



«Der Markt für Biomasse - Kompensationsprojekte: Potenziale, Entwicklungen, Ausblick»

**7. Schweizer Biomassegipfel in Basel
30. Januar 2012**

**Dr. Christoph Sutter, CEO
South Pole Carbon Asset Management Ltd**

Executive Summary





South Pole – developing solutions worldwide

Best Project Developer
Environmental Finance's
2011 Voluntary Carbon Markets Survey

- Head office
- Satellite office
- Local presence



- 2006: Incorporation in Zurich / Switzerland
- 2011: ten offices worldwide
- 2011: Best Project Developer*
- Over 80 carbon pros from 22 countries
- Projects in 21 countries
- Specialized in high-quality “Gold Standard”
- Developing both voluntary and compliance credits

* Environmental Finance:
Voluntary Carbon Market Survey 2011

South Pole Carbon's references: extensive network of high quality buyers



Unparalleled carbon market expertise

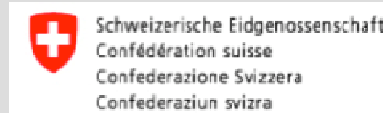
- Participation in the UNFCCC Methodology Panel
- Involved in major climate change negotiations since 1997
- Carbon advisory to international organizations (World Bank, European Commission, World Economic Forum, GTZ, Africa Progress Panel, World Food Programme, ...) and to registered CDM projects with a volume of 100 million tCO₂e until 2012

Extensive client network

- Top-rated compliance buyers
such as the Austrian Government, Swiss Government, Climate Cent Foundation (Switzerland), Italcementi Group, LUSO Carbon Fund (Portugal), EGL, ...



Italcementi Group



Stiftung Klimarappen
Fondation Centime Climatique
Fondazione Centesimo per il Clima
Climate Cent Foundation

- Well-known voluntary buyers
such as BP, Unilever, Axpo, Swiss Re, WWF, Austrian Post, Eneco Energy, RBC, Greenpeace, Ben & Jerry's, Transoflex, ...)



PointCarbon

bp



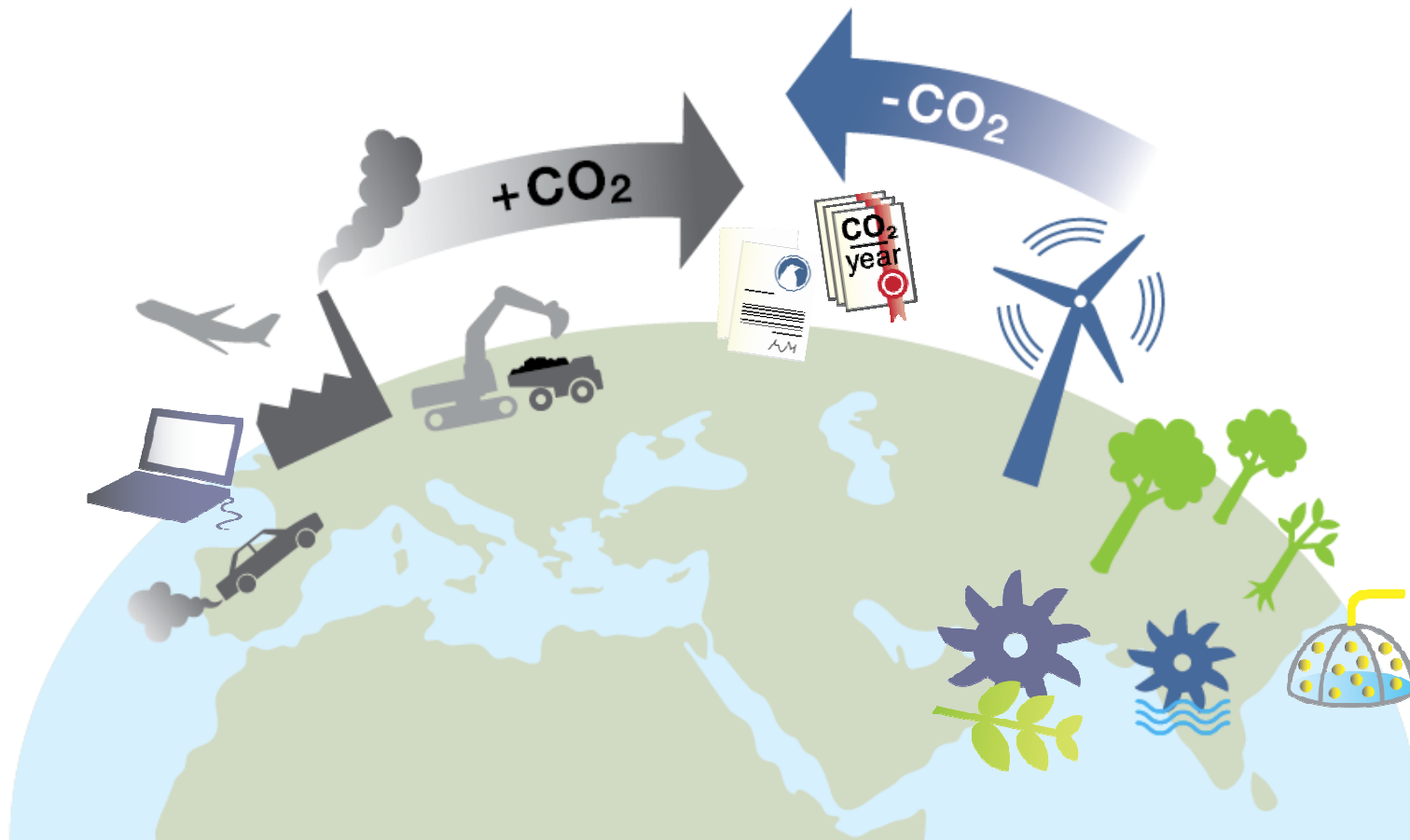


The (various) carbon market(s)

- Biomass projects in the carbon market(s)
 - Outlook and recommendations
-





Our business: carbon trade



We distinguish *compliance and voluntary* carbon markets



| | Examples | Key features |
|---|--|---|
| Compliance markets  | <ul style="list-style-type: none">• EU Emission Trading Scheme• Kyoto Protocol Market• Australian Emission Trading Scheme... | <ul style="list-style-type: none">• Different types of compliance carbon credits• Kyoto credits (CDM and JI) can be sold to Kyoto and EU markets• High liquidity• Unit price varies little across projects, but premium for Gold Standard certified projects |
| Voluntary markets  | <ul style="list-style-type: none">• Gold Standard VERs• VCUs• CCBS• Social Carbon• ... | <ul style="list-style-type: none">• Carbon credits generated on the basis of voluntary standards• Not suitable for compliance purposes (Kyoto)• Prices vary with quality and origin of projects, with Gold Standard projects fetching the highest price |

We distinguish *stand-alone and quality add-ons standards*



Compliance markets



Voluntary markets



Stand-alone



Swiss Emission Reduction Units



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Quality add-ons



The Gold Standard®
Premium quality carbon credits



The Gold Standard®
Premium quality carbon credits

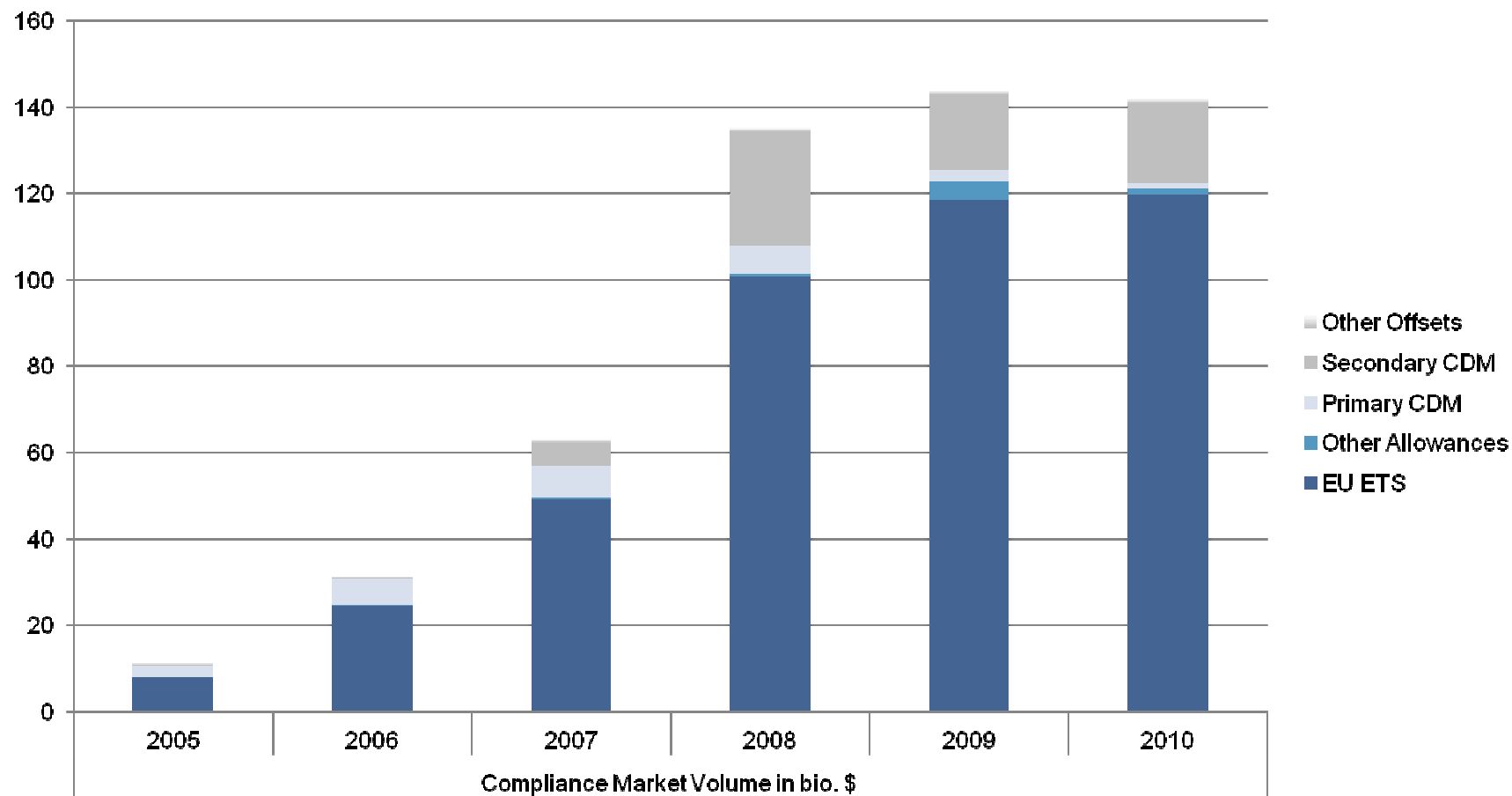


VCS | VERIFIED
CARBON
STANDARD
A Global Benchmark for Carbon

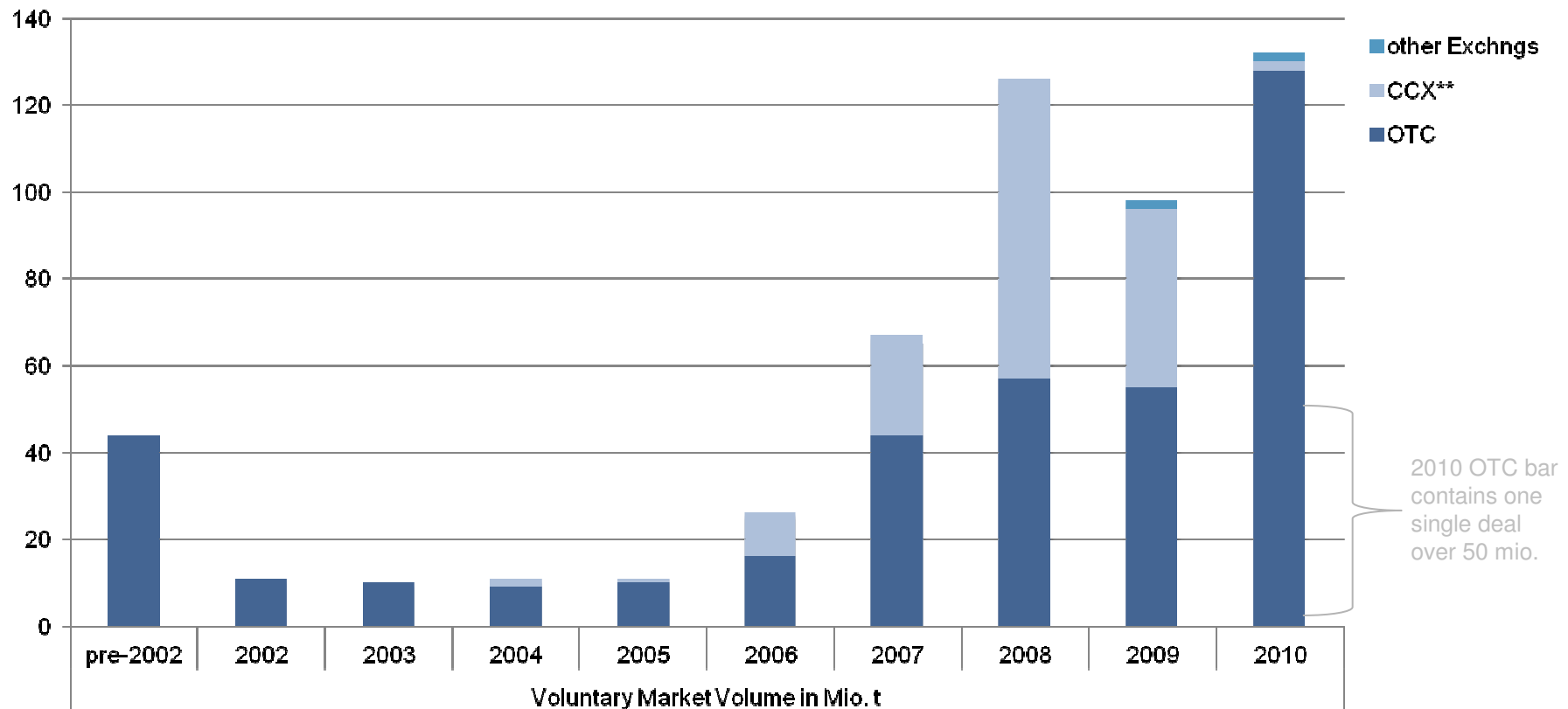


SOCIALCARBON®

Global carbon transactions (\$) in the compliance market



Global carbon transactions (tCO₂e) in the voluntary market



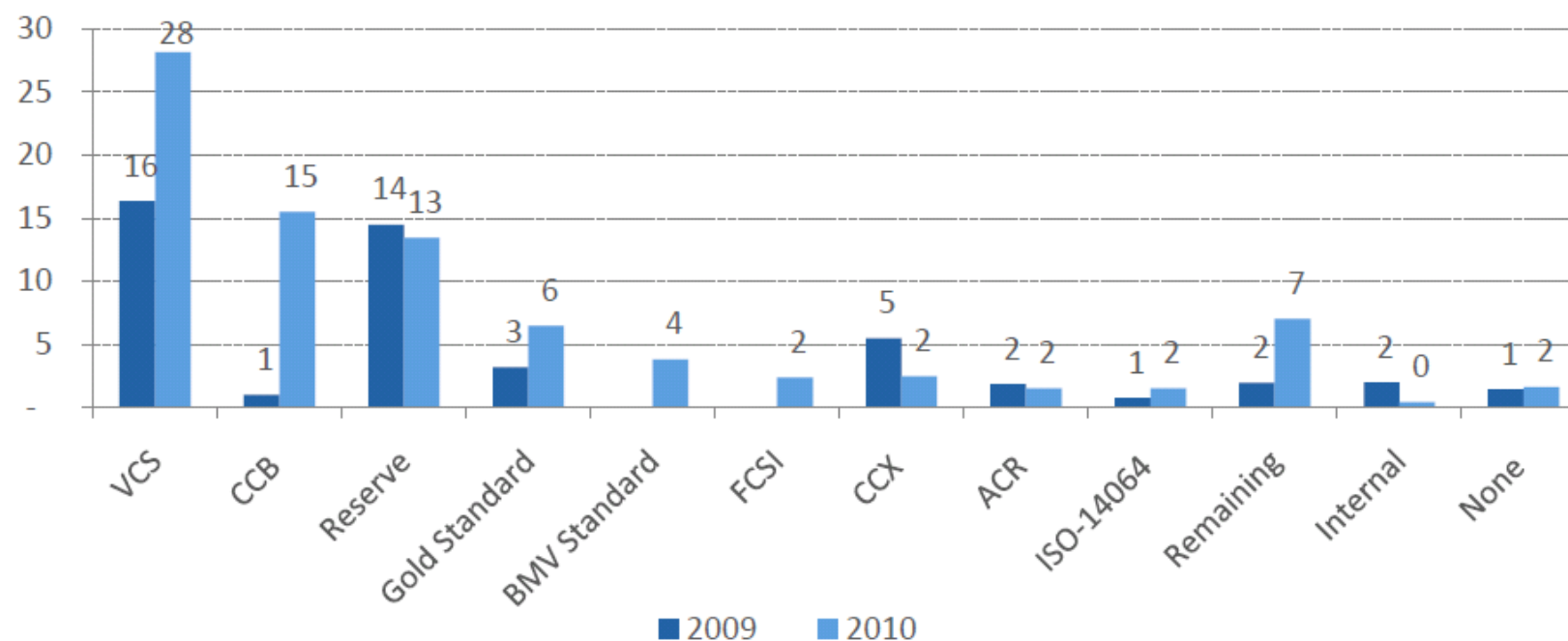
Source: Ecosystem Marketplace: State of the Voluntary Carbon Markets 2011; *CO₂e = CO₂ equivalents (e.g. 1t of methane is equivalent to 21t of CO₂); **closed in 2010



Transacted volumes by different voluntary standards

Figure 26: Transaction Volume by Primary and Secondary Standard, OTC 2009 vs. 2010

MtCO₂e



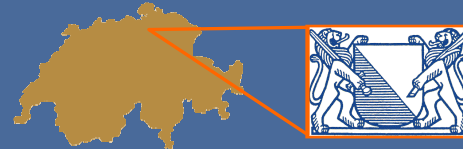
Source: Ecosystem Marketplace, Bloomberg New Energy Finance.

Note: 2009 data based on 320 observations, 2010 data based on 676 observations.



Zurich – European carbon capital

Zurich and Switzerland offer perfect conditions for demanding carbon players



- **Swiss Institute of Technology (ETH) in Zurich:** excellent climate scientific background
- **Zurich is leading in carbon research and project development** and is the world's 2nd important carbon trading hub after London
- **Zurich's financial infrastructure:** perfect conditions for a global market of €100bn
- **The Gold Standard** – the industry's leading standard – is based in Geneva
- **The world's first national emissions trading registry** opened in 2007 – in Switzerland
- **Zurich Carbon Markets Association** founded in 2010 – with South Pole Carbon as founding member and about twenty institutions and companies on board
- **The world's first scheme to offset carbon emissions from flights** was developed by ETH students who then formed myclimate – and later founded South Pole Carbon

ETH

Eidgenössische Technische Hochschule Zürich
Swiss Federal Institute of Technology Zurich



The Gold Standard®
Premium quality carbon credits



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- The (various) carbon market(s)



Biomass projects in the carbon market(s)

- Outlook and recommendations
-

There are many different types of “biomass projects” eligible under the carbon markets





Different kinds of biomass projects under the CDM

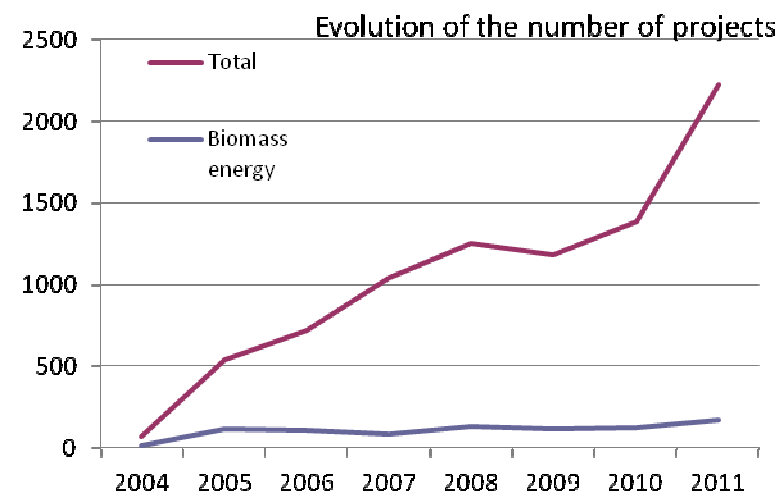
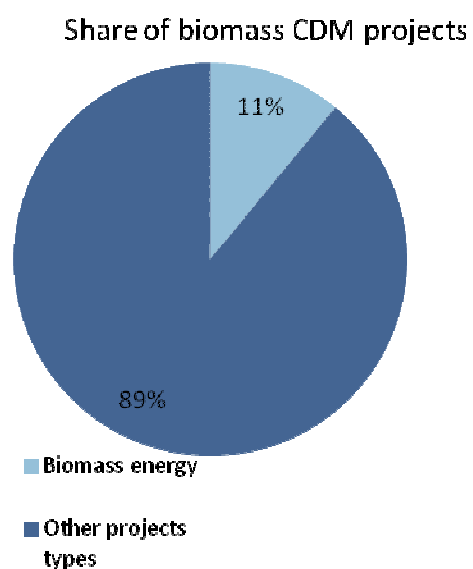


| Meth. | Description | Number of projects |
|---------|--|--------------------|
| ACM0003 | Emission reduction through partial substitution of fossil fuels with alternative fuels in cement manufacture | 36 |
| ACM0006 | Grid-connected electricity from biomass residues (includes AM4 & AM15) | 340 |
| ACM0018 | Electricity generation from biomass residues (co-fired) in power-only plants | 37 |
| ACM0020 | Co-firing of biomass residues for heat generation and/or electricity generation in grid connected power plants | 0 |
| AM0007 | Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants | 0 |
| AM0036 | Fuel switch from fossil fuels to biomass residues in boilers for heat generation | 22 |
| AM0042 | Grid-connected electricity generation using biomass from newly developed dedicated plantations | 2 |
| AM0082 | Use of charcoal from planted renewable biomass in the iron ore reduction process through the establishment of a new iron ore reduction system | 3 |



Biomass projects under the CDM

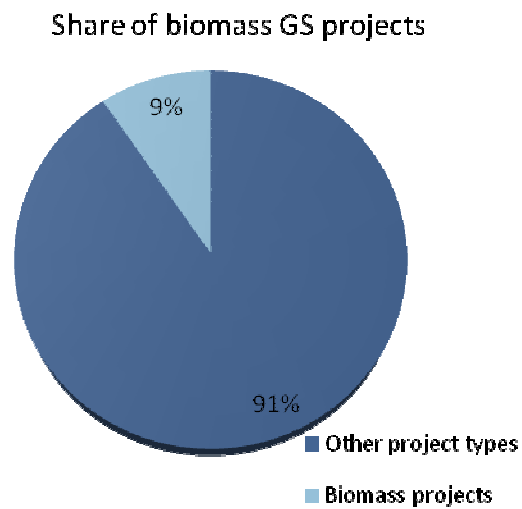
About 11% of all CDM projects are based on biomass use





Biomass projects under the Gold Standard

About 9% of all Gold Standard projects are based on biomass use





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 - Biomass projects in the carbon market(s)

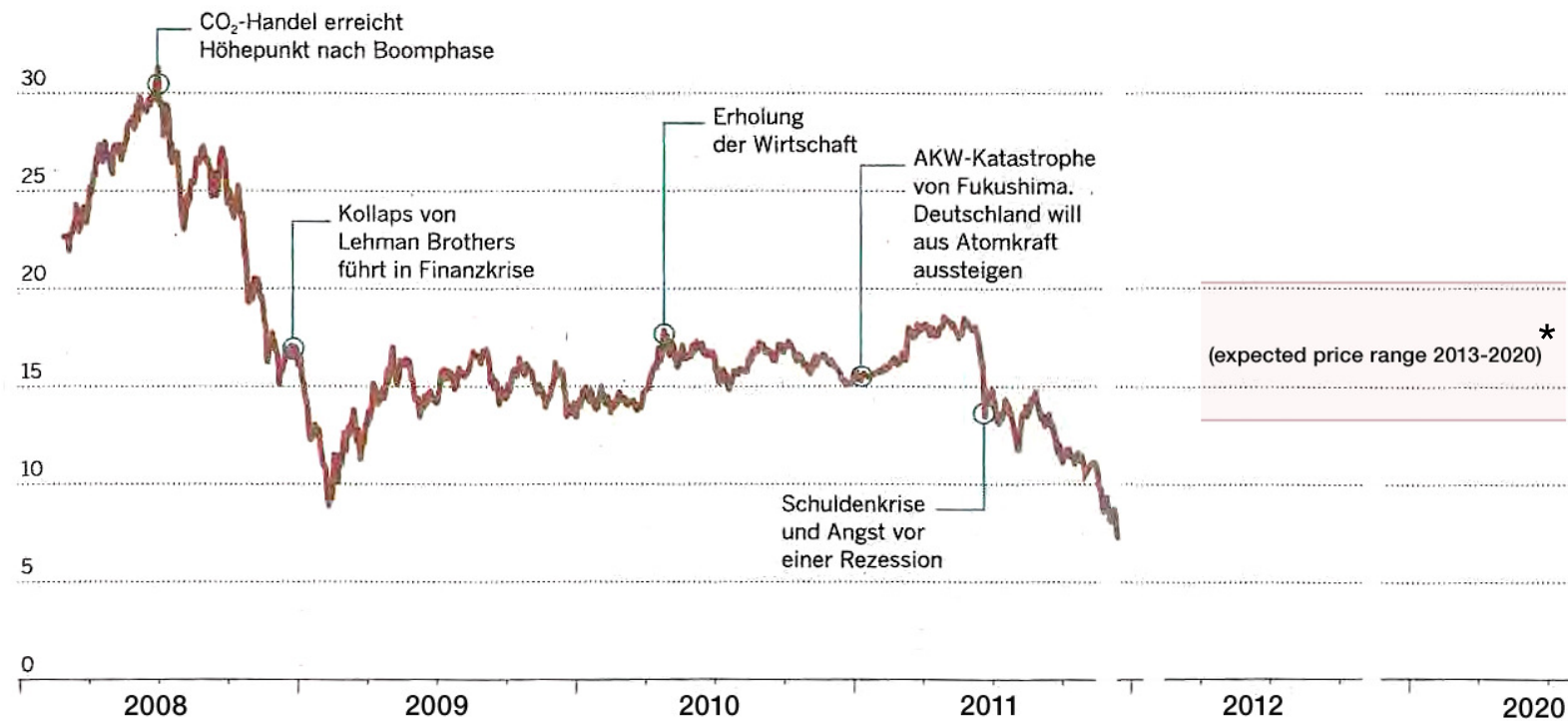


Outlook and recommendations



Price development for CDM (biomass) credits

Preis der Emissionsrechte im europäischen Handelssystem ETS



Quelle: Bluenext

*source: Point Carbon



Today's price levels

Swiss Emission Reduction Units



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

???



5 - 20 EUR/tCO₂



3 - 6 EUR/tCO₂



2 - 8 EUR/tCO₂



Recommendations...



Vielen Dank!

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