



Solar Days

April 2009

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Agenda

- Carbon Offsets and Global Prescription for Reducing Emissions
- Market for Carbon Offsets
- How Carbon Offsets Work

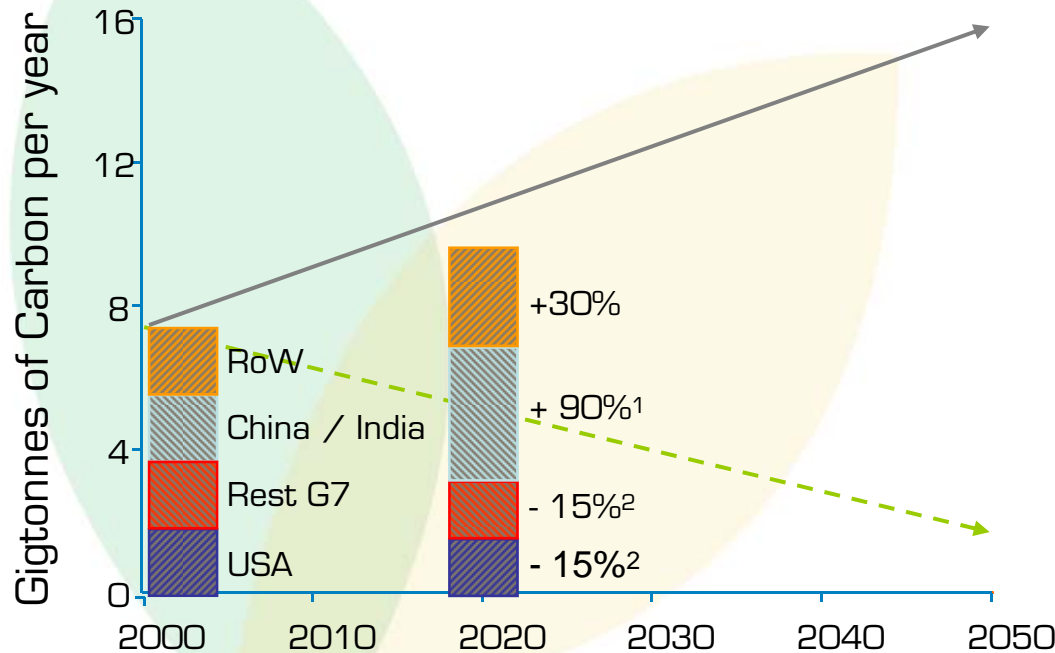
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Society has chosen to measure its contributions to climate change through measuring carbon footprint

The carbon footprint is measured in terms of tons of carbon dioxide emitted and determined by adding up the impact of all greenhouse gases generated by a specified activity.



Growth in the developing world presents a challenge for reducing carbon emissions



4 key levers to drive GHG reductions

1. Reducing demand for energy intensive goods
2. Increasing efficiency of energy intensive processes
3. Switch to low carbon power generation technologies
4. Take action on non energy emissions – avoid deforestation

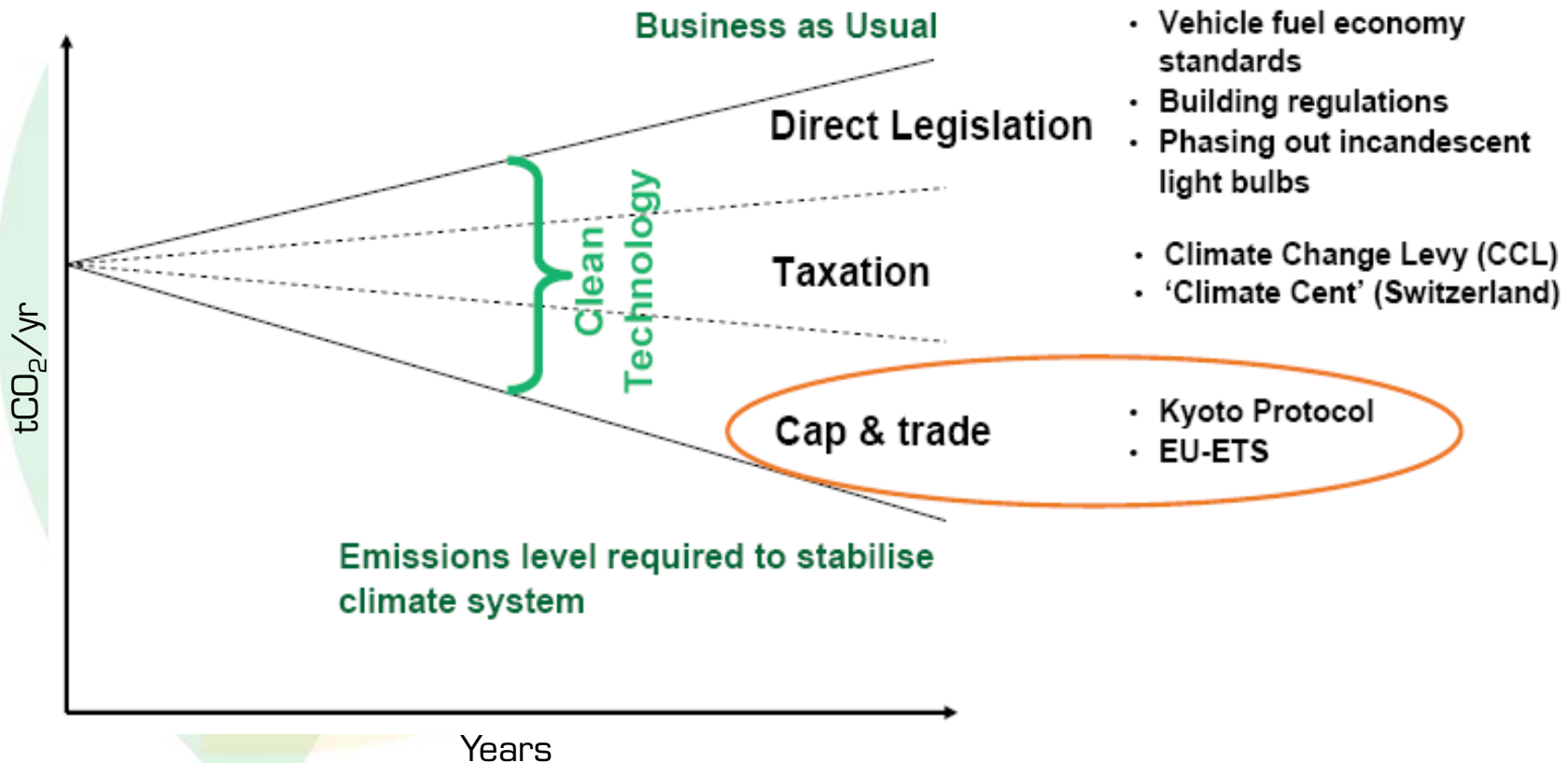
1. China's National Energy Strategy Policy aspires to limit growth in energy to half that of GDP. Under current projections that will double China's energy use by 2020 predominantly through coal fired power stations – Source: World Resources Institute. India – In the best case scenario in which renewable energy is expanded forty fold CO₂ emissions could rise from 1 gigatonne to 4 gigatonne per annum by 2031/2 – Source: Institute for Public Policy Research, Jan 08.

2. TCNC analysis including the optimistic assumption the US, Japan, Russia & Canada take on binding targets in line with European Union commitments.

First steps have been taken

- Carbon footprint as a measure of greenhouse gases
- Information gathering globally and locally, as well as building global database of effective strategies to manage GHG emissions
- Government regulation of carbon
- Green building standards
- Awareness and need for action has driven the development of the **carbon market**

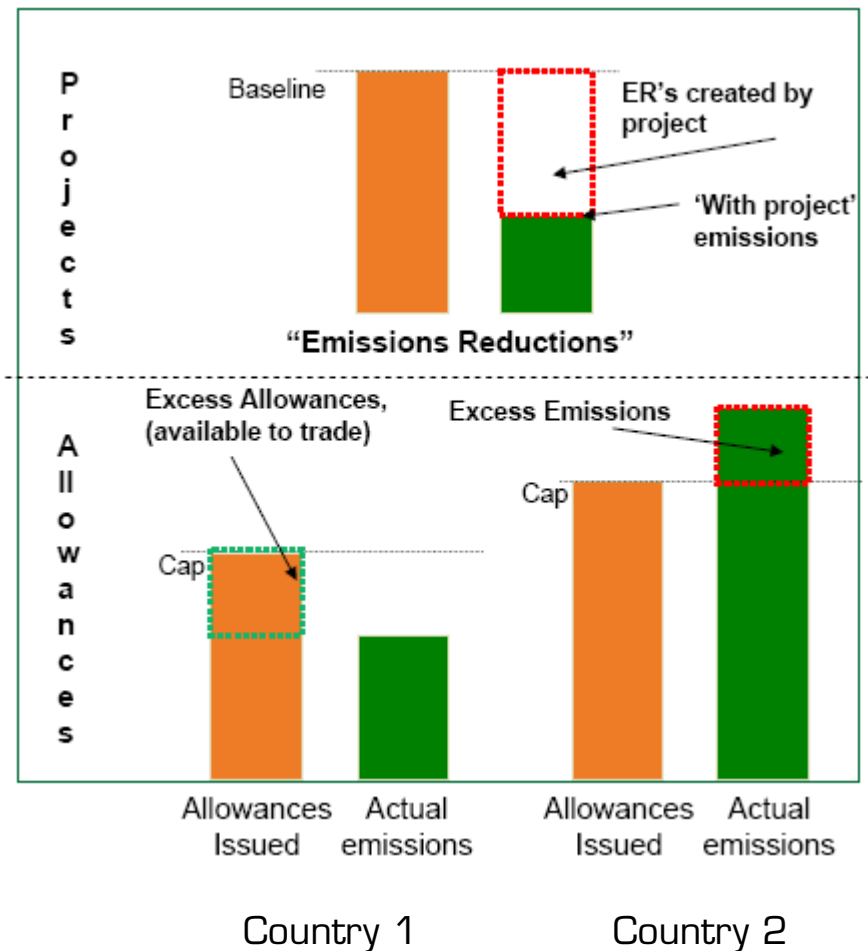
The basic idea behind the carbon market



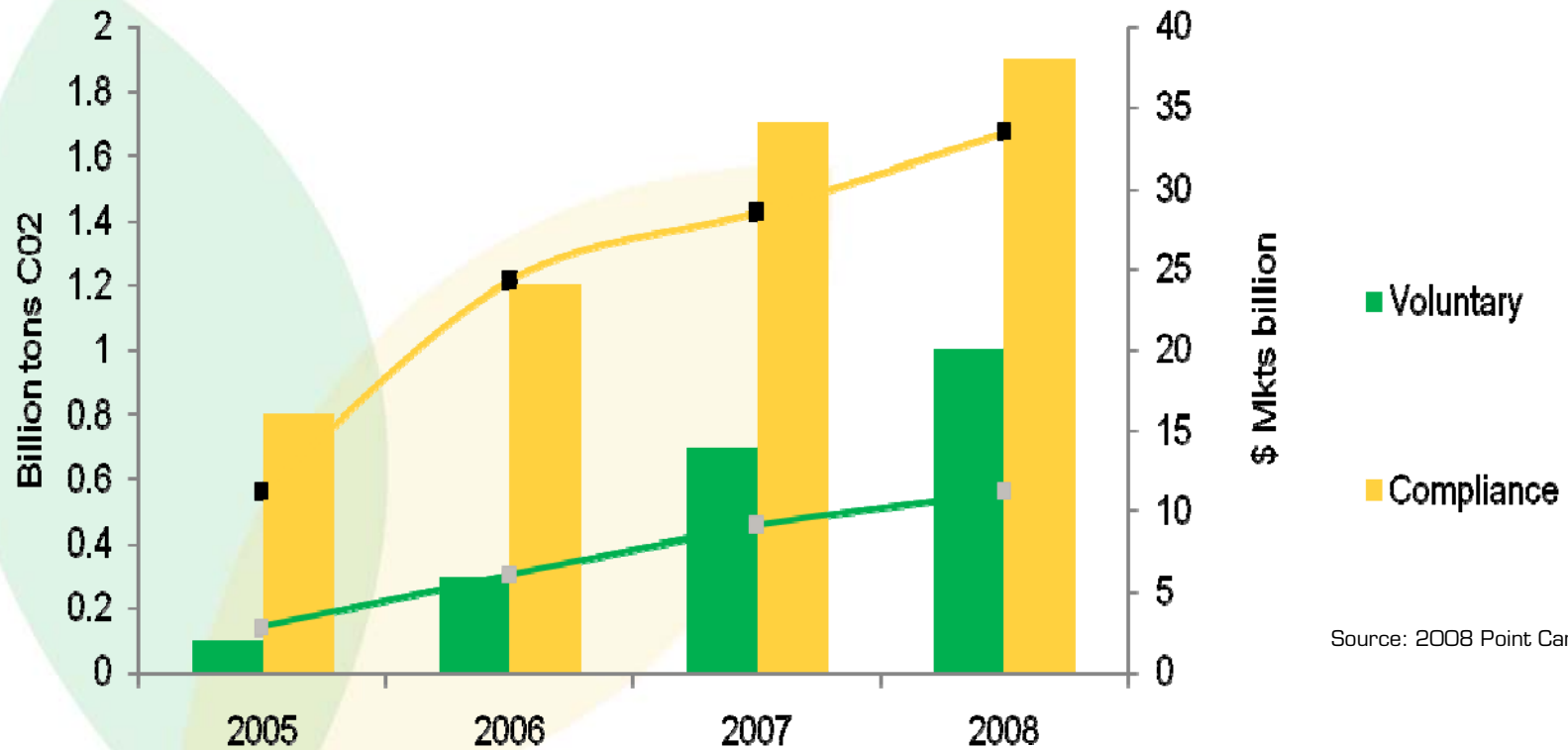
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Carbon offset instruments

- 2 types of carbon instruments:
 - Project-based credits
 - Allowances
- A project-based credit is an emission reduction compared to business as usual resulting from an activity (the 'project')
- Allowances designed for compliance purposes
- Both types of instruments created in units of 1tCO₂e



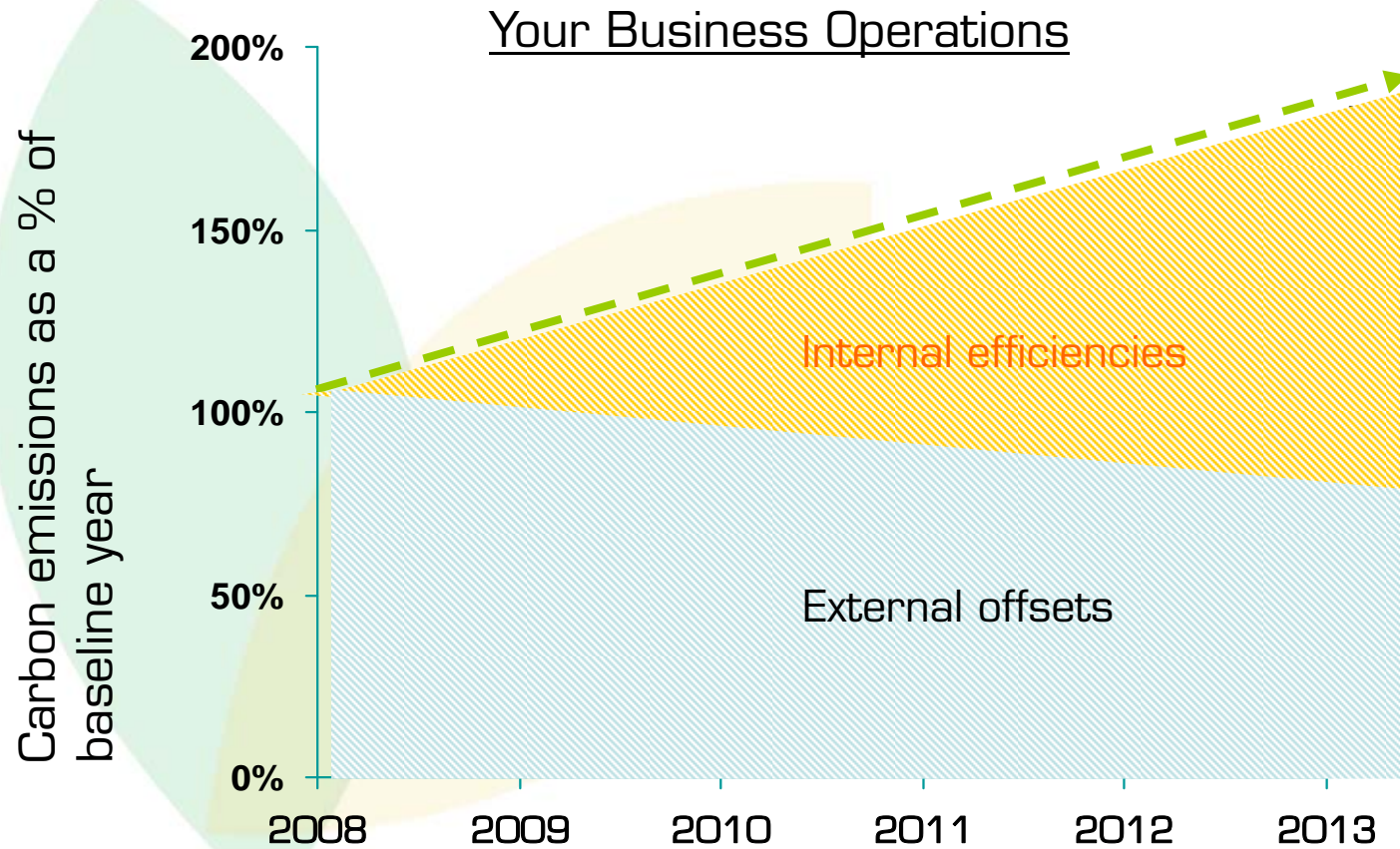
The size of the market



Source: 2008 Point Carbon

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Credibly responding to climate change





Using Offsets to Become Carbon Neutral

Business as Usual

Existing Building

AED100,000/
year electricity
and water
costs

Footprint
2,000 tons
per year

Driven by:
Energy shortages
High operating costs
Old equipment

Reduce Emissions

AED400K
upgrade to
HVAC

↓

200 ton
CO2
reduction

AED75,000/y
ear electricity
and water
costs

Footprint
1,800 tons
per year

Driven by:
Product differentiation
New market development
Investor relations

Aim for Carbon-Neutrality

Footprint ZERO
=
Carbon-Neutral

Examples of carbon offset projects

Energy Efficiency



Coal Mine Methane



Livestock Methane



Solar Power Generation



Hydro Generation



Wind Power Generation



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