



Dear Colleagues,

Carbon Credit Capital is pleased to send you its *Markettracker*, which will provide an edited weekly snapshot of global climate change news.

## Market News

### Editorial

#### Regulators Play a Critical Role in the Future of Climate Change Mitigation

October 10, 2007

Although we are currently in the perfect storm for climate change mitigation- high oil prices, concerns over energy security and a plethora of scientific research on the impact of anthropogenic greenhouse gas emissions on climate change- we must realize that the storm is likely to pass. High oil prices in the 1970s led to a rise in investment in alternative energy sources, only to subside when the price of oil did. Unfortunately, as long as conventional fuel sources remain more economical than alternative fuel sources, we are dependent first and foremost on our governments to legislate policies that create incentives to reduce emissions of greenhouse gases.

Must the role of impacting greenhouse gas emission behavior belong exclusively to governments, or can consumers use their significant purchasing power to influence emissions by demanding lower greenhouse gas intensive products and energy sources? Consumers are making choices to purchase fuel economic cars, purchase electricity from renewable energy through their utilities and even purchase voluntary carbon offsets for such things as airplane travel and yearly carbon emissions. Can this "grass-roots" approach trickle up to large corporations when they determine which products to produce- and how to produce them- to meet consumer demand? We see corporations responding to this in the products they offer and in their marketing campaigns, finding ways to bill themselves as "green".

### Market Pricing EUA as of 10/09/2007

10/09/07 EUA 2008  
€21.68

10/09/07 EUA 2007  
€0.07

10/09/07 EUA 2007 -  
week prior  
€0.08

10/09/07 EUA 2007 -  
month prior  
€0.08

10/09/06 EUA 2007 -  
year prior  
€12.65

*\*Source: Point Carbon - The prices above are equivalent to one metric tonne of carbon dioxide emissions*



Is global warming, and the assertion that anthropogenic greenhouse gas emissions are contributing to present day climate change, compelling enough to rally the power of consumers to sustain market demand for low emission products and processes, and can this be on a scale to substantively impact long term corporate decision making? The problem lies with the capricious nature of voluntary consumer trends versus the long term capital investments of corporations. This is where certainty that everyone is playing by the same rules, and that those rules are enforceable and have some element of longevity, is so important.

We are heavily dependent on governments, which have the characteristics of continuity, broad reaching scope and ability to enforce, to create our incentives to reduce emissions. And these governments need to continue to do so even if oil prices drop and consumers no longer care about purchasing low carbon products. The world has placed considerable investment in time and thought to design the international treaty of the Kyoto Protocol, whose phase one is to begin in 2008. We should build upon this framework by actively working now to come to definitive conclusions regarding the targets and implementation of phase two of Kyoto, to begin after phase one concludes in 2012.

*(Rena Gelb - Director of Carbon Finance Services at Carbon Credit Capital)*

## Market Developments Tracker

### Montreal Exchange moves ahead on carbon dioxide emission futures market

October 05, 2007

The Montreal Exchange Inc. filed for regulatory approval of rules governing trading of futures contracts on Canadian carbon dioxide emission credits with Quebec's Autorite des marches financier. Groundwork for this submission for futures trading of emissions credits was laid by the federal governments' framework, based on Ottawa's plans for reduction targets and a standard for tradable credits, setting the stage to enable companies to buy the right to emit greenhouse gasses from other companies that have excess allowances. The Montreal Exchange plans to have futures emissions credits trading by year end.

*(Source: The Canadian Press)*

## Renewable / Alternative Energy Tracker

### UN panel rejects jatropha oil biofuels project in CDM

October 09, 2007

Methodology NM0224, a plan to create biodiesel from crude palm oil and jatropha oil, was rejected by the Methodology Panel, a consulting group to the Clean Development Mechanism Executive Board. The premise for NM0224 is that consumption of the palm and jatropha biodiesel in lieu of dirtier liquid fossil fuels such as gasoline and diesel would reduce emissions of greenhouse gasses into the atmosphere. Methodologies of this sort are typically rejected on the grounds that they could potentially lead to deforestation and double counting; however, the jatropha seed oil could be a solution, for it is one of the crops that can be grown on land incapable of being used for forestry or agriculture, hence negating the potential for double counting or deforestation. The next step is for the

Executive Board of the CDM to decide if they will or will not follow the recommendation of the Methodology Panel to officially reject NW0224.

*(Source: Point Carbon)*

## Energy Efficiency Tracker

### Two countries now have first-ever energy efficiency plans

October 2007

Within a week of each other, two countries, Bulgaria and Ireland, have their first-ever energy efficiency plans. The main components of Bulgaria's plan for 2008-2010 are to increase the energy efficiency of end consumers and to create circumstances for the energy service market to grow. The plan was accepted by the Parliament on October 4 and implemented European directives on energy efficiency. Approximately \$172 M and 2,430 GWh of energy are expected to be saved, which equates to a decrease in CO2 emissions of 523 tonnes.

On October 10, Ireland launched an Energy Efficiency Action Plan with plans to cut the Government's and public sectors energy consumption by 20% and 33% by 2020, respectively. The plan is to promote energy efficiency programs for Government departments, to create guidelines for 'green public procurement' in the public sector, energy-efficiency lighting purchasing mandates, and, establishing an energy rating system for all public buildings from 2008. Approximately US\$2.4 B, or the equivalent of 3 M tones of oil, are to be saved per year.

*(Source: sofiaecho.com, enviroireland.com)*

## Project Tracker

### Argentina builds plants to convert biomass into electricity

October 2007

On October 01, 2007, Dynamotive Energy Systems Corp. released an announcement that it plans to build two biofuel-to-electricity plants in Argentina. These two plants, each of which will include a 15.7 MW electricity generating station, will require about \$105 M to be constructed and will be powered by biofuel drawn from forest residue. 340,000 tons of biomass will be used in production per annum. In addition, the Vancouver-based firm completed a \$10.5 M equity financing eight days later with the environmentally oriented fund, Quercus Trust, and other private investors. Andrew Kingston, the president and chief executive officer of Dynamotive, realizes the significance that such a large investment has on current initiatives. He said, "This capital infusion allows us to concentrate on growing the company, investing in new project initiatives, and accelerating our market penetration in the U.S. and in Europe, where we are developing further projects." The company has two BioOil® biofuel plants in Canada, as well as the two plants mentioned above located in Argentina.

*(Sources: Dynamotive Energy Systems Corp, Cleantech)*

## Policy Tracker

## New US Senate bill calls for CCS pipelines

October 08, 2007 A bipartisan group of 10 senators proposed the "CO2 Pipeline Study Act". The bill calls on the Department of Energy (DOE) to, working with other federal agencies, study and assess methods of piping captured CO2 from power plants to geological storage locations. The official name of this process is carbon capture and storage (CCS), and according to Republican Minnesota Senator Norm Coleman, the biggest issue with CCS at this point in time is the transport of the CO2 from source to destination; that is precisely what this bill seeks to address and resolve.

*(Source: Point Carbon)*

## Investment Tracker

### Utilities to up emissions credit buys to 120 MtCO2 b/w 2008-2012

October 08, 2007

A coalition of 10 electricity power companies called the Federation of Electric Power Companies of Japan has, according to industrial sources, decided to increase the amount of emissions credits they will purchase by four fold, to roughly 120 MtCO2 between 2008 and 2012. Originally, to meet the 6% greenhouse gas reduction goal during 2008-2012 set by the Kyoto Protocol, the Federation of Electric Power Companies of Japan had invested in a combination of nuclear power plants and 30 Mt of CO2 credits. This plan has run amuck due to the double edged sword of malfunctions and irregularities at the nuclear power plants and an increase in national electricity consumption. These created the necessity for the power companies to purchase supplementary credits.

*(Source: Daily Yomiuri Online)*

## Conferences

### [Epsilon & CEPS: 3rd Annual European Energy Policy Conference 2007](#)

Brussels, Belgium, 10/9/07 - 10/10/07

### [Terrapinn: Carbon Finance Asia 2007](#)

Singapore, 10/16/07 - 10/18/07

### [PGS Energy: Introduction to Carbon Market Trading & Finance](#)

Houston, TX, 10/18/07

### [Cleantech: Cleantech Forum XIV](#)

Ontario, Canada, 10/23/07 - 10/26/07

### [IETA, World Bank Carbon Finance, Koelnmesse: Carbon Expo Asia- Carbon Market Trade Fair & Conference](#)

Beijing, China, 10/25/07 - 10/27/07

**Point Carbon: Carbon Markets Insights Americas**

New York, NY, 10/29/07 - 10/31/07

Please contact Stephen Donofrio at [sdonofrio@carboncreditcapital.com](mailto:sdonofrio@carboncreditcapital.com) with information about additional upcoming conferences you would like us to share with our readers.

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