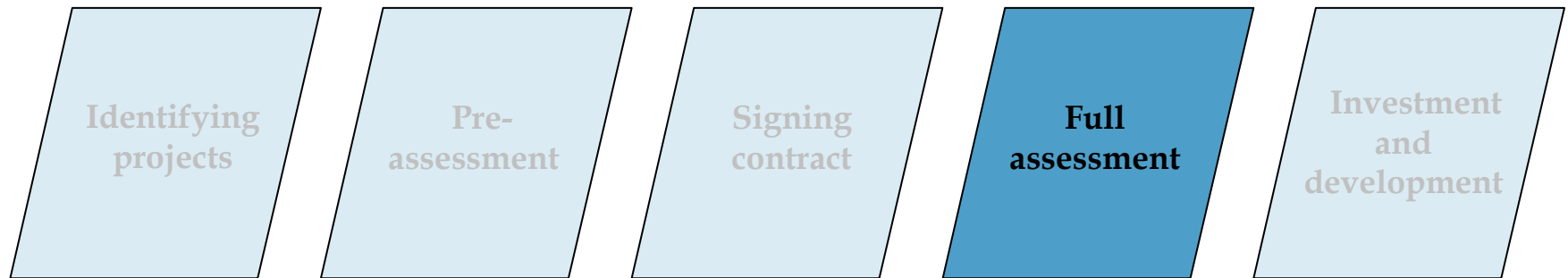
- Pre-assessment of CDM potential
 - Size of emission reduction per year
 - Commissioning
 - Additionality
 - Applicable to approved methodology
- If project fulfils certain criterion the project is taken to next step

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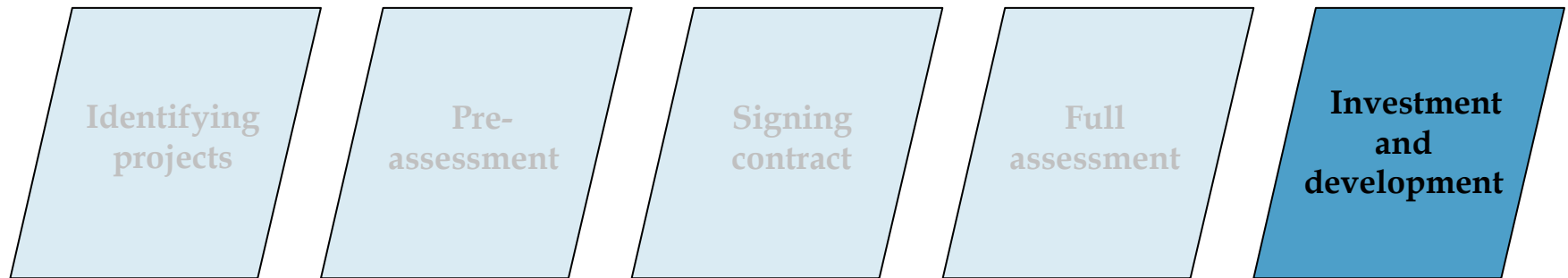
- Customer and Tricorona signs a contract on the potential delivery of future Certified Emission Reductions (CERs)
 - Term Sheet
 - Emission Reduction Purchase Agreement (ERPA)
- Once a contract is signed, Tricorona will proceed to conduct a full assessment of CDM applicability

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- Full assessment of the CDM applicability
 - Applicability requirements in approved methodology
 - Evidence of additionality
 - Data availability for baseline and monitoring methodology
- Invest in and develop the CDM component of the project when a full assessment of the project has been completed and approved

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- Tricorona takes full risk in the CDM component and invests in
 - PDD development
 - Validation process
 - Registration process
 - Verification process
- “No cure no pay” – only if project succeeds to generate CERs third party costs are deductible from first delivery

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Project Types

Renewable Energy

- Hydro Power
- Wind Power
- Solar Power
- Biomass Energy Production

Methane Capture

- Landfill Gas (LFG)
- Waste Water Treatment (Sludge Methane Recovery)
- Municipal Solid Waste (MSW)
- Coal Mine and Coal Bed Methane Extraction and Utilization (CMM/CBM)

Energy Efficiency

- Waste Heat/Gas/Pressure Recovery from Cement, Glass and Steel Production, etc.

Biodiesel from Waste Cooking Oil

Fuel Switch (Coal or Petrol for LNG)

Ultra Super-Critical Power Plants



Summary

- Tricorona invests and trades in environmental-related market instruments
- Additionality – projects that would NOT start without the incentive from carbon credits
- Tricorona cooperates with Technology Providers to source new CDM projects
- Only projects with implementation barriers can use CDM
- If projects fulfil set criterion, Tricorona purchases the carbon credits and takes full risk by investing in and developing the CDM component

Marco Berggren
Head of Technology Transfer
Tricorona – Carbon Asset Management

marco.berggren@tricorona.se

+46 (0)8 506 885 80