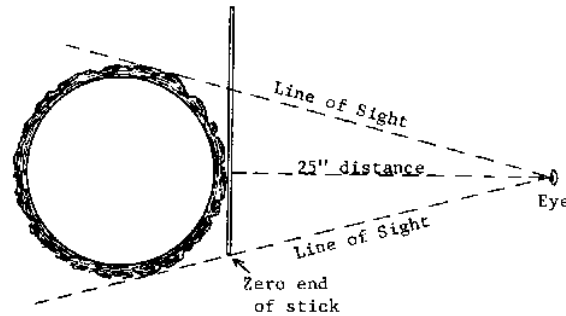


Private Sector Strategies for Investing in the Voluntary Carbon Market & REDD



Tiffany McCormick Potter

Promoting the exchange of ideas and experiences and strengthening collaboration between UN REDD countries in the region.

Tiffany McCormick Potter

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October 25-27, 2011

Outline for Forest Carbon Project Development:

- Who is EcoAnalytics & who are our clients
- Size of the market
- Distribution of forest projects
- Registered credits
- Progress of projects
- Lessons learned in the market along the way
-

Ecoanalytics is a company that provides for market intelligence for environmental markets and tracks the supply, demand, and price signals for carbon emissions trading, renewable energy markets, mitigation and endangered species banking and water and nutrient trading. We help financiers place capital, developers find capital, and help break down market barriers.

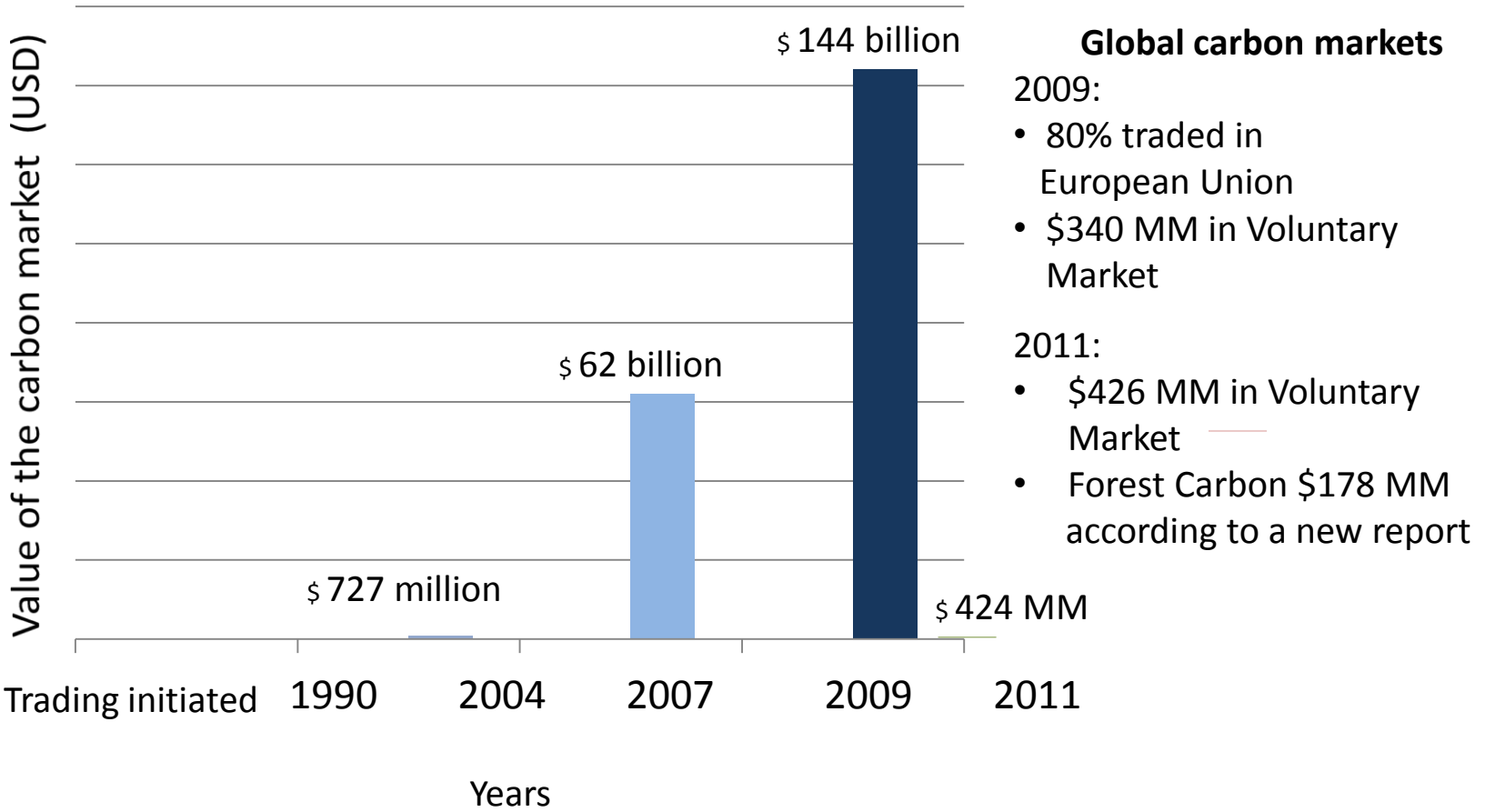
Partners & Clients:



What we do:

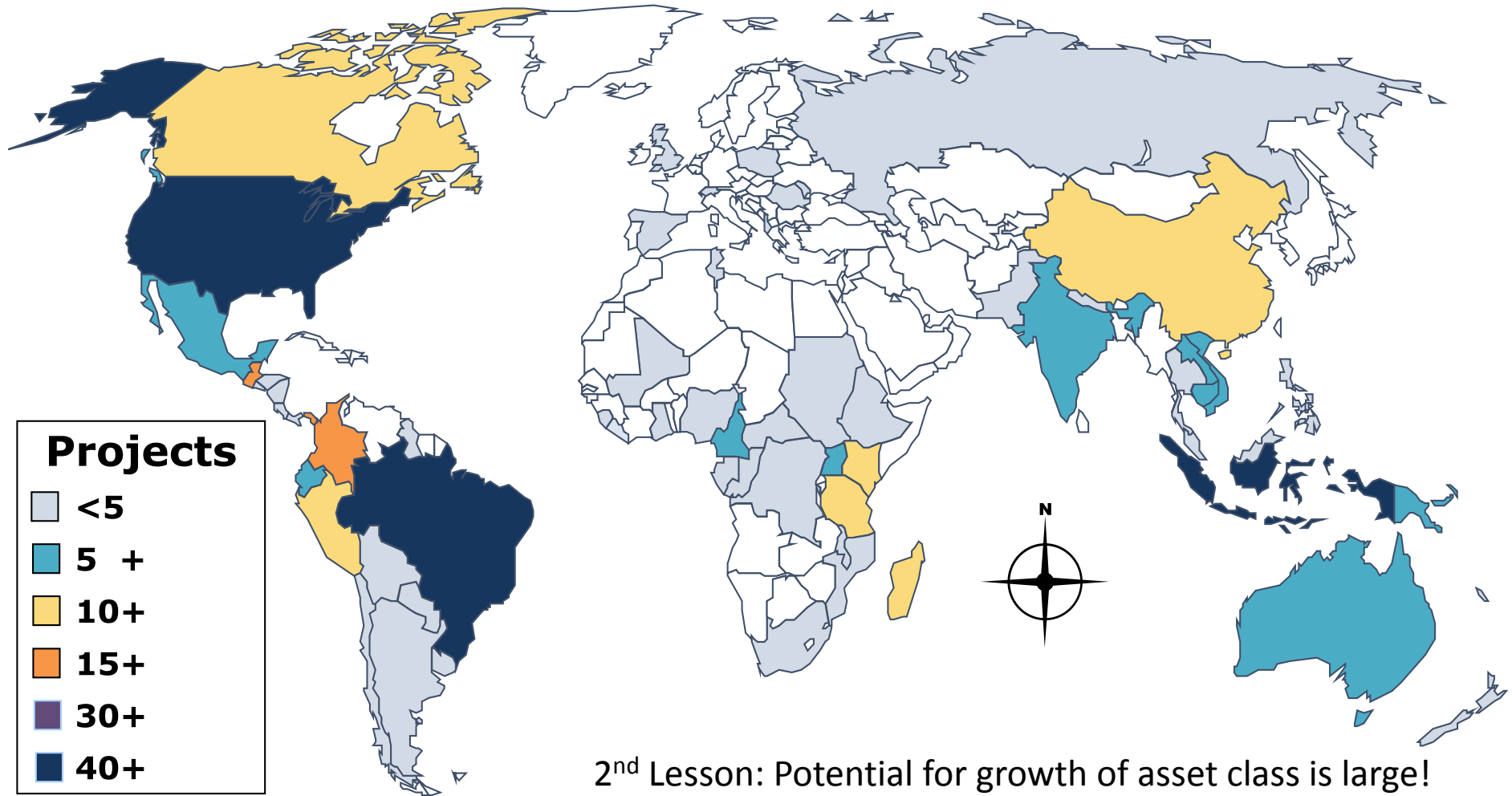
- Raise capital/public & private sources
- Write business plans
- Perform supply and demand analysis
- Write methodologies
- Create financial models
- Write PDD's & other technical work
- Pricing surveys & sell credits
- Make strategic introductions

Industry Growth

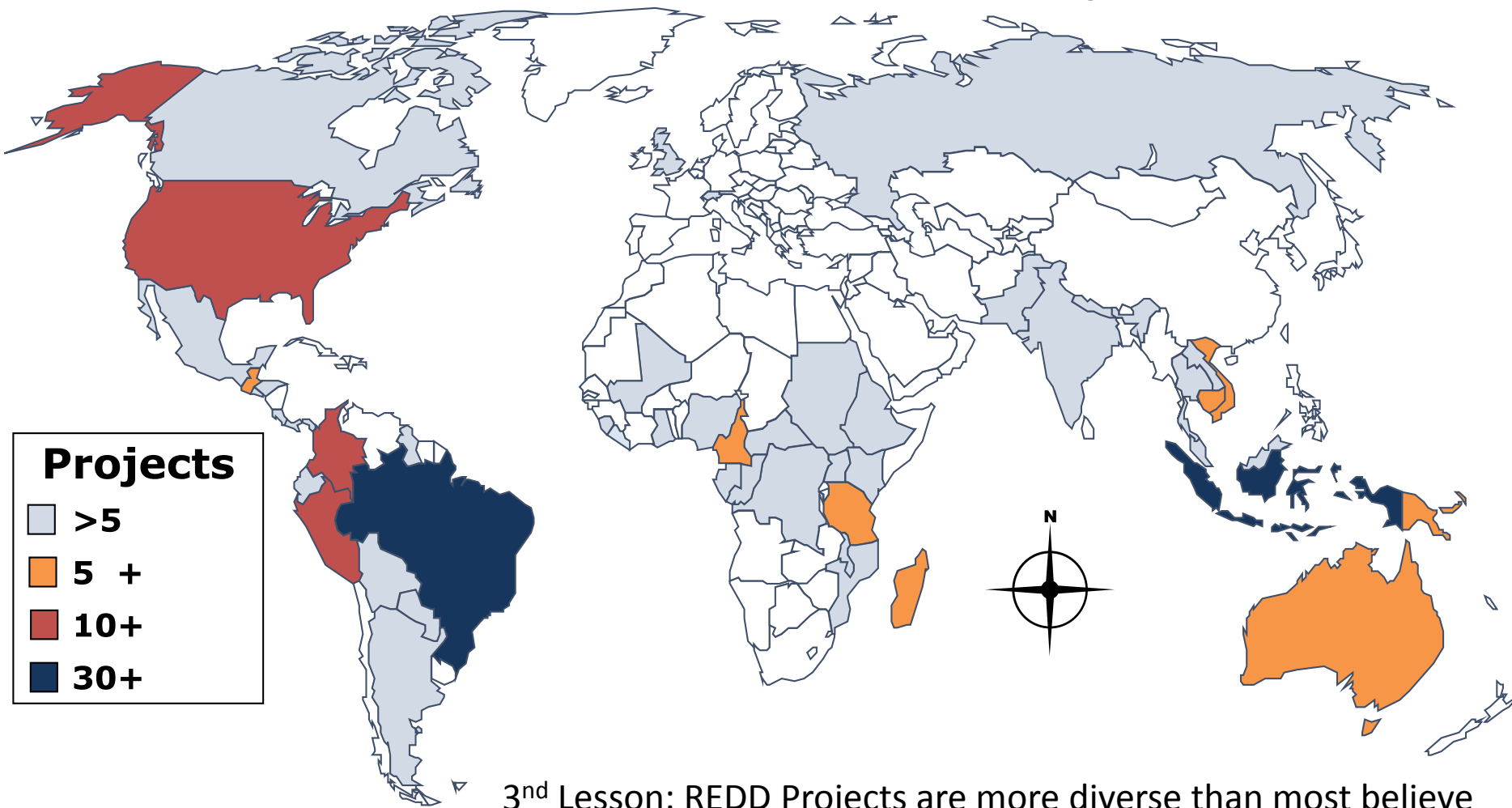


1st Lesson: Asset class is very small

Forest Carbon Projects

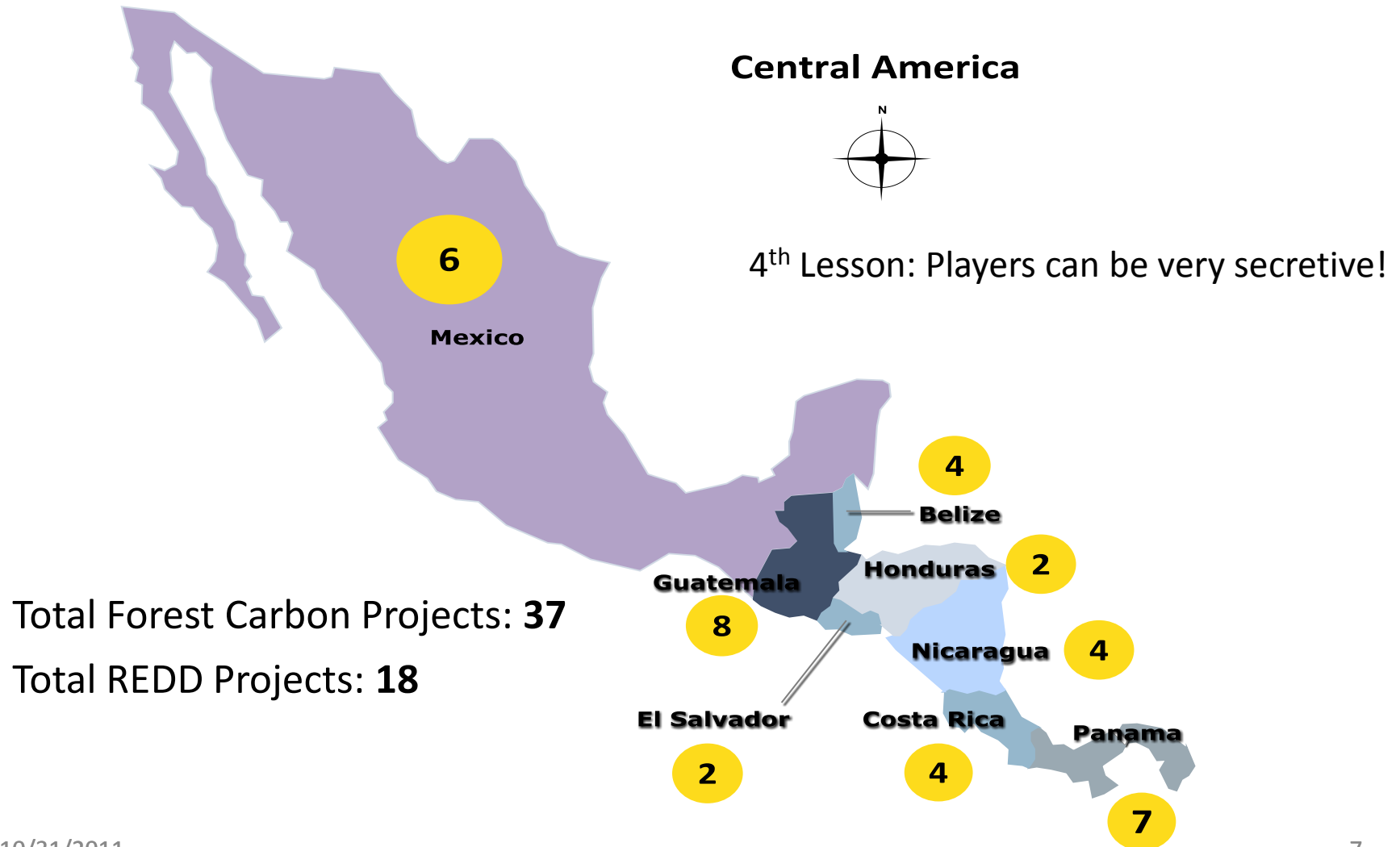


Worldwide REDD* Projects

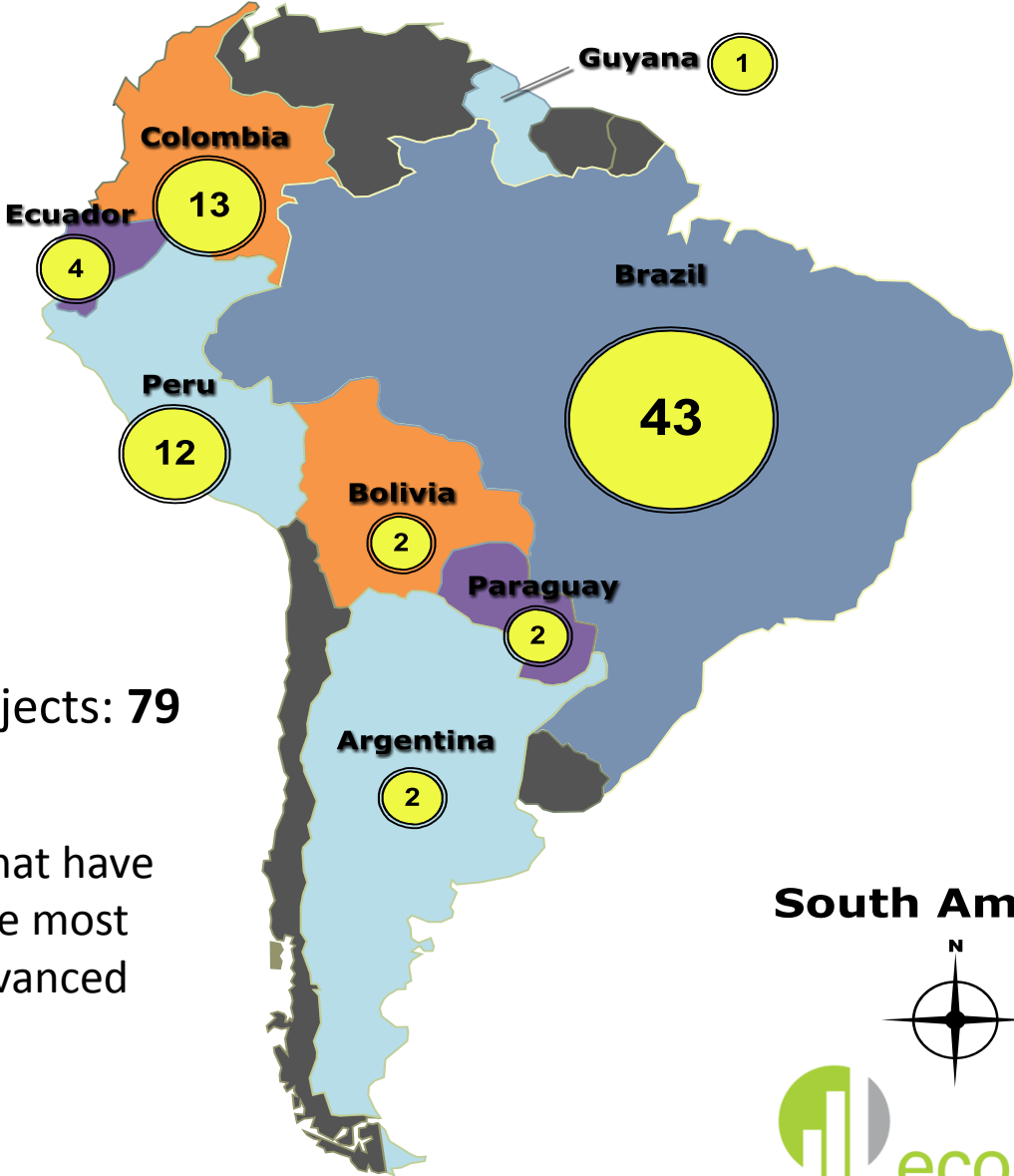


*Features US Avoided Conversion projects

Central American Forest Carbon and REDD Projects



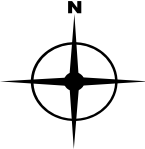
South American REDD Projects



Total REDD Projects: **79**

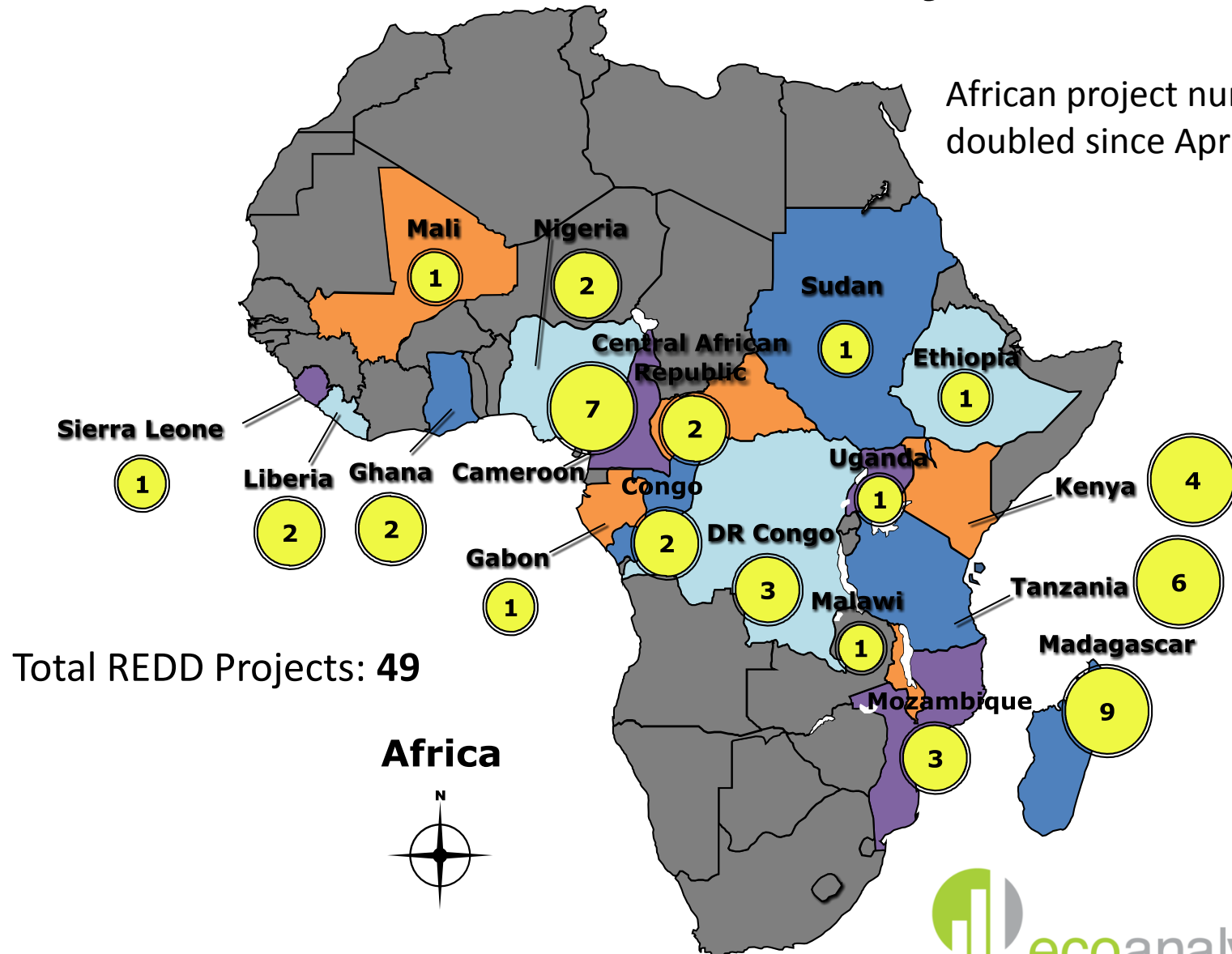
Lesson 5: Countries that have tie in with US have the most projects and most advanced projects

South America

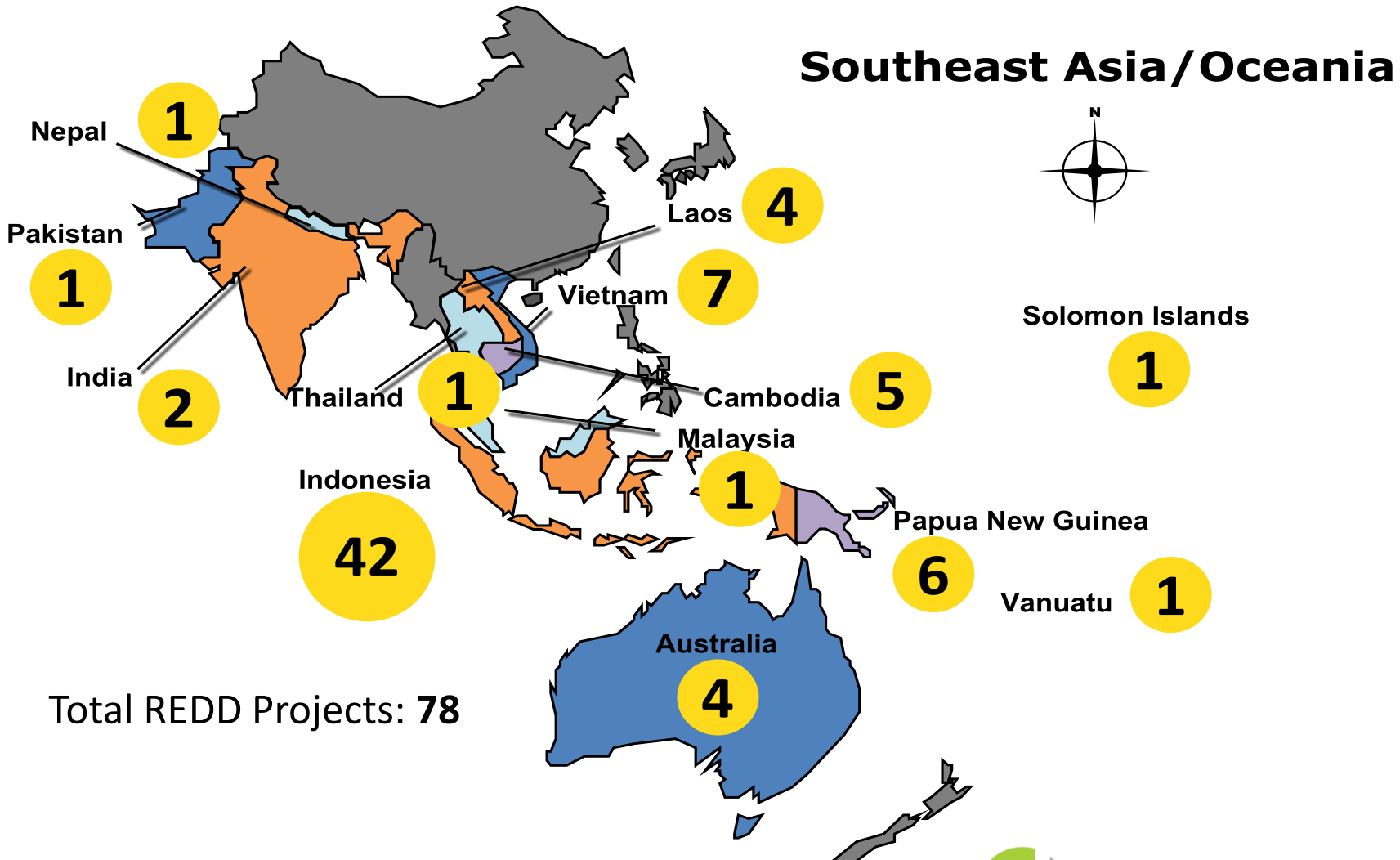


African REDD Projects

African project numbers doubled since April 2011

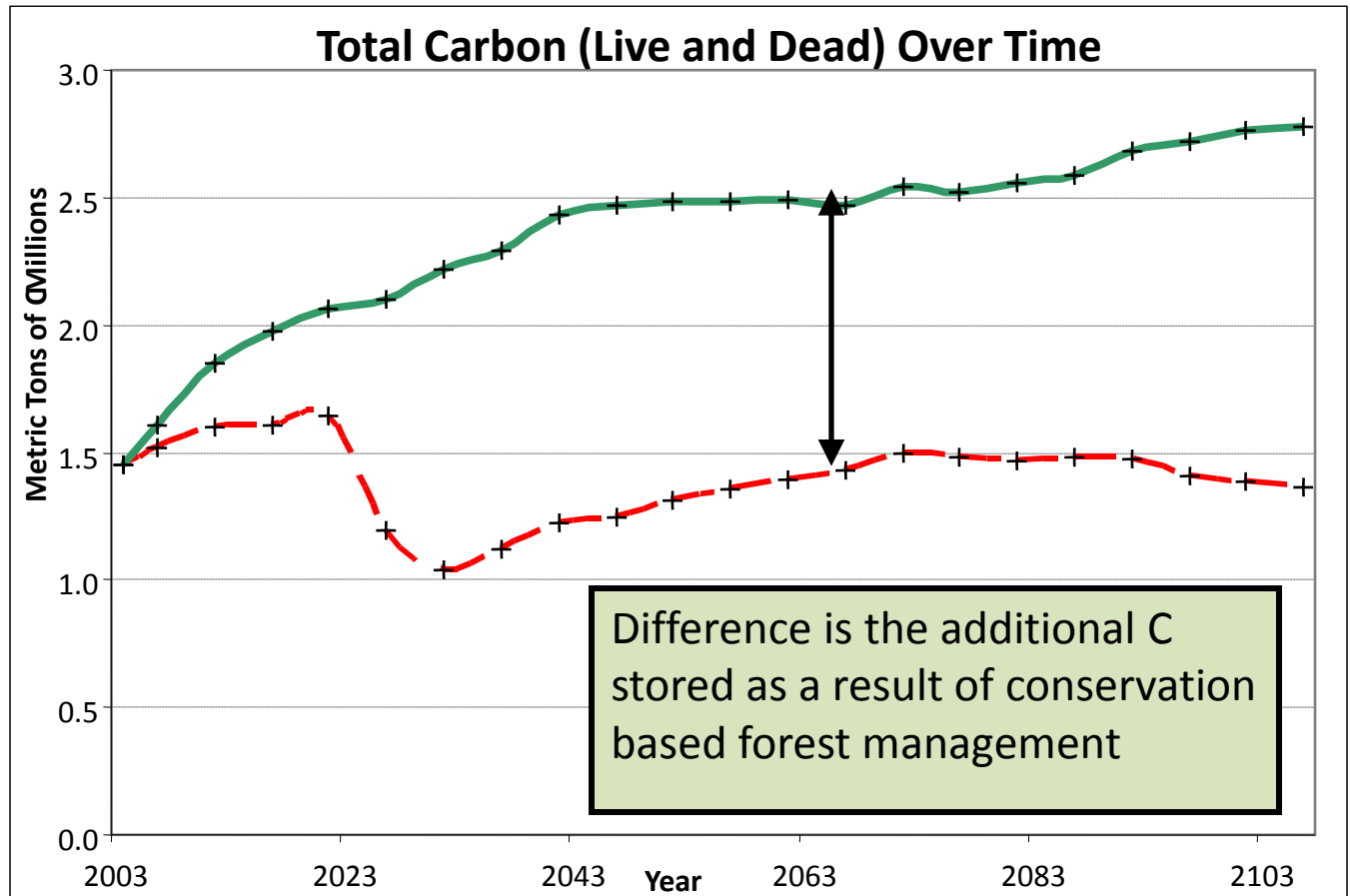


Southeast Asian REDD Projects



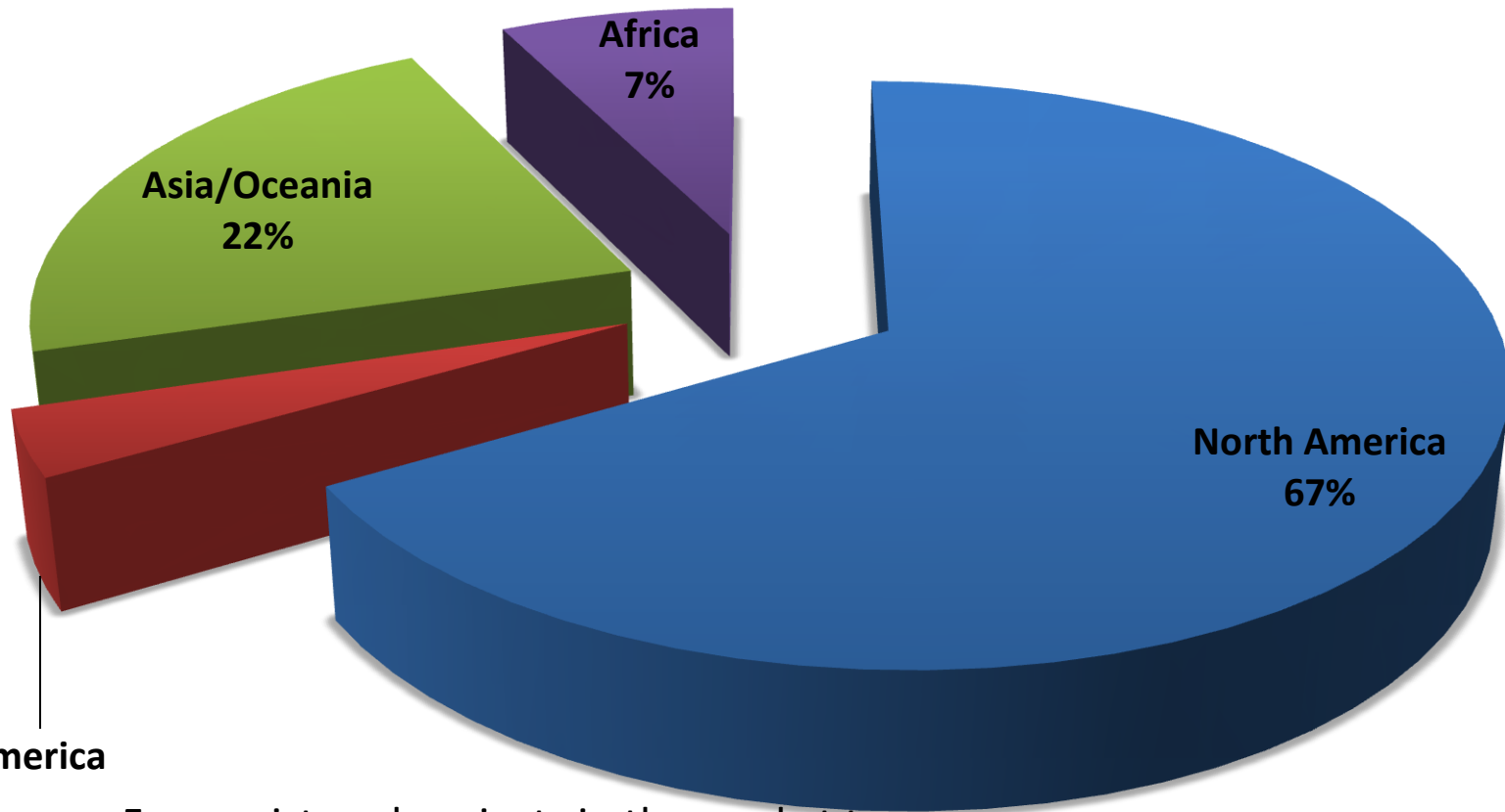
Reductions: Garcia River Forest Managed Forest: Modeled GHGs

- Conservation easement required
- Sustainable forest management producing conservation, community and economic benefits
- Co-benefits for water quality, fish and wildlife habitat, plant species, and local timber economy
- SUCCESS STORY
 - Raised \$300 MM RA
- A lot invested in resources
 - Legal
 - Technical
 - Financial



LESSON 6: DON'T REINVENT THE WHEEL

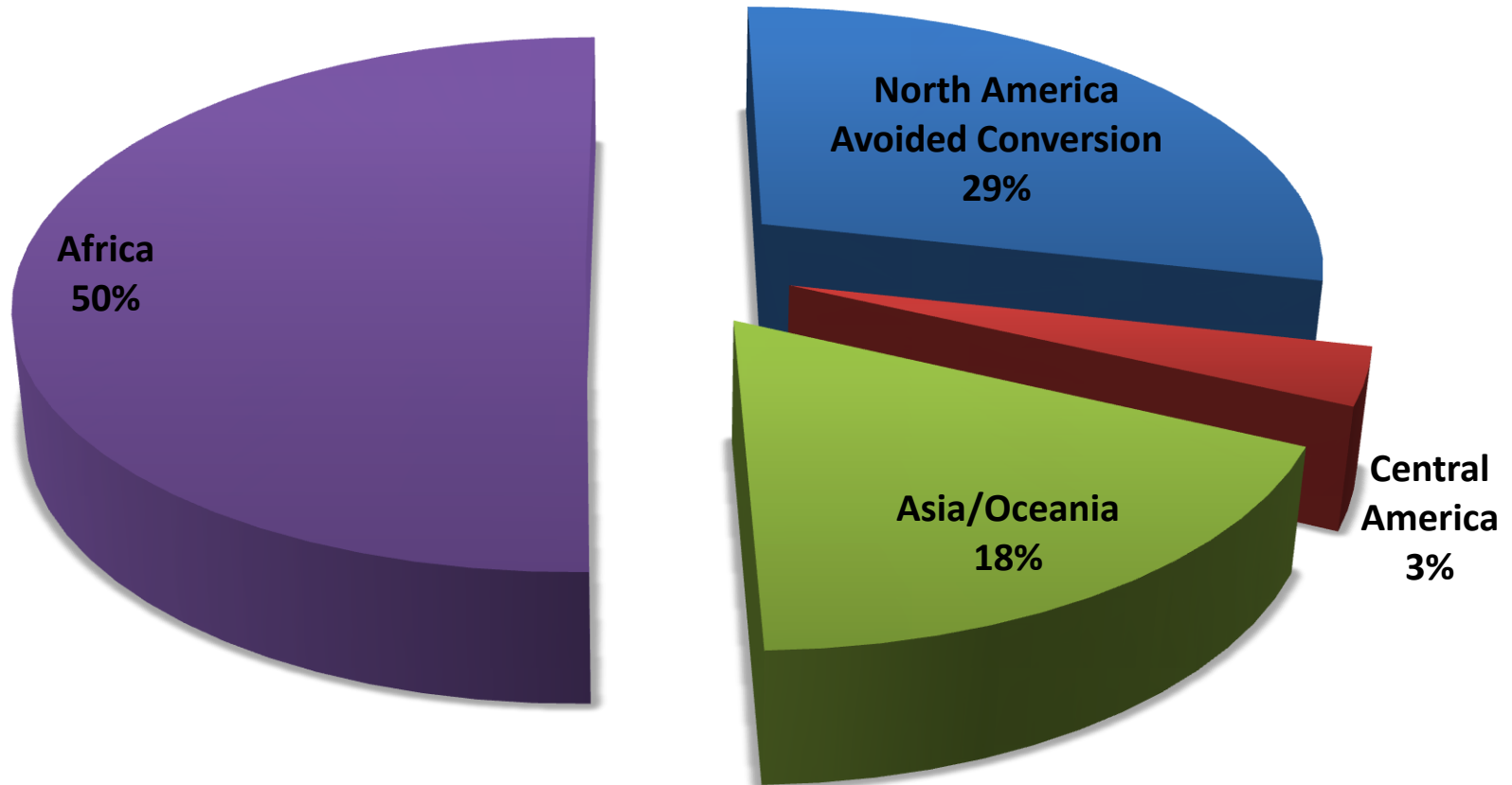
Registered REDD or Avoided Conversion Projects



Few registered projects in the market to date, but model works in the US

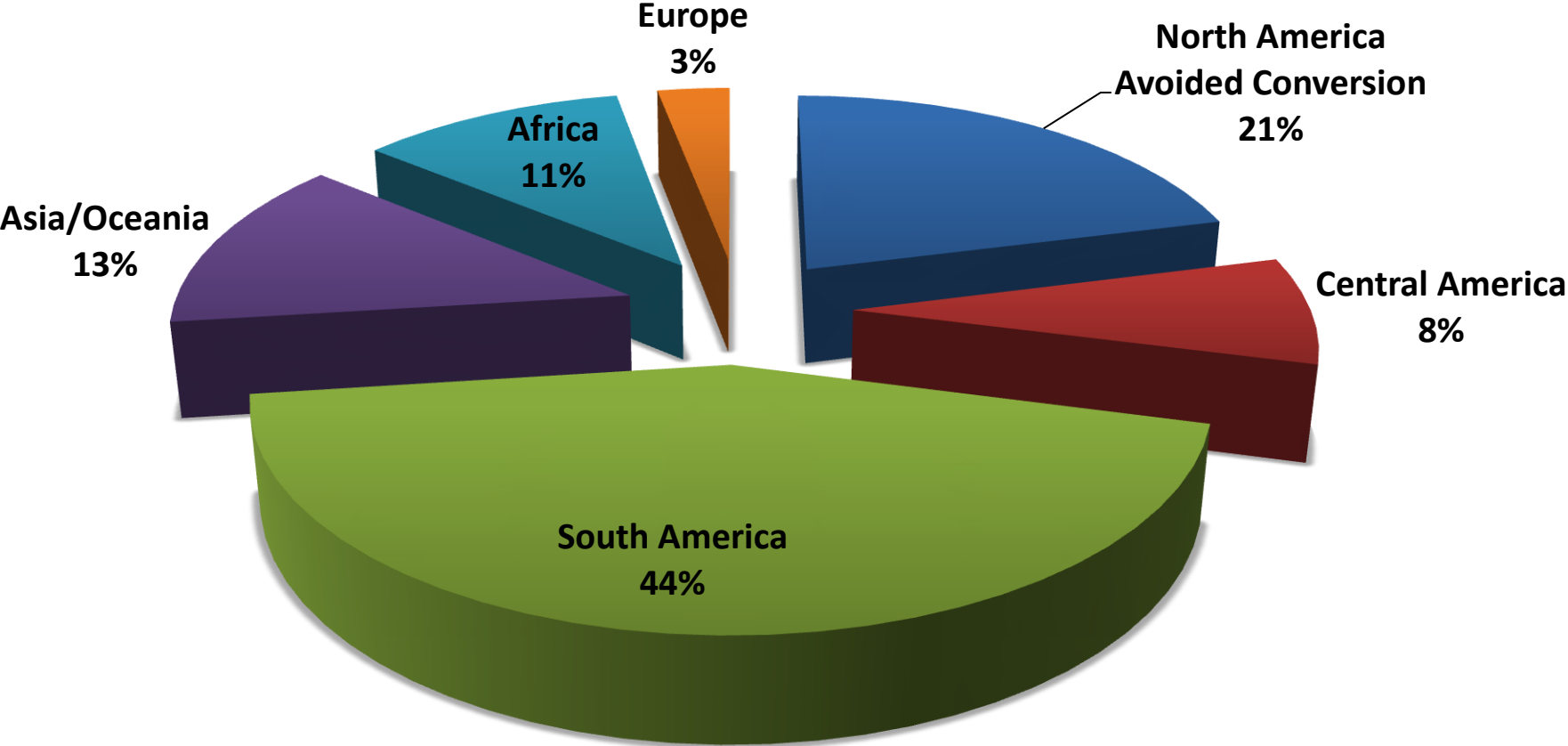
10/31/2011

Registered REDD Reductions

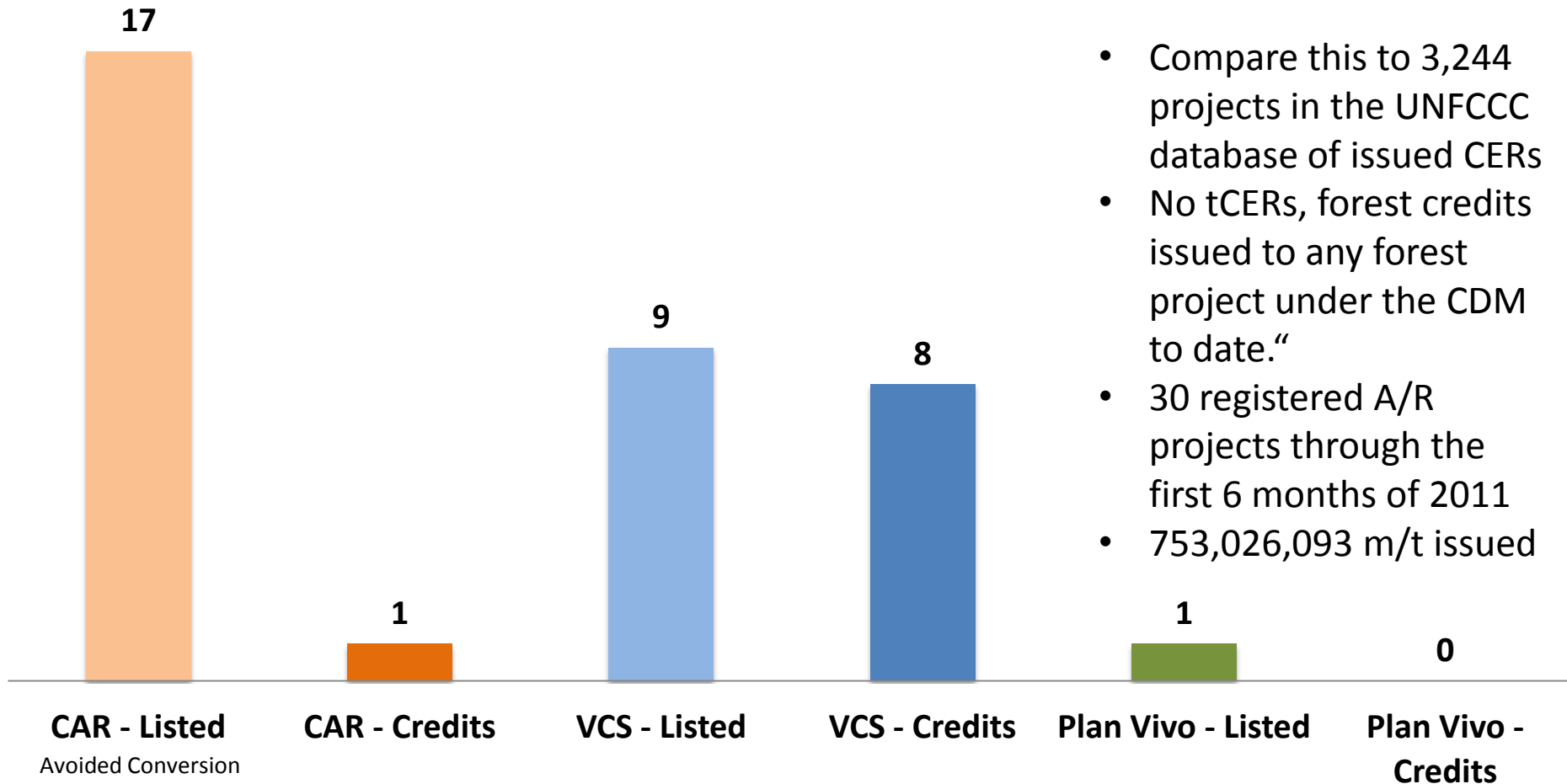


Lesson 7: Anything can happen. Projects in Africa are actually boosting credibility of the market, contrary to market assumptions

REDD Projects in Operations or Implemented



REDD or Avoided Conversion Standards Certification

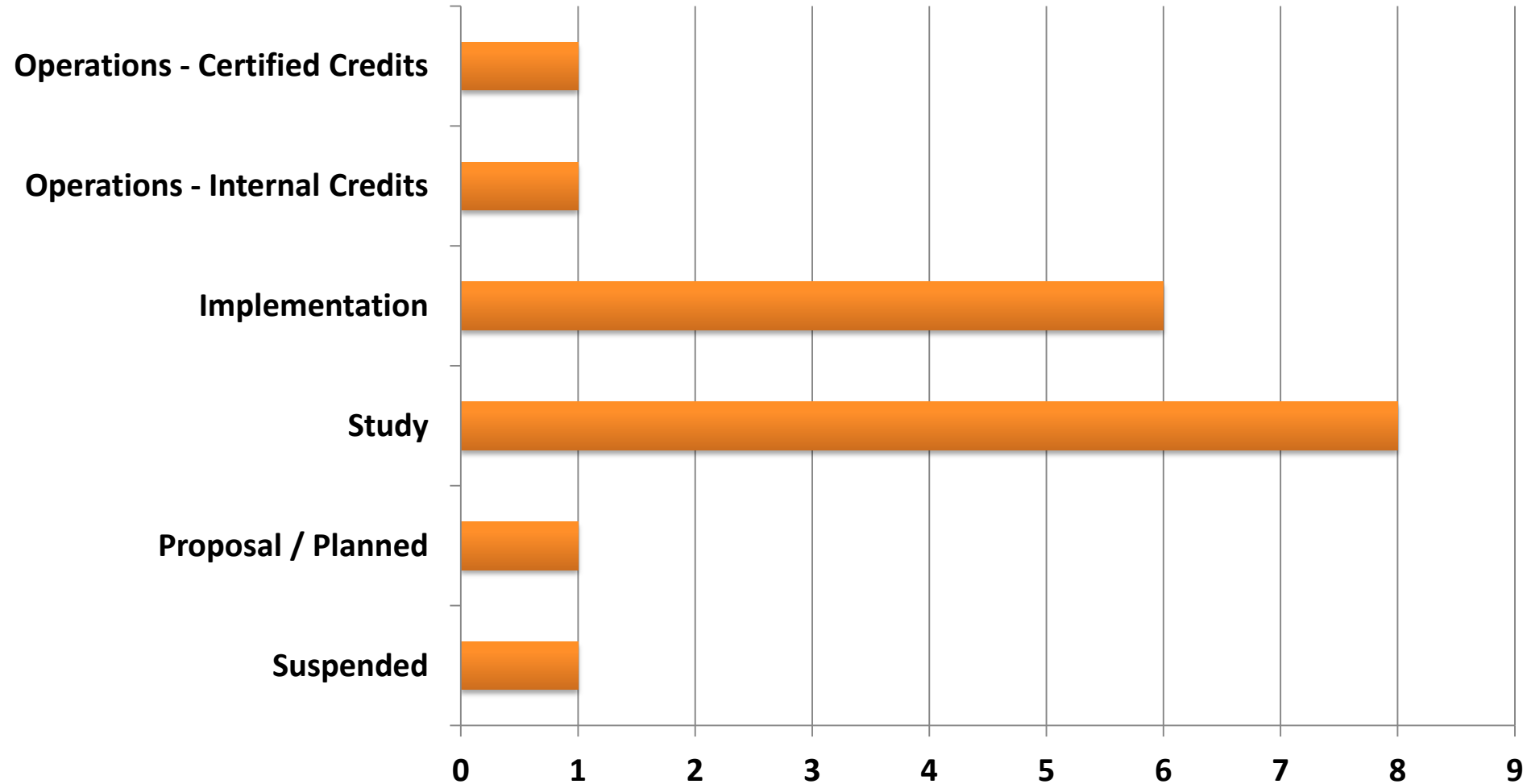


- Compare this to 3,244 projects in the UNFCCC database of issued CERs
- No tCERs, forest credits issued to any forest project under the CDM to date.”
- 30 registered A/R projects through the first 6 months of 2011
- 753,026,093 m/t issued

LESSON 8: Not much as happened for forestry CDM

REDD Progress

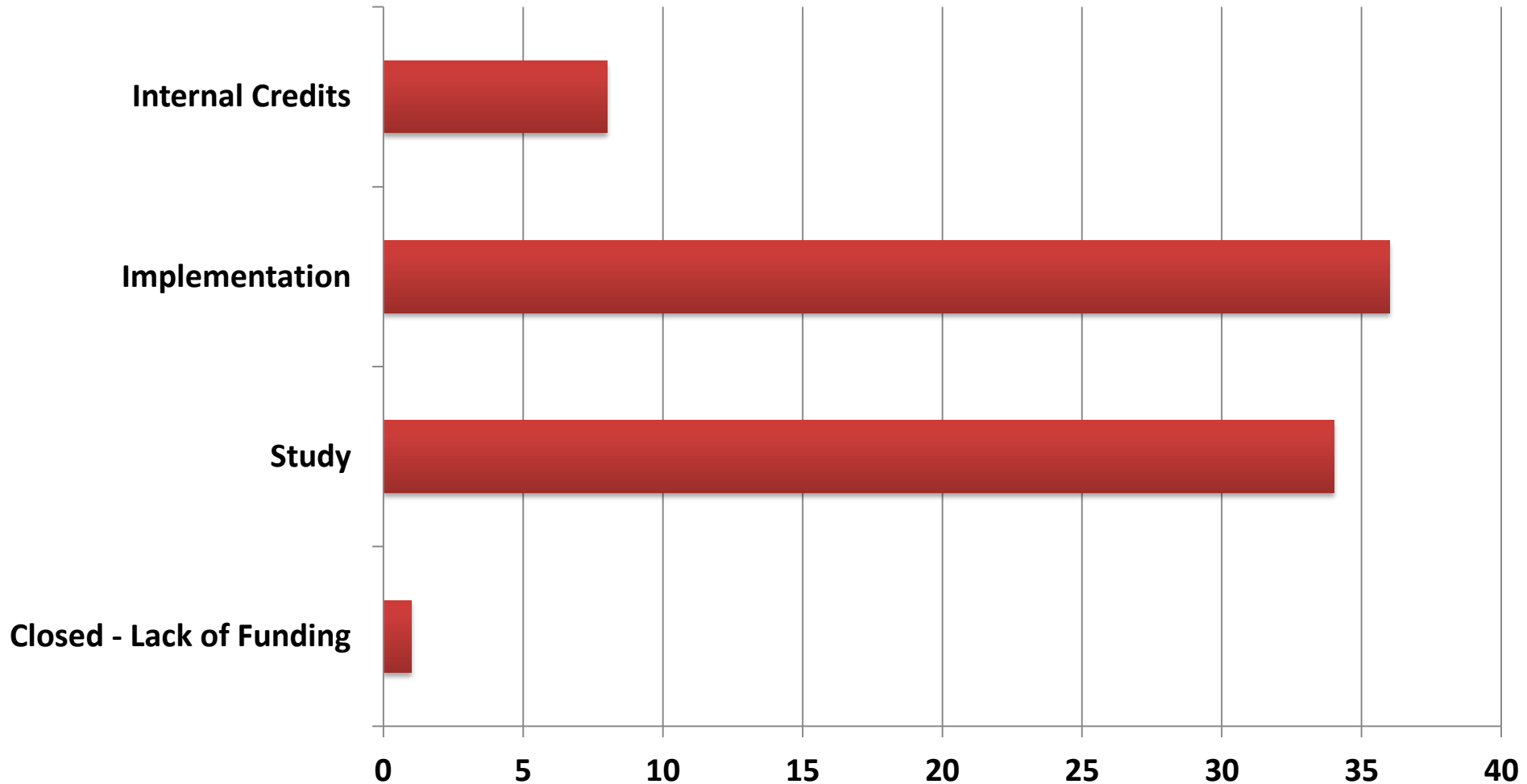
Central America



REDD Progress

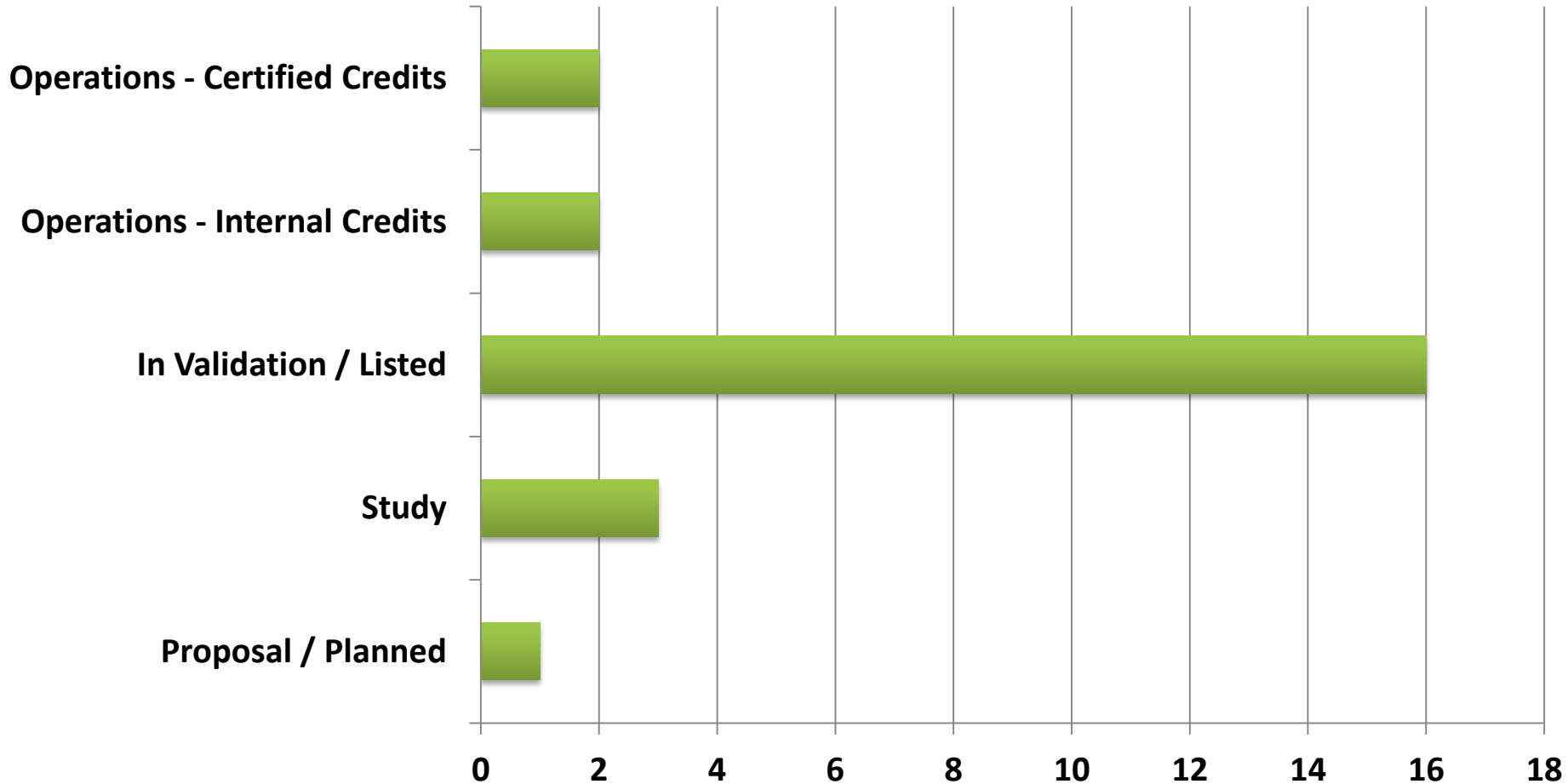
South America

Lesson 11: Brazil has many success with equitable distribution of revenue







REDD Progress

North America

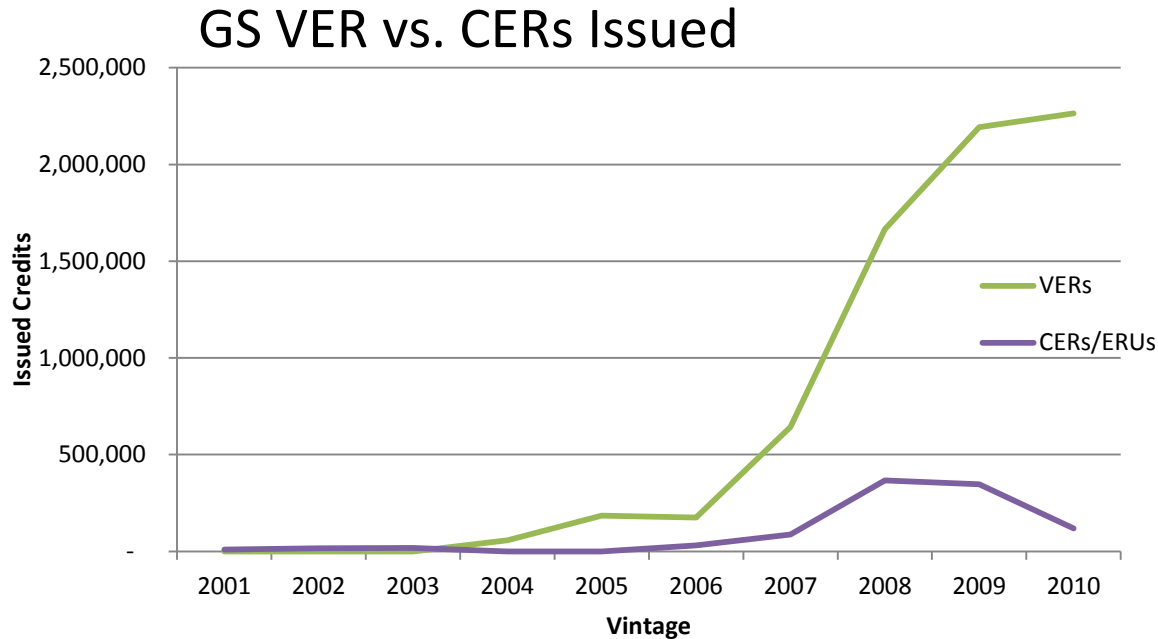


Lesson 10: You cannot look to US for setting an example on making emission commitments but you can look to the US to hire experts—they have advantage

Lesson 12: Companies sourcing projects have a difficult time meeting demand with supply

Supplied	Financier	Buyer	Project Summary
			<ol style="list-style-type: none"> 1) BNP offered \$50 million dollar (USD) line of credit 2) BNP recently increased it to \$150 million dollars 3) First BNP financed project developed in Kenya 4) Obtained VCS REDD methodology approval
Green Trees			<ol style="list-style-type: none"> 1) 250,000 offsets from 1700 acres in AR involved 2) 302 hardwoods, 302 cottonwoods planted per acre 3) Forward strip purchased upfront 4) Green Trees pays landowners up \$350 per acre 5) Pay \$3-4 a ton
Confidential			<ol style="list-style-type: none"> 1) GM sourced 8 million tons per year 2) Aims to offset emissions of whole chevy fleet 3) Looking to buy vintage 2010-2014 offsets

Industry Growth

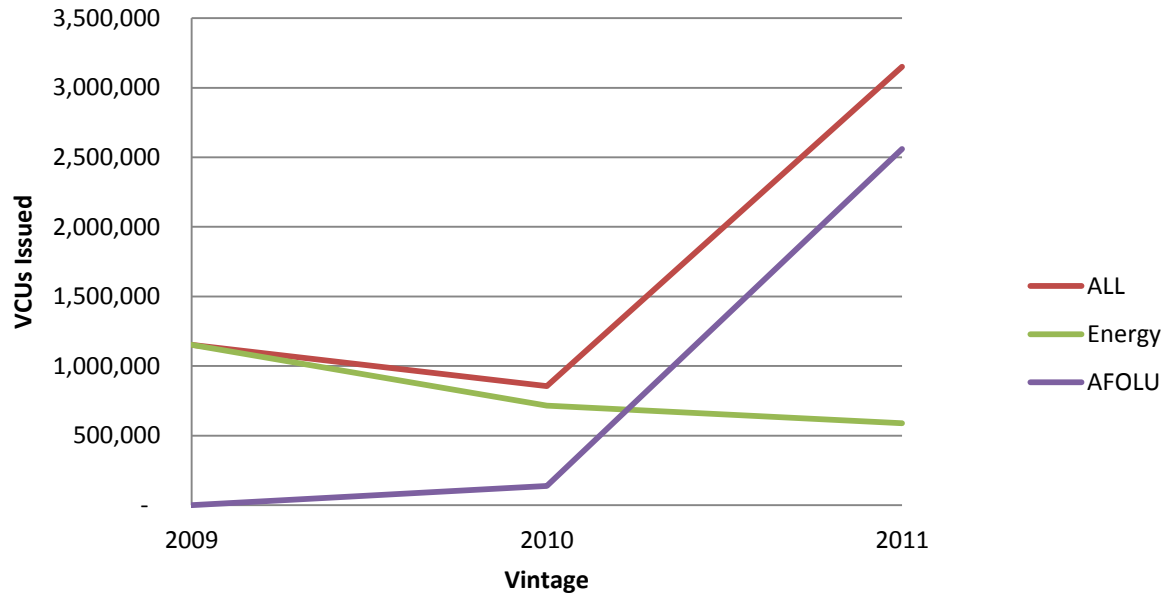


The strongest sector issuing voluntary credits is wind power, which has been generating over half the credits issued (see Figure 5).

11th Lesson: Social co-benefits market is thriving!

Industry Growth

VCS Credits With Co-Benefits



Lesson 12: Voluntary market credits are still increasing in value and volume, contrast to what was expected

Pricing of Credits

EcoAnalytics Premium Credit Pricing Survey (September 15 to October 15, 2011)

- Assessed all VCS, CCB, Gold Standard, & Social Carbon projects for credit issuance
- Contacted parties and asked questions about price, volume, demand for 3Q2011
- Received phone calls or emails from roughly 55% of contacts (24 respondents).
- Lessons 13-15 Credits are:
 - largely not available for 2011 vintages (e.g. sold out)
 - sold mostly through forward contracts (ahead of schedule)
 - sold-out on credits for 1Q2012-2Q2012
 - garnering a premium for voluntary market prices.

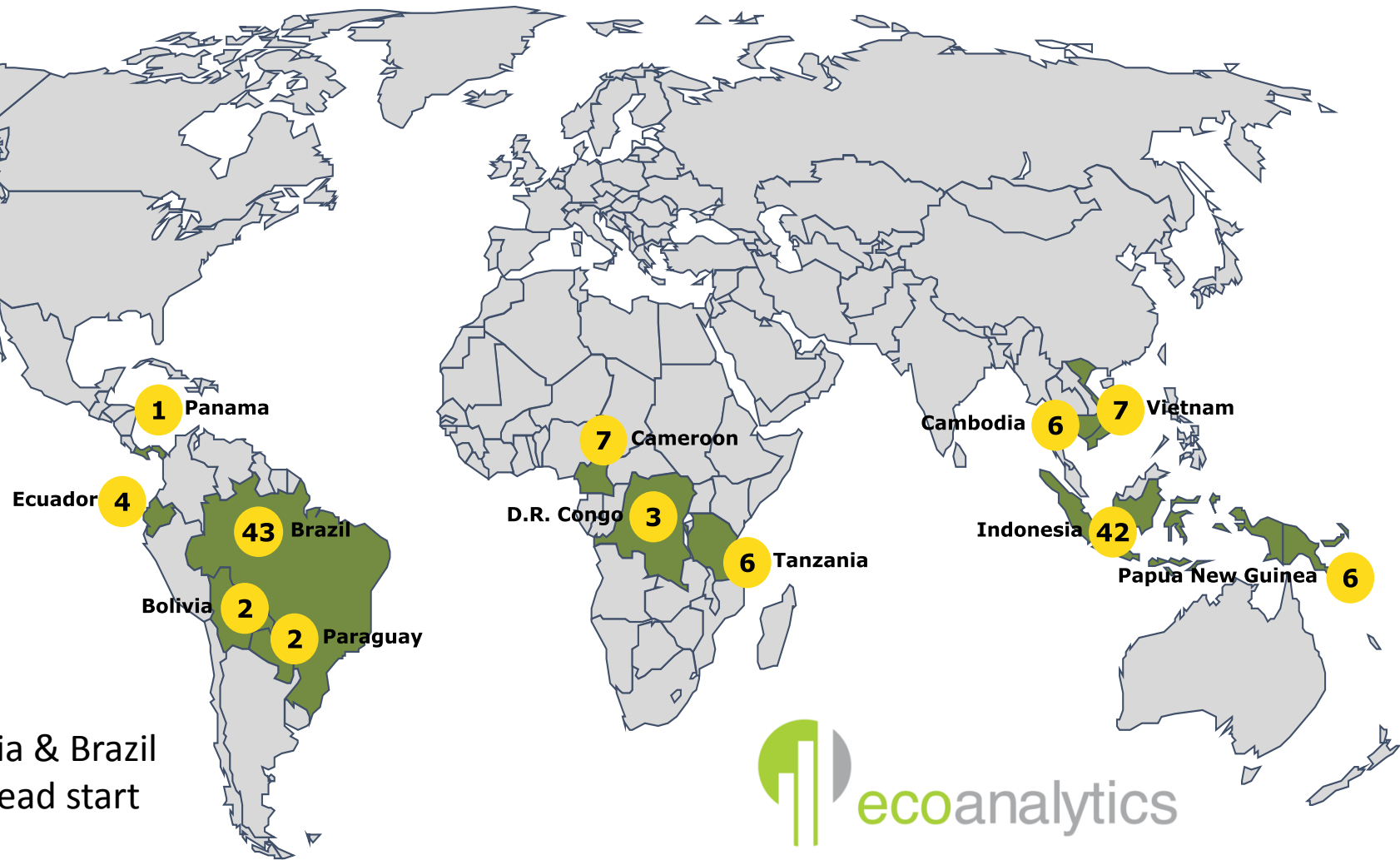
Standard	Project Types	Price Range
Plan Vivo	Conservation/Restoration	\$7-\$20
VCS + CCBA	Forestry	\$5-\$7
Gold Standard VERs	Renewables, Biofuels, Energy Efficiency	\$8-\$20
Gold Standard CERs	Renewables, Biofuels, Energy Efficiency	\$7-\$15

Lessons Learned From Successful projects

- Multiple revenue streams (directly or indirectly) exist in the business model
- Economic benefits are distributed by either legal or social programs (e.g.)
 - Laws in Brazil
 - Health Care
- A lot of projects fail comparison to the ones that succeed. It's our job to weed out poor quality projects.
- REDD+ is only one tool in the conservation tool box.

National REDD Approaches

by number of private proposed/planned projects



Indonesia & Brazil
got a head start



Panama's Forest Carbon projects

Name	Phase	Location	Company
Panama Canal Authority Sustainable Forest Cover Establishment Project	Implementation	Colon and Panama	Panama Canal Authority
CO2OL Tropical Mix Reforestation Project	Operations	Darien	ForestFinance
Panama Native Species Reforestation	Operations	Veraguas	ForestFinance
The Tree Partner Project	Operations	Darien	Tree Partners
Forests for Friends	Operations	Chiriquí	Forests for Friends
Pacific Coast Teak Reforestation	Study	Chiriquí	Panamadera

Name	Transactions	Certifications
Panama Canal Authority Sustainable Forest Cover Establishment Project	Does not plan for credits until 2014	Undergoing CCB validation
CO2OL Tropical Mix Reforestation Project	Sold CarbonFix Credits for 15-20 Euro	CCB
Panama Native Species Reforestation	Sold CarbonFix Credits for 15-20 Euro	Unknown
The Tree Partner Project	Unknown	Following CCB (not validated)
Forests for Friends	Unknown	Following CCB (not validated)
Pacific Coast Teak Reforestation	Seeking investors	Planning FSC





THANK YOU!

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