

# PRESS RELEASE

**Wellington, New Zealand – 20 October 2006**

Carbon Market Solutions Limited, a leading advisor of New Zealand greenhouse gas emission reduction projects, today announced a New Zealand JI transaction in the international carbon market under the framework of the Kyoto Protocol involving Meridian Energy, New Zealand's largest electricity generator and the Swiss Climate Cent Foundation<sup>1</sup>

For 2006, this transaction is the largest carbon credit sale (Emission Reduction Unit (ERU) sale) from New Zealand in terms of both volume and overall contract value. The transaction involves the sale of between 400,000 and 650,000 ERUs from Meridian's new White Hills 58MW wind energy project which is currently under construction near Mossburn in northern Southland. The ERUs from this project will be generated and delivered to the Swiss Climate Cent Foundation on an annual basis over the period 2008 – 12 at a rate of at least 80,000 ERUs per year each year.

Wayne King, Director of Carbon Market Solutions in New Zealand said, 'We are delighted to have been able to assist Meridian Energy with this transaction. We have now been involved with three of the first four Kyoto carbon market transactions in New Zealand and we are optimistic that over time there will be more. We believe that New Zealand remains an excellent place for international carbon buyers looking for good quality JI projects.' Keith Turner, CEO of Meridian Energy said "The sale of the carbon credits has been conducted under the auspices of the Kyoto Protocol's Joint Implementation mechanism whereby countries can purchase emission reduction credits from each other to assist to offset their own emissions and to keep their total emissions within their agreed limits. "The Projects to Reduce Emissions mechanism is an excellent government initiative for providing incentives for investment in new zero emission renewable energy projects that would not otherwise be undertaken. "The mechanism is currently under review, and Meridian hopes it will be continued."

Due to recent calculations showing that greenhouse gas emissions are rising faster than expected, New Zealand has gone from being a net buyer under the Kyoto Protocol to being a net seller, some commentators have speculated that buyers might lose interest in ERUs from New Zealand JI projects. In fact, the opposite is likely to be true. New Zealand offers an attractive mix of low country risk with stable counterparties. New Zealand was among the first countries to submit its report on calculation of Assigned Amount Units (AAUs) meaning that the country must be considered a favorite for being one of the first to qualify for JI Track 1 status. Countries with JI Track 1 status do not require independent validation and verification and the Host Country (i.e – the New Zealand government) can transfer the ERUs directly to the carbon buyer. This makes Track 1 JI countries potentially more attractive.

Marco Berg, Managing Director of the Swiss Climate Cent Foundation said, 'We are very pleased to be able to announce one of the first ERPA of the Climate Cent Foundation and we are also very pleased that this purchase is with Meridian Energy in New Zealand. At the Swiss Climate Cent Foundation we are interested in high quality projects with high sustainable development benefits which are clearly additional. We believe the White Hills project clearly meets these criteria."

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<sup>1</sup> ERUs are carbon credits created by the reduction or avoidance of greenhouse gas emissions in Annex I Parties to the Kyoto Protocol approved and registered under the Joint Implementation mechanism. New Zealand ratified the Kyoto Protocol in 1998 and projects which reduce emissions in New Zealand can potentially benefit from additional revenues from ERU sales. There is a strong demand in Europe for ERUs, as they will can be used for compliance in the European Emissions Trading Scheme over the period 2008 – 2012.

## **About CMS**

Carbon Market Solutions Limited is a New Zealand registered company which assists and advises New Zealand companies with selling their ERUs into the international carbon market. CMS successfully advised three of the first four JI transactions under the JI mechanism of the Kyoto Protocol which in addition to this transaction includes the sale of 149,000 ERUs from the Palmerston North City Council's Awapuni landfill to the Austrian Government's Kommunalkredit program in 2005 and the sale of 200,000 ERUs from Christchurch City Council's Burwood Landfill to British Gas Trading in 2006.

Additional information on Carbon Market Solutions can be found at [www.carbonmarketsolutions.com](http://www.carbonmarketsolutions.com).

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