

The role of financial instruments on GHG Emission Reduction Projects

26 February 2008

T&W Workshop Bangkok



Presentation structure

- **The Carbon Market**
- **What is the Luso Carbon Fund**
- **The first year**
- **How can we help you**
- **Contacts**



▪ The Carbon Market

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The Carbon Market

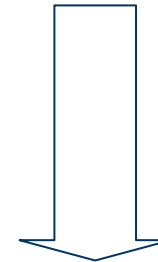
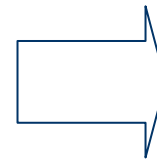


With the entry into force of the Kyoto Protocol, on 26 of February 2005, a new commodity was born:

GHG Emission Limits



Flexible Mechanisms

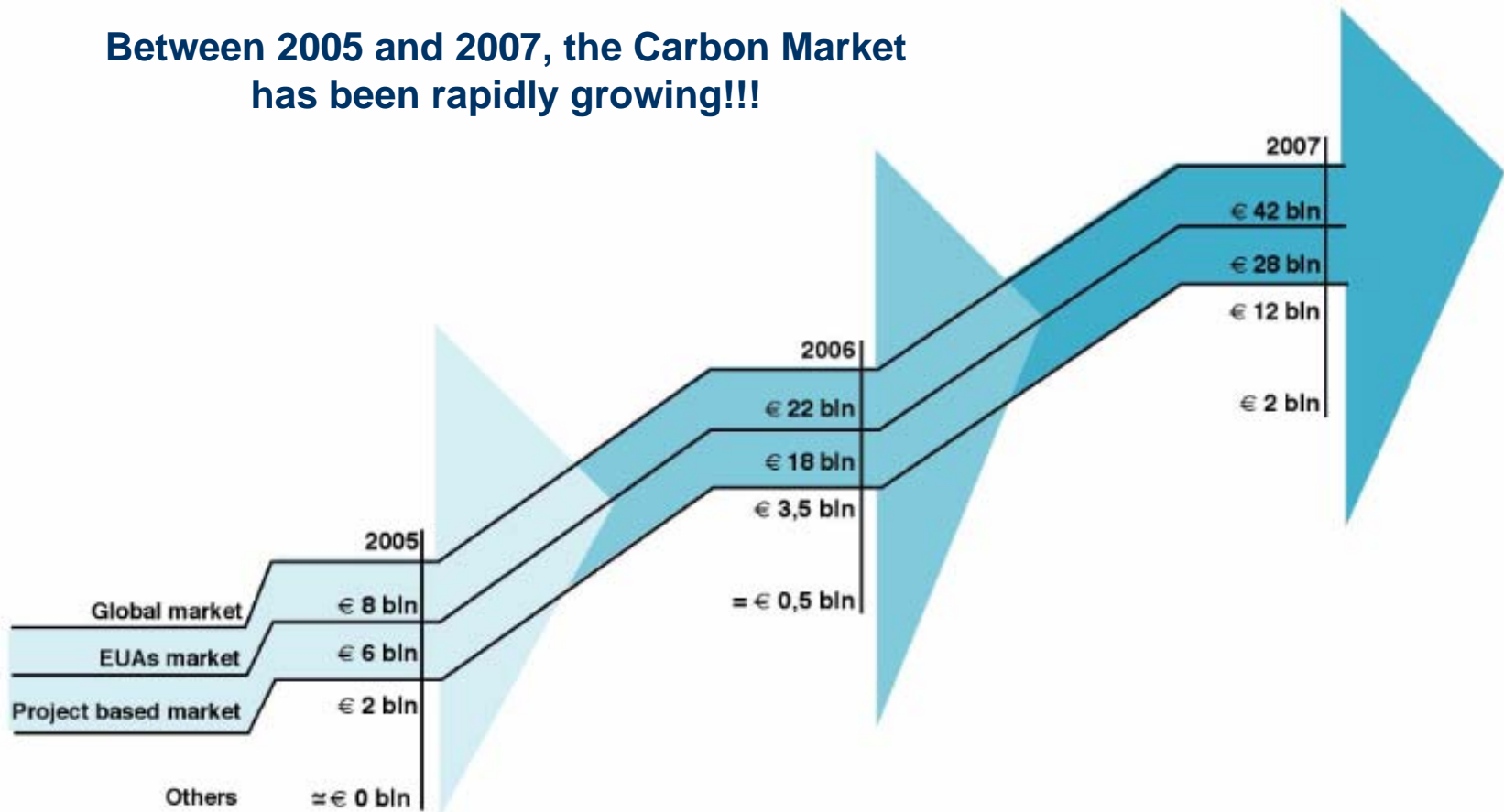


CARBON



The Carbon Market

Between 2005 and 2007, the Carbon Market has been rapidly growing!!!





The Carbon Market

- The carbon market is expected to reach 80 bln in 2012
- It is now clearly acknowledged as an essential part of the response to climate change and a crucial instrument for future climate change mitigation
- This amazing growth has gathered the attention and investment of financial institutions



Luso Carbon Fund is one of these instruments!



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The Luso Carbon Fund

- Luso Carbon Fund (LCF) is the first Portuguese Carbon Fund
- Set up as a special investment fund, it is supervised by the CMVM (Portuguese Stock Market Regulator)
- LCF started operating on 15 December 2006, having currently 18 corporate investors, including some of the most important Portuguese financial institutions and also compliance buyers, such as industrial companies and the Portuguese Government

www.lusocarbonfund.com



The Luso Carbon Fund

- The fund, with a target capital of €200M, mainly works in the purchase of carbon credits generated by CDM and JI projects and can also financially support project's implementation, through flexible participation structures
- The fund was promoted by Espírito Santo Investment, Banif Investment Bank and FomentInvest SGPS
- Ecoprogresso acts as the investment advisor to the fund, responsible for project identification, evaluation and development



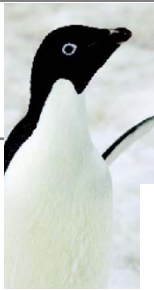
LCF wishes to establish long term relations with both project owners and investors...



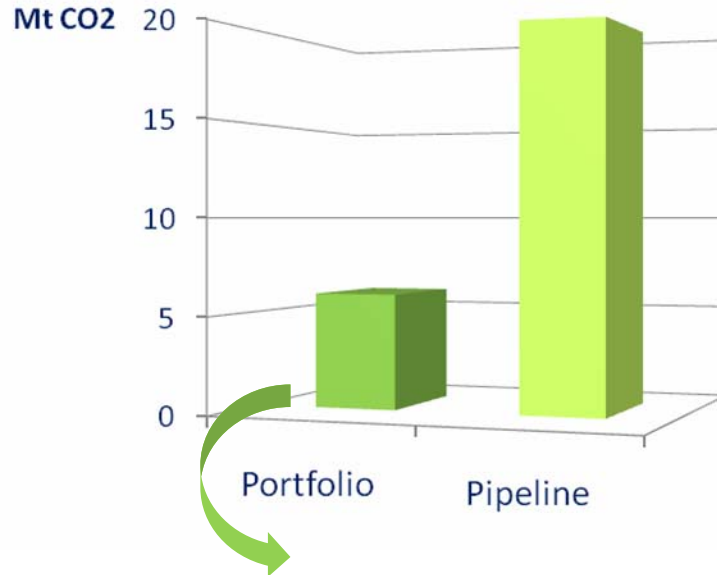
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The first year



▪The fund has already contracted a diversified portfolio of CDM and JI projects, with deals closed on three continents, in areas ranging from renewable energy production to waste management.

▪ Portfolio includes about 6 million CERs/ERUS, from 15 CDM and JI projects in Brazil, China, Thailand and the Russian Federation

Asset	Location	Type	N.º of projects	Emission reductions (Mt CO2)
ERUs	Russia	Methane emissions avoidance in gas distribution networks	3	1,5
ERUs	Russia	N2O emission abatement in nitric acid plants	1	0,5
CERs	China	Hydropower	3	0,5
CERs	China	Waste Heat Recovery in cement plants	4	0,9
CERs	China	Biogas recovery and utilization from wastewater	1	0,3
CERs	Thailand	Biogas recovery and utilization from wastewater	2	1,6
CERs	Brazil	Manure management	1	0,6

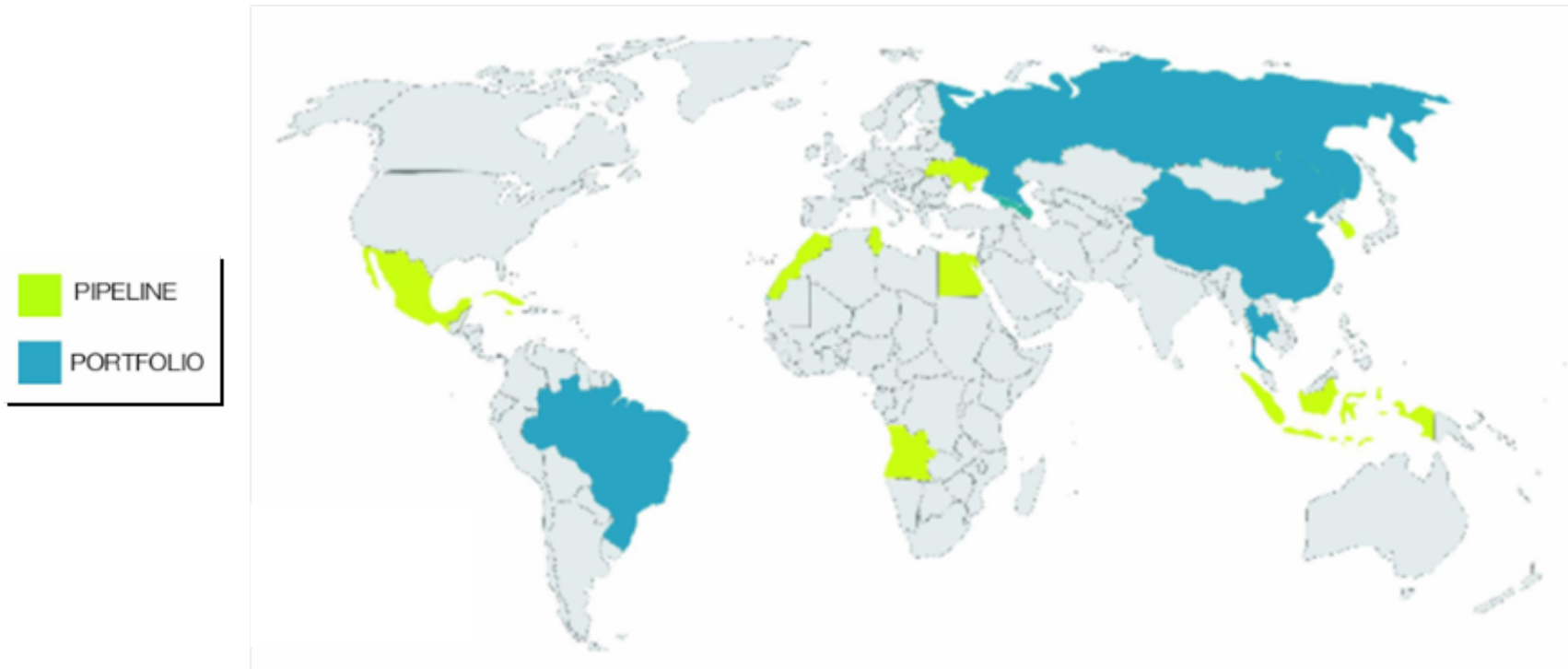
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5,9



The first year

- Currently, LCF is analyzing projects all over the world, with the potential to reduce greenhouse gas emissions in about 20 million tonnes of CO₂ during the 2008-2012 period
- Besides the areas already mentioned, the fund is now targeting emission reduction projects in other areas, namely wind power, biodiesel production and landfill gas recovery.





The first year

- After only one year of operation, LCF has been a success case
- The additional revenue from the carbon credits has made several GHG emission reductions projects possible



**But we still
want more!!!**



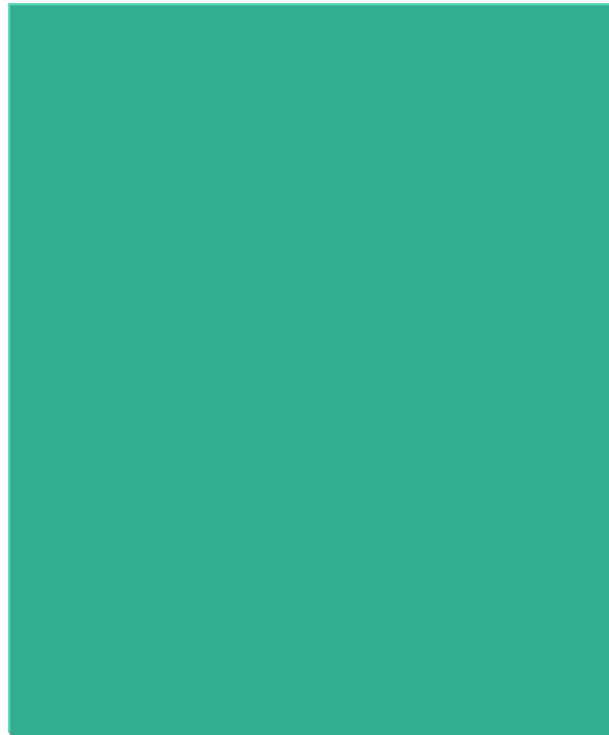
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How can you help you

Ecoprogresso - First Portuguese consultancy company to have its core business centred in Carbon, Energy and Climate Change, holding a vast experience in carbon management, energy and project finance

We can help a project owner ensure the success of its CDM or JI project, by having the knowledge and know-how to accompany the whole process, from the initial setting up of the project to the issuance of the carbon credits





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