



CARBON MARKET
SOLUTIONS

7 April 2007

TradeMe

Carbon Market Solutions has been and is offering both verified emission reduction units (VERs) and certified emission reductions (CERs) at our account on TradeMe. (<http://www.trademe.co.nz>)

Information about VERs being sold by CMS on TradeMe

The VERs that we are listing on TradeMe are from the Palmerston North Awapuni landfill gas project.

Under this project methane at the Awapuni landfill in Palmerston North which otherwise would have been emitted into the atmosphere is captured and the gas is used to generate electricity, through a 1MW generator installed onsite, which is then sold to a local company to power the waste water treatment plant which is adjacent to the landfill site. The capital cost of this project was approximately Nz\$2 million. Carbon Credits from the project over the period 2008-12, (Emission Reduction Units or ERUs) have already been sold to the Austrian government bringing an additional Nz\$1.3 million dollars in revenue to the project.

It was only with this additional revenue from carbon credit sales that the project was determined to be financially viable and the decision was taken to proceed with the project in 2005. Carbon credits sales (both ERUs and VERs) played a critical role in the decision of the Council to proceed with the project. There was no legal requirement for the Palmerston North City Council to undertake this project and undertake flaring at the municipal landfill so it is only with the additional revenues from carbon credits that the projects proved to be commercially viable. The Awapuni project was approved under the New Zealand Government's Projects to Reduce Emissions mechanism (PRE) which means that they passed a rigorous test for 'additionality' ensuring that the carbon credits generated are real and would not be generated under a 'business-as-usual scenario'.

Carbon Market Solutions Ltd advised the Council on the sale of the 2008–2012 Emission Reduction Units (ERUs) from the Awapuni landfill to the Austrian Government. In addition, we are now selling the Verified Emission Reductions (VERs) from the Awapuni for the years 2006 and 2007. The project has all relevant documentation such as project design document, determination report, and verification report from an internationally approved verifier.

The bundles of VERs from the Awapuni project on TradeMe are as follows:

- ✓ 20 VERs – typically suitable for a small household
- ✓ 50 VERs – typically suitable for a small business

For larger volumes, please contact us direct on 07 853 6220 if you are interested in purchasing VERs.

Information about CERs being sold by CMS on TradeMe

The CERs that we are listing on TradeMe are from the 4.5MW Malavalli biomass project in Karnataka, India.

This project (which is now fully operational) showcases the use of biomass from crop residues for a power plant in India which otherwise would have used coal. Greenhouse gas emissions are reduced in the project by approximately 22,000 tons per year by the substitution away from coal to biomass. Benefits from the project include sale of clean electricity to the local grid and sustainability benefits such as the creation of new jobs in supplying the biomass supply to the plant.

This project has been awarded Gold Standard status meaning that it has passed the highest possible criteria concerning additionality and sustainable development benefits. It is only with the additional revenue from the sale of the CERs, that the CDM Executive Board determined the project to be commercially viable.

The CERs from the project have already been issued meaning there is no risk of non-delivery as can be the case when you buy them from projects which are not yet fully operational or do not yet have the approval of the CDM Executive Board.

Carbon Market Solutions was the first company in the world to successfully execute a transfer of CERs between national registries from the Swiss national registry to the New Zealand national

registry in March 2008 when we bought them from Swiss project developer, South Pole Carbon. The CERs are held in our account in the New Zealand Emission Unit Register (NZEUR).

Unlike VERs, the CERs can be used for compliance in the New Zealand Emissions Trading scheme, if required. They can also be sold internationally. Because they have legal status under the Kyoto Protocol (whereas VERs do not) the CERs are also called Kyoto Units.

To receive delivery of the CERs, once you have purchased them, you should open an account in the New Zealand Emission Unit Register. (<http://www.nzeur.govt.nz>) which is open to all companies or individuals resident in New Zealand. Following receipt of payment, we can then transfer the units from our account to your account after signing a short-form emission reduction purchase agreement (ERPA) to record the purchase and sale of units.

If you have any other questions, please do not hesitate to contact us on 07 853 6220.