



CARBON CHECK PROFILE

The following information is publicly available on the UNFCCC website www.unfccc.int

AGENDA

- ① Who is Carbon Check?
- ① Climate Change, Kyoto Protocol & CDM
- ① The CDM project cycle
- ① Additionality?
- ① The carbon price vs. risk?

WHO IS CARBON CHECK?

Carbon Check (Pty) Ltd is a registered company in the Republic of South Africa which, has been created solely in order to provide services to the projects generated under the United Nations Framework Convention on Climate Change (UNFCCC). Carbon Check is registered with the UN under the scope of a 'Designated Operating Entity' (DOE). *(A Designated Operational Entity under the CDM is either a domestic legal entity or an international organization accredited and designated, on a provisional basis until confirmed by the CMP, by the Executive Board (EB). A DOE has two key functions:*

It validates and subsequently requests registration of a proposed CDM project activity which will be considered valid after 8 weeks if no request for review was made It verifies emission reduction of a registered CDM project activity certifies as appropriate and requests the Board to issue Certified Emission Reductions accordingly. The issuance will be considered final 15 days after the request is made unless a request of review is made.)

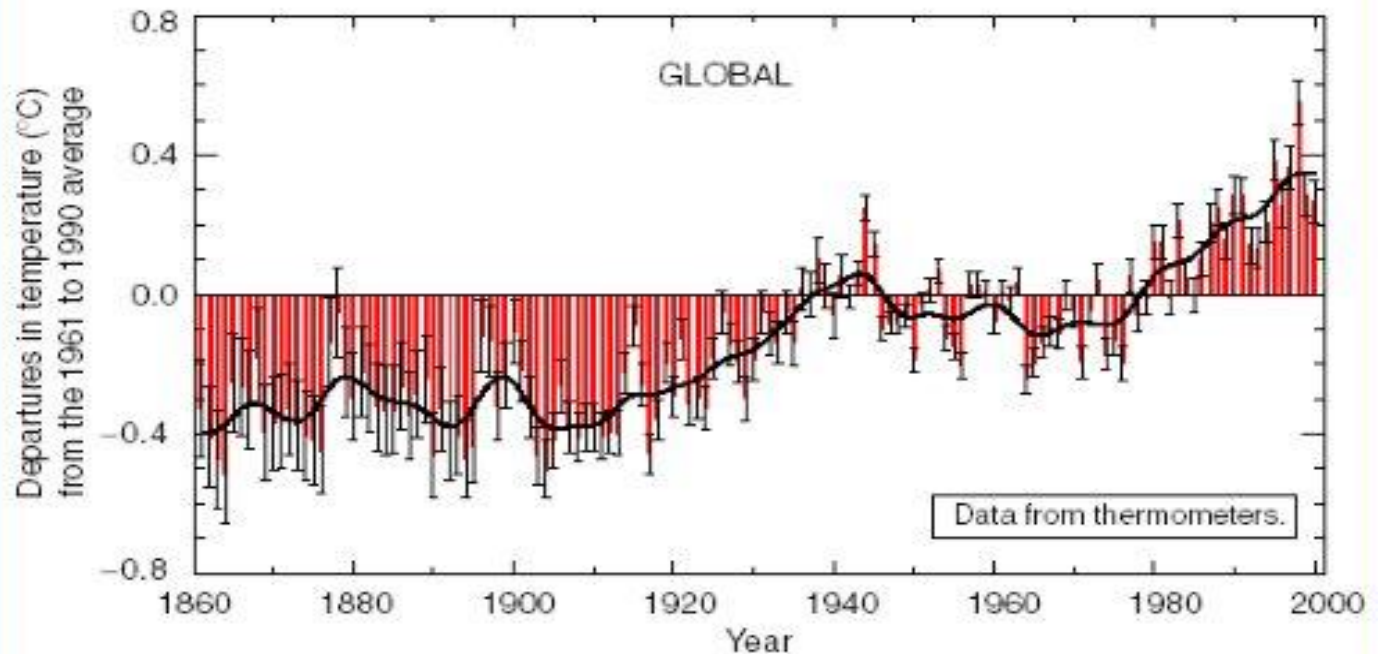
With the company's diverse shareholding which also qualifies for BEE (Black Economic Empowerment) status under RSA company law, its shareholders include Negota Incorporated who are currently monitoring the Gautrain project for the South African government which, is the largest government project (value R2.2 billion) to date.

CLIMATE CHANGE: THE EVIDENCE

Rising Temperatures

Variations of the Earth's surface temperature for:

(a) the past 140 years



Source: IPCC (2001) Climate Change 2001: Working Group 1 Summary for Policymakers

CLIMATE CHANGE: THE EVIDENCE

Mount Kilimanjaro

17 February 1993



Mount Kilimanjaro

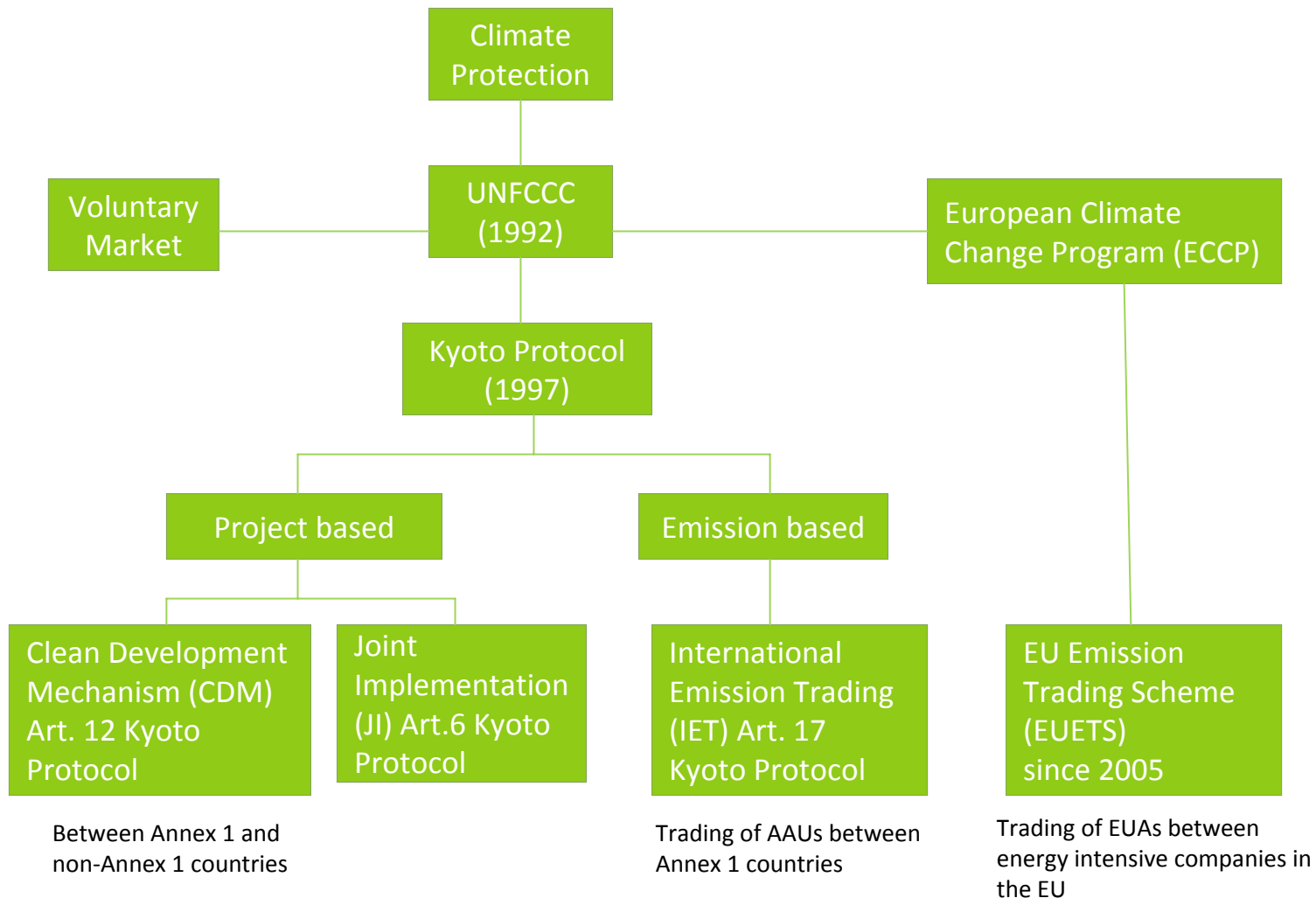
21 February 2000



Source: Courtesy of Andrew Goudie, Oxford University Centre for the Environment

BACKGROUND

ELEMENTS OF GLOBAL CLIMATE PROTECTION

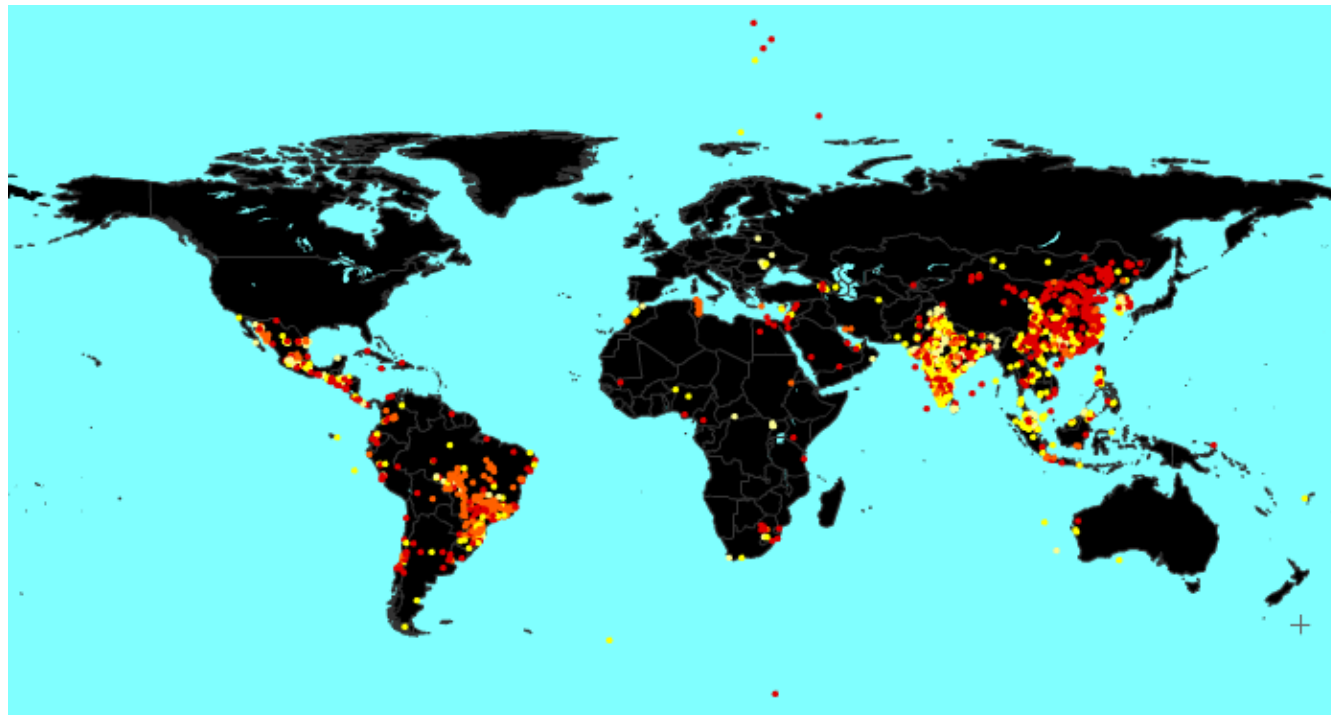


STATUS OF THE CDM

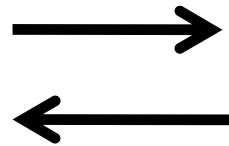
MEASURING SUCCESS

To date: 3458 registered CDM projects

2.8 billion CERs expected to the end of 2012



BASIC PRINCIPLES OF THE CDM



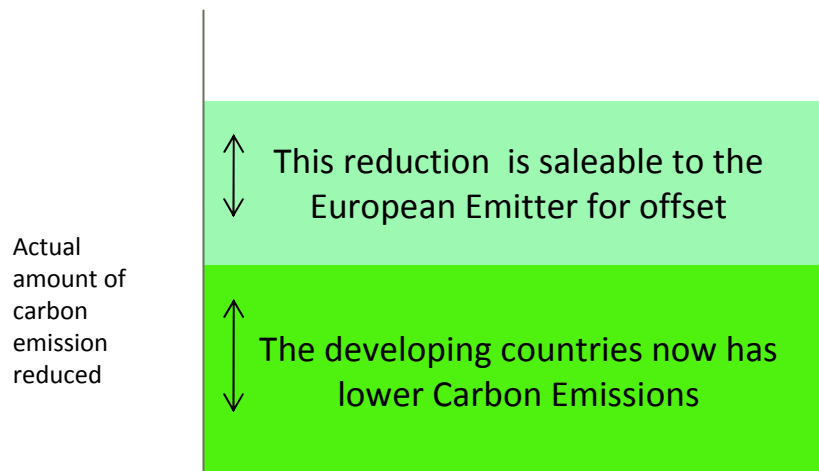
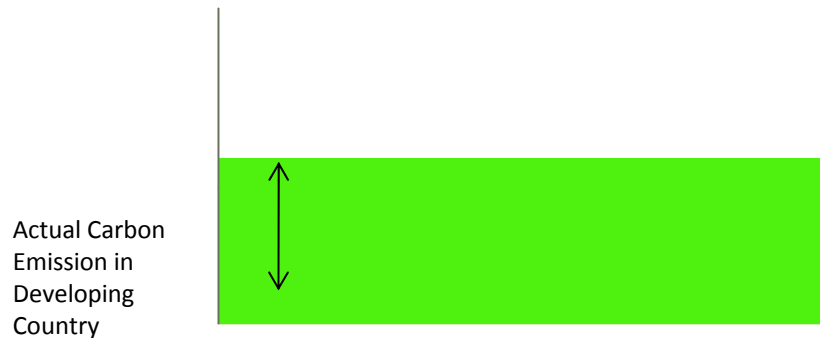
Annex 1 Countries (Developed)

Investor countries can provide financing & sustainable development for compliance

Non-Annex 1 Countries (Developing)

Host countries produce CERs by mitigating CO₂ through emission reduction projects

KYOTO PROTOCOL - DEVELOPING COUNTRIES (CDM)



⊙ No Cap, project based mechanism

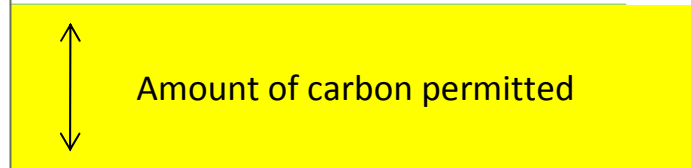
⊙ $ER = BE - PE - \text{leakage}$

⊙ Additional income stream into a project which deliberately employs cleaner ways of conducting business as usual

⊙ More than 115 approved methodologies and growing

KYOTO PROTOCOL - DEVELOPING COUNTRIES (JI)

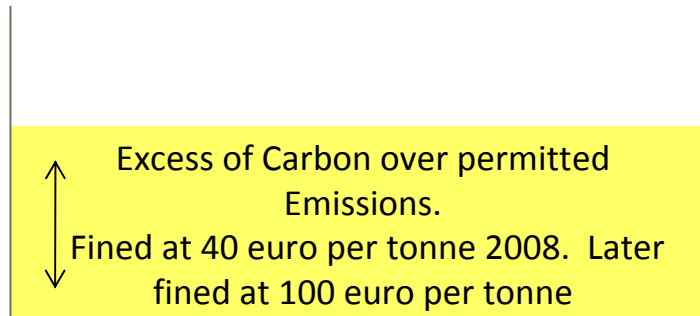
Carbon
Emission Cap
in Developed
Country



⊙ Cap – reduce GHG emissions by 5,2% of 1990 levels

- (CO₂, CH₄, N₂O, PFC, HFC, SF₆)

Actual Carbon
Emission level
in a
Developed
country

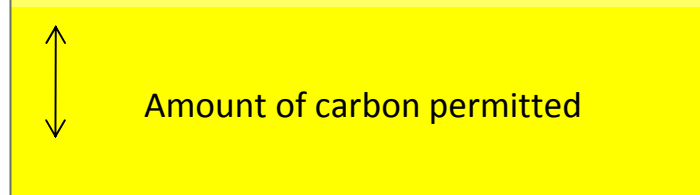


⊙ 3 ways to reduce:

- Investing in efficient technology

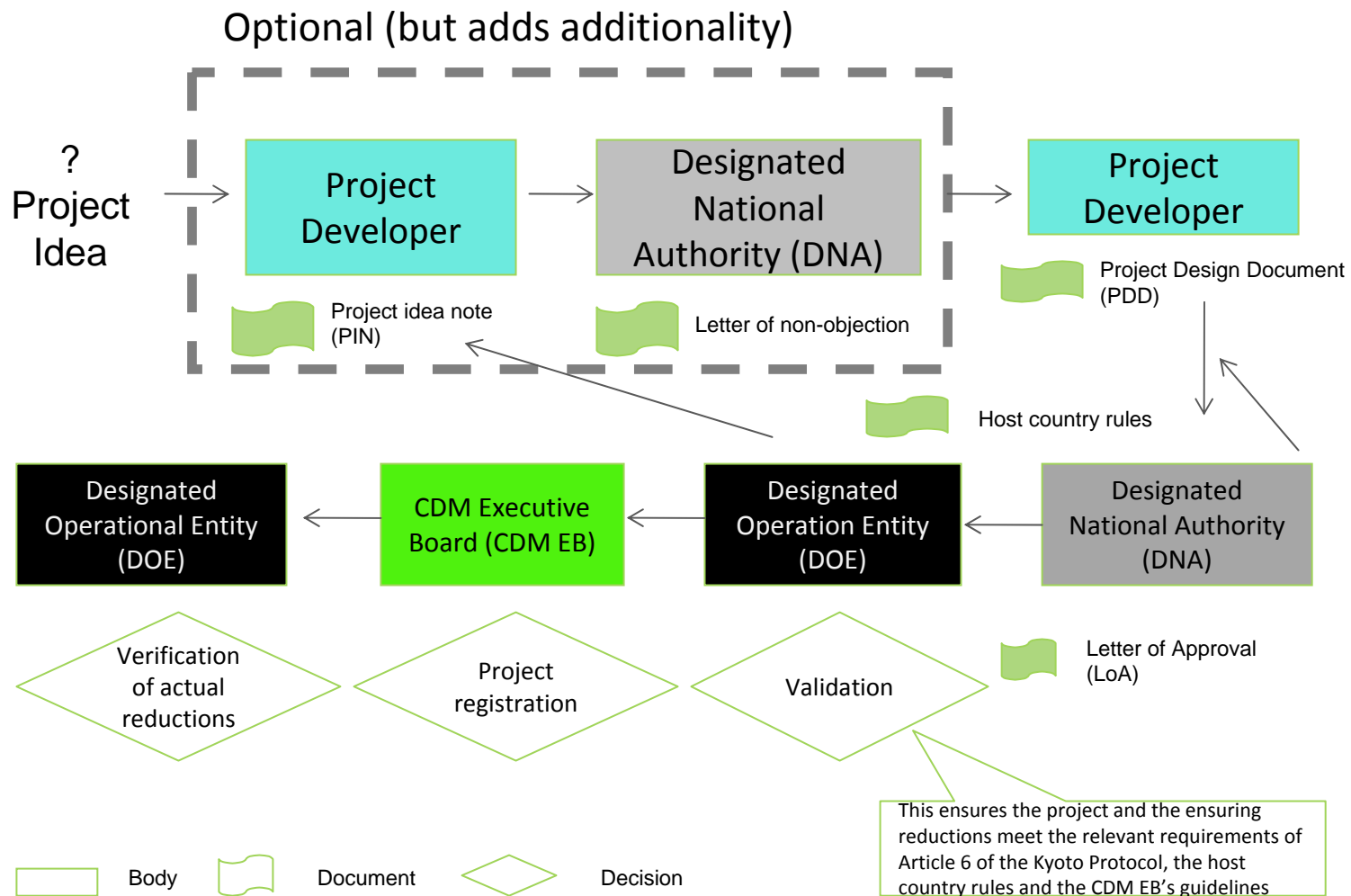
- Buy credits from other developed countries (JI)

Carbon
Emission Cap

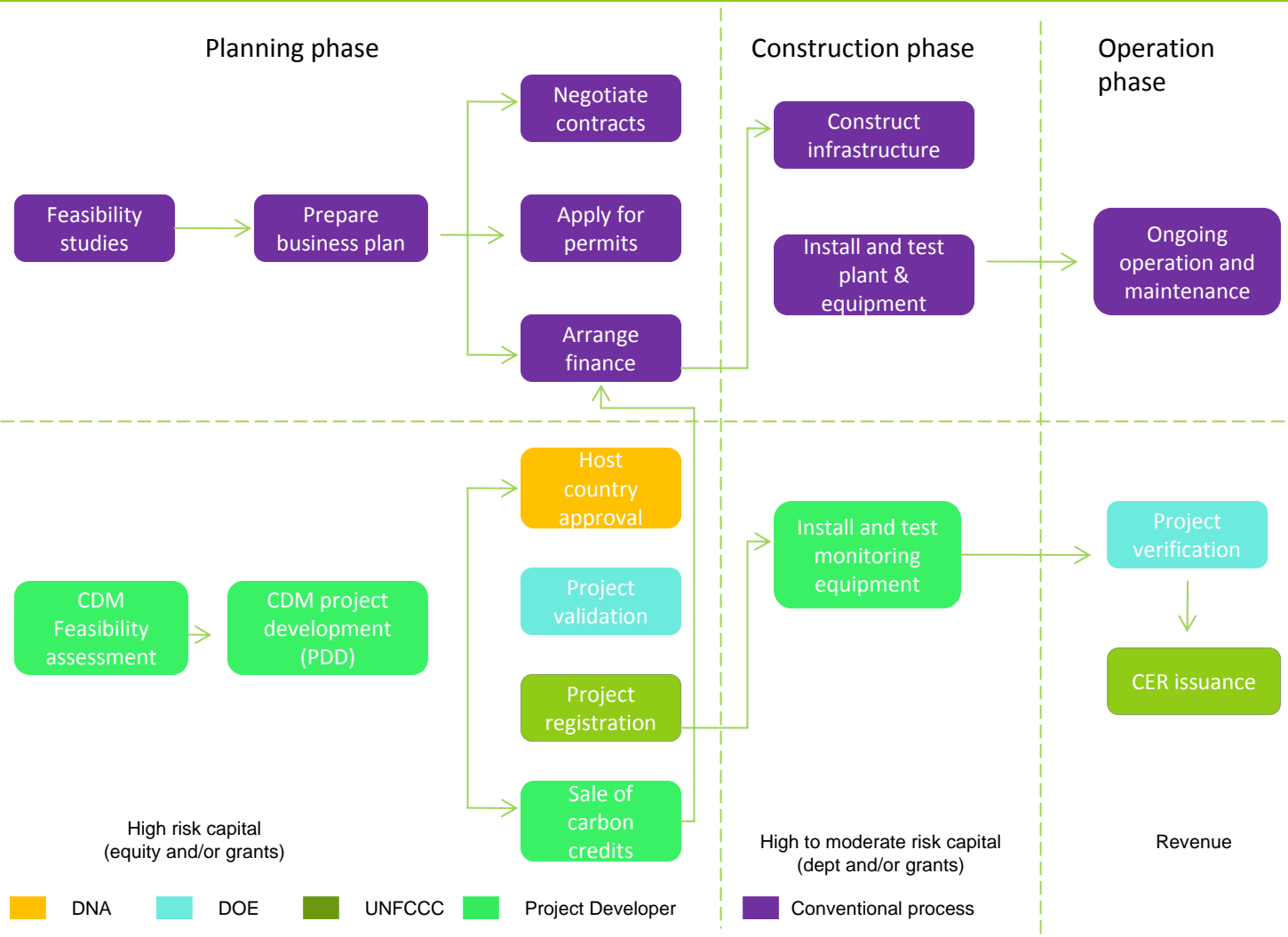


- Buy credits from developing countries (CDM)

ALL CDM PROJECTS MUST BE REGISTERED WITH THE CDM EXECUTIVE BOARD BY FOLLOWING DEFINED PROCESS



CDM VS. PROJECT CYCLE



TYPES OF PROJECTS

Renewable
Energy
(wind,
hydro, solar,
etc)

Waste Management
(Landfill gas, waste
heat capture and
Reutilization, etc)

Energy
Efficiency
(CFL, SWH,
etc)

Some questions???

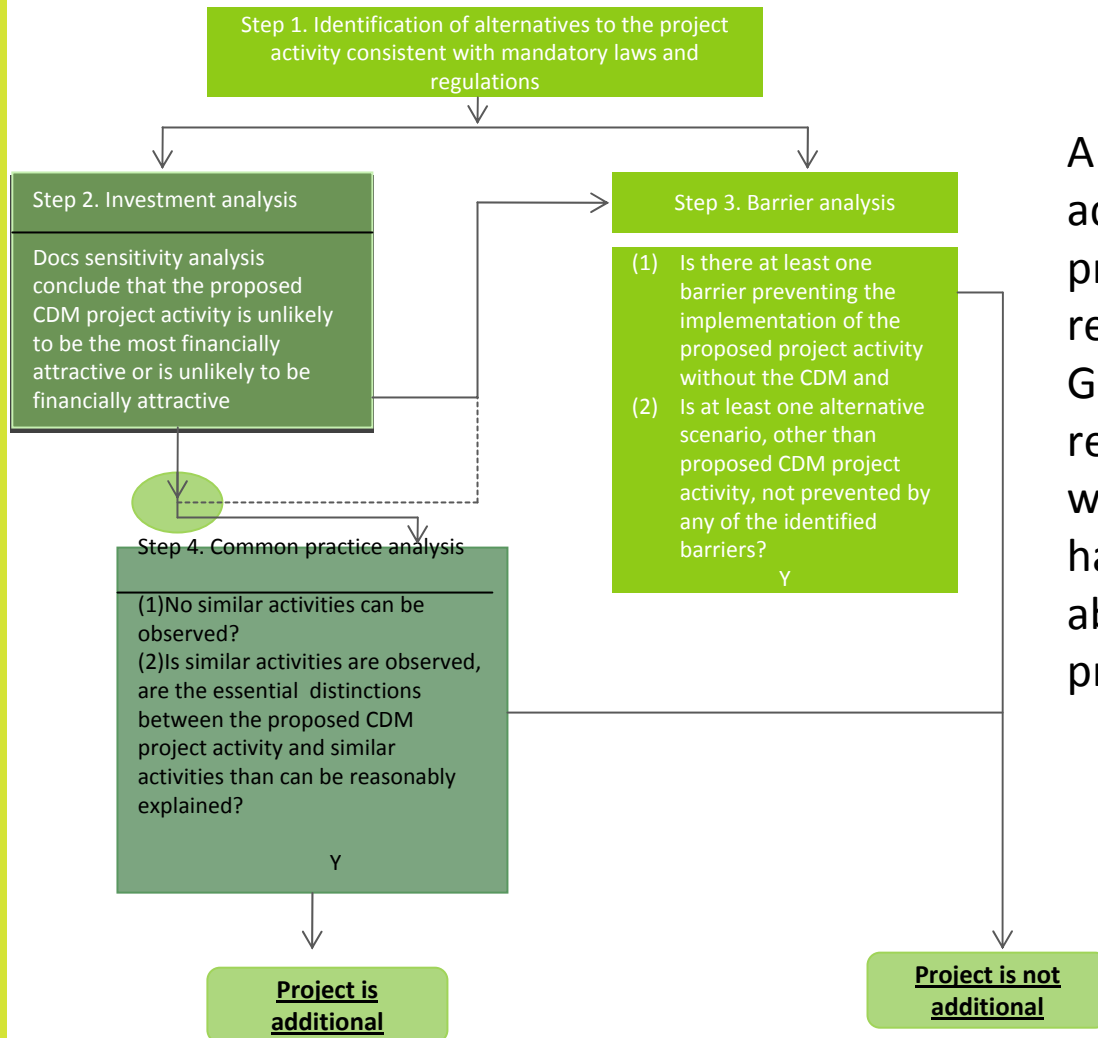
- Will it reduce GHG emission?
- What will it be displacing?
- What is the proposed technology?
- What is the project boundary?

Is there, does it, is it...??

- An approved methodology
- Meet the sustainable development criteria?
- Additional?

**You possibly
have a CDM
project!!**

ADDITIONALITY



A project is additional if the project activity results in a greater GHG emissions reduction than would have happened in the absence of the project activity

CARBON PRICING



RISK VS. PRICE

Project Stages

PIN

PDD

VALIDATION

Host Country Approval

Registration

Project Operation

Verification

Issuance

Transfer and payment

CDM Project Risks

Initial Stage Failure Risk

Methodology Risk

Validation Risk

Host Country Regulatory Risk

Registration Risk

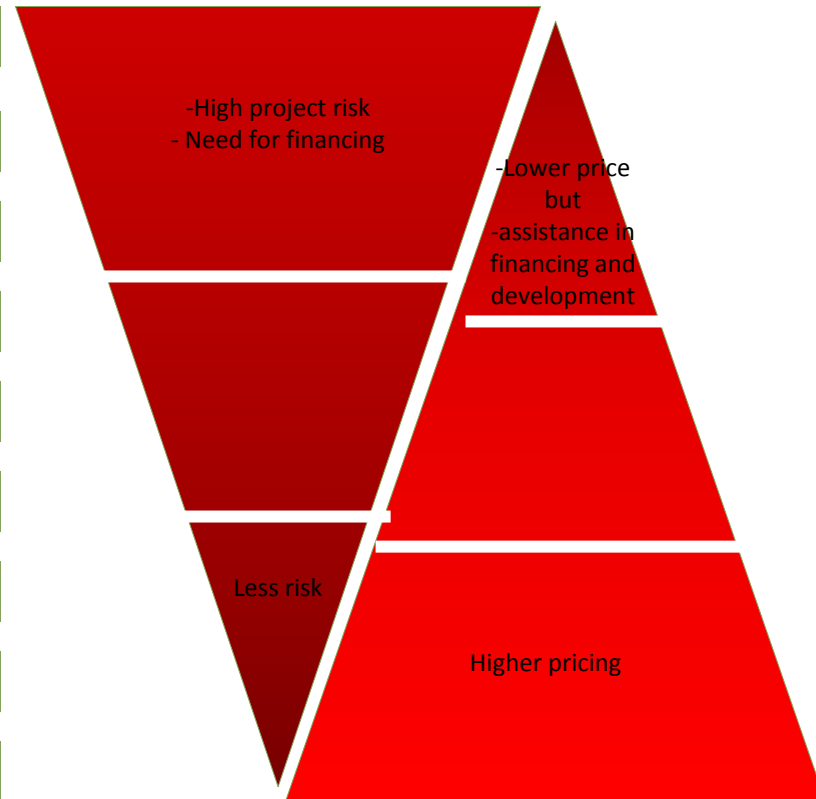
Performance & Technology Risk

Monitoring Risk

Issuance Risk

Counterparty, Delivery & Market Risk

Project risk vs. Prices



Primary prices depend on the risk sharing between the Buyer and the Seller

GLOBAL TRADING SCHEMES

Allowances:

⊙	EU-ETS 2007	-2,061MT	= \$50 billion
⊙	EU-ETS 2008	-3,093MT	=\$91 billion

Project based transactions (2008)

⊙	CDM-Primary (formal purchase)	-389MT	= \$6.5 billion
	(down from: 552MT @ \$7.4 billion in 2007)		
⊙	CDM-Secondary (issued credits)	-1,072MT	= \$26.2 billion
	(up from: 240MT @ \$5.4 billion in 2007)		

Market size

2006 = \$30 billion

2007 = \$60 billion

2008 = \$126 billion

CONCLUSION

Thank you

Carbon Check is currently the only African DOE
on the African continent.

Please feel free to visit our website:

www.carboncheck.co.za