



CARBON MARKET SOLUTIONS LTD

Carbon Market Solutions Ltd (CMS) is one of New Zealand's leading Carbon Advisory, Trading and Brokerage Companies. CMS was established in late 2003 by carbon market pioneers who have over 10 years experience in developing climate change projects in various parts of the world. CMS has extensive knowledge and experience of both the international and domestic carbon markets.

CMS is the only New Zealand company registered with the Chicago Climate Exchange (CCX) and is currently the only dedicated carbon trading company actively trading in New Zealand. It has successfully been involved with the first three out of four carbon credit transactions in New Zealand to international buyers in the EU-ETS. CMS also has a registered branded offsets programme under the trademarks 'CN-1 Being Carbon Neutral', 'CN-2 Being Carbon Neutral'.

CMS assists project owners to enable them to participate effectively in the carbon market, through a variety of services such as in an advisory and developmental capacity or brokerage and direct trading, among others.



ADVISORY AND PROJECT DEVELOPMENT

CMS Advisory and Project Development services are aimed at informing our clients on how to make additional revenue from projects which generate carbon credits. Typically we start out with an international and domestic carbon market overview which focuses on how recent policy developments are likely to impact upon your business. We can also assist companies with carbon footprinting work and developing their own carbon management strategies. Our advisory services are tailor-made to help clients with understanding their options for reducing their greenhouse gas emissions which include; implementing internal greenhouse gas abatement projects, developing Joint Implementation (JI) and Clean Development Mechanism (CDM) projects under the Kyoto Protocol and/or carbon credits.

Our Project Development services involve assisting clients with developing projects that are likely to generate carbon credits. We can assist with the development of both JI projects in New Zealand and with CDM projects in developing countries. We can also assist with the development of projects which will produce Verified Emission Reductions (VER's) in the voluntary market. CMS has experience in all aspects of the JI and CDM project stages, including preparation of all appropriate carbon credit documentation, managing the validation and verification processes, securing appropriate government and United Nations approvals, and assisting in the sale process. Our track record includes being advisor to three of the first four J.I transactions in New Zealand. CMS clients have included international institutions such as the World Bank, various government departments, local authorities and businesses in the power generation industry. CMS has specific experience of working with the following types of carbon credit generating projects:

- Methane Destruction from Landfill Gas Projects
- Coal Mine Methane Projects
- Biomass Fuel Switching Projects
- Windfarm Developments
- Land Use and Forestry
- Energy Efficiency Projects
(Industrial Energy-Efficiency
Projects, Household Lighting Projects)



BROKERAGE AND TRADING

CMS has assisted New Zealand companies in purchasing and selling carbon credits including both Kyoto Units (ERU's) and Voluntary Units (VER's). We can operate in the capacity of direct trading using our own balance sheet or as an agent selling credits into the domestic and international markets.

BROKERAGE SERVICES

Unlike several other companies operating in this space in New Zealand, we are not a ‘double broker’ meaning we do not connect you with other brokers, for example in London, which would incur significant additional fees. Using our own international network, we connect you directly with buyers in Europe and elsewhere like Japan, with the aim of providing you with the best price for your carbon credits from a ‘credit-worthy’ counterparty. The list of Buyers with whom we have worked closely includes governments, the World Bank, Banks, Utilities, and international Oil and Gas Companies. We can also provide assistance with negotiating an Emission Reduction Purchase Agreement (ERPA) in such a way as to minimize your risks in the event of non-delivery of units or other potential breach of contract. We can assist companies with selling the following types of carbon credits:

- **EMISSION REDUCTION UNITS (ERU’s):** If you have a project that has been approved under the New Zealand Projects to Reduce Emissions Mechanism (PRE) we can assist you in selling ERU’s in the international market.
- **VERIFIED EMISSION REDUCTIONS (VER’s):** If you have a project which may generate or is generating VER’s we can assist you to sell them domestically or international on the Chicago Climate Exchange (CCX) of which we are a member.
- **NEW ZEALAND UNITS (NZU’s):** If you are going to have New Zealand Units, under the proposed New Zealand Emission Trading Scheme, we can assist you to sell these in the New Zealand Market.

TRADING SERVICES

For companies with smaller numbers of carbon credits (typically less than 100,000 units) we can act as a principle to directly purchase units (all types) using our own balance sheet. Selling smaller number of units into the international market is often not practical given the high transactions cost that can be involved and the fact that buyers are typically searching for larger projects with larger amounts of carbon credits. If you want a simple cost-effective transaction and to leave all the ‘carbon credit paperwork’ up to us, please contact us about selling your units directly.

GOING CARBON NEUTRAL

If you are a business in New Zealand which wishes to go ‘carbon neutral’ we have available VER’s from a selection of high quality New Zealand projects (landfill gas, wind and energy efficiency). Once you have calculated your carbon footprint, you can contact us about purchasing VER’s to go carbon neutral. All our VER’s are branded according to “CN-1 or CN-2 Being Carbon Neutral”. Our VER’s are listed on the Chicago Climate Exchange and at account at Regi (www.regi.co.nz), so once we make a transaction we will transfer the units into your account or retire them as required.

CARBON INVESTMENTS

In today's increasingly carbon constrained world, new investments which increase or decrease greenhouse gas emissions will have a cost or a benefit associated with them. Carbon Market Solutions Ltd can make private equity investments in selected projects which benefit from an additional return sourced from the sale of carbon credits. We assess the project risk and return, taking into account the additional value which may be captured from carbon credit sales.

PRIVATE EQUITY INVESTMENTS

We can make direct investments in projects which may benefit from better returns due to carbon credits. For example investments in permanent forests which may qualify for carbon credits under the New Zealand Government's Permanent Forest Sinks Initiative (PFSI). We can assist companies with raising debt finance which may be partly secured on revenues from the carbon credit sales. Private Equity investments can be for both projects which qualify for Joint Implementation (JI) status and have Emission Reduction Units (ERU's) for sale; and for voluntary market projects which generate Verified Emissions Reductions (VER's).

VALUATION SERVICES

If you have an asset which you believe is worth more due to possible additional revenues from carbon credits, for example land which may qualify under the PFSI, or a new renewable energy or energy efficiency project, we can assist you with a valuation of this asset, taking into account the possible additional value from the sale of carbon credits.



If you are interested in discussing how we might be able to assist you with any of our services, please do not hesitate to contact us.



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