

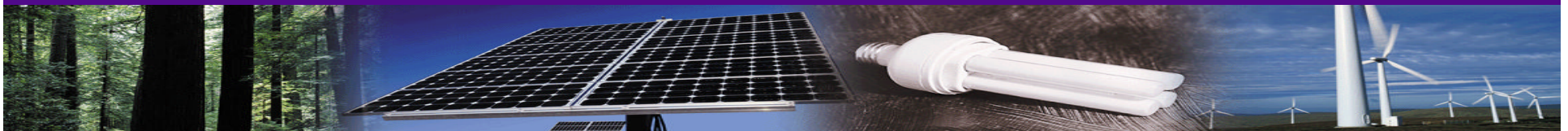
Financing Clean Energy Technologies

ICEC Side Event
COP-8
October 25, 2002

Trexler

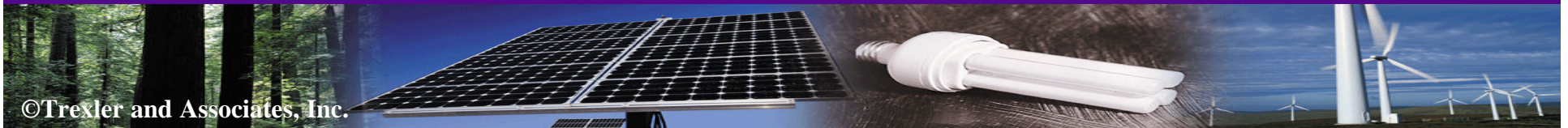
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Project-Based GHG Market

- ✓ International Systems: CDM & JI
- ✓ Domestic Systems:
 - Regulatory and Voluntary
 - Federal and State Level
- ✓ NGO Certifications:
 - Climate Neutral Network
 - Emerging WWF initiative
- ✓ Developing Rapidly In Many Forms



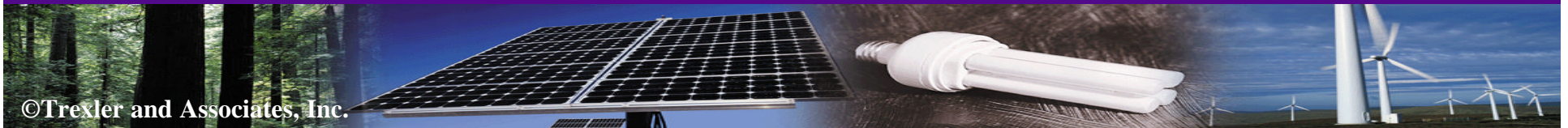
Transactions in Many Sectors

- U.S. Coalmine Methane Capture
- Landfill Methane Recovery
- School Boiler Repowerings
- Transmission Upgrades
- Power Plant Upgrades
- Sri Lanka Rural Electrification
- Chile Renewable Energy
- Bolivia Forest Conservation
- Malaysia Reduced Impact Logging
- Uganda Reforestation
- Argentina Cogeneration
- India Boiler Upgrades
- Canada Soil Carbon Management
- India Livestock Management
- Nigeria Gas Flaring Reductions
- Poland Coal-to-Gas Switching
- Honduras Biomass Energy
- Mexico Improved CFL Lighting



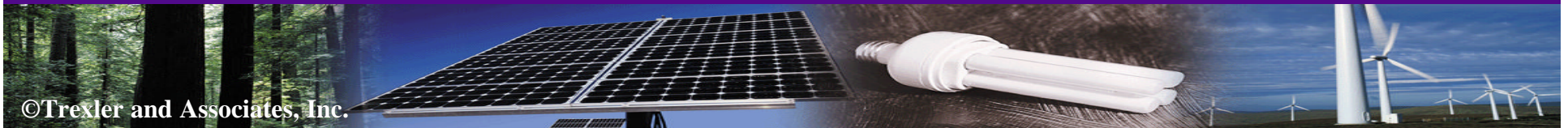
Tremendous Price Variation

- ✓ Depends on Buyer Motivation & Quality
- ✓ Motivations: PR vs. regulatory compliance
- ✓ Quality:
 - Government or U.N. FCCC standards
 - Public policy and 3rd party scrutiny
 - Ancillary benefits



Recent U.S. Developments

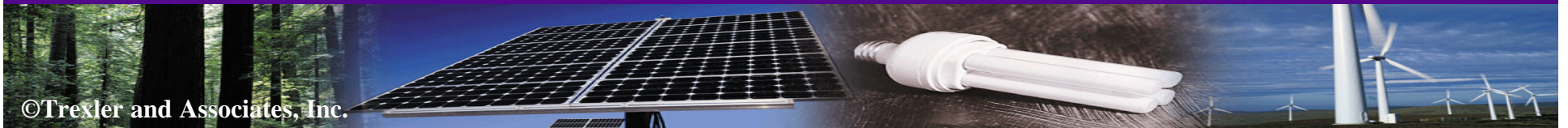
- ✓ Wide Variety Of Approaches
 - State programs
 - GHG registries, voluntary reduction goals & offset requirements
 - Federal voluntary programs
 - EPA Climate Leaders (voluntary emissions growth reduction goals)
 - Revisions to voluntary registry (1605(b))
- ✓ New Legislative Proposals
- ✓ Volume Of Reductions May Be Modest
- ✓ Stronger Policy Standards Could:
 - Provide more certainty for investors
 - Stimulate demand for reductions and project investments



International Market Most Active

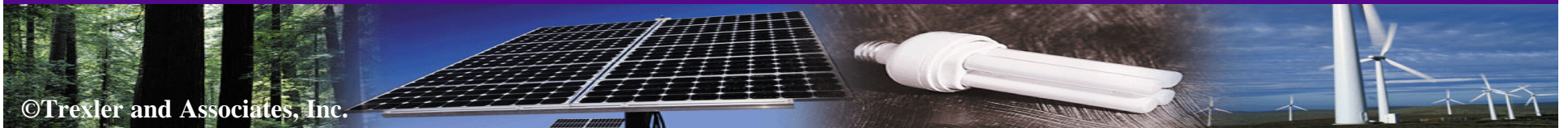
- ✓ Kyoto Compliance Motivating Buyers
 - European Union
 - Japan
 - North America
 - Others

- ✓ JI and CDM Projects Competing With AAUs and Emerging National Systems In Europe



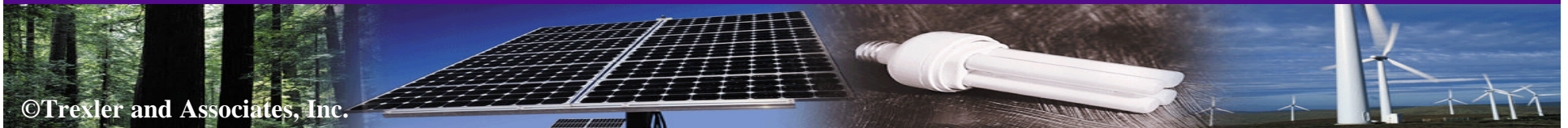
Not Yet Commodity Markets

- ✓ Many Policy Uncertainties Remain:
 - Baselines and additionality guidance
 - Host country criteria and approval processes
 - OEs interpretation of guidance from the Board
 - Process for issuing CERs



Much Progress Since Kyoto

- ✓ Project Design Document & OE Accreditation
- ✓ Framework for CDM Approvals
 - Validation, registration, verification process
 - Operational Entities expected soon
- ✓ Somewhat Clearer Price Signals:
 - Influence of large institutional buyers
- ✓ Many Risks Remain But Can Be Bounded & Mitigated
 - GHG risks: screening against CDM rules & public policy
 - Project investment risks: traditional due diligence
- ✓ Early Movers Gain Advantages



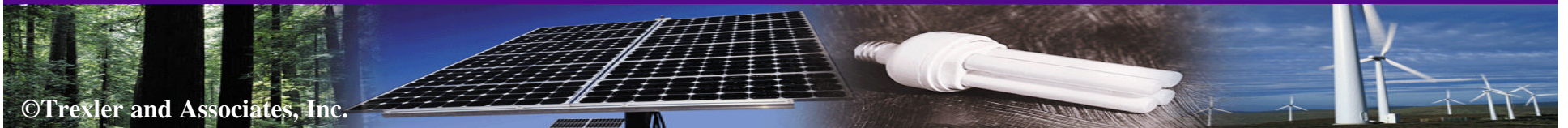
Expectations For The Future

✓ Demand Drivers:

- Kyoto entry into force?
- Emergence of Non-Kyoto markets?
- Effectiveness of domestic U.S. programs?

✓ Supply Factors:

- Volume of AAU hot air put on market?
- Project-level hot air (baselines and additionality standards)?



Who is Trexler and Associates, Inc?

- ✓ Doing Climate Change Mitigation Since 1991
- ✓ First Carbon Offset Project & First Fully Funded Pilot Project Under U.N. FCCC (USIJI/AIJ)
- ✓ Works With: Private Sector Companies Looking to Address Climate Change Risks and Opportunities
- ✓ Works With: Project Developers Seeking to Access Carbon Funding
- ✓ Has Generated More than \$10 Million in Carbon Funding (Domestic and International Projects)
- ✓ Much More Info at www.climateservices.com

