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WorldEnergy

2010 Outlook for High Quality Offsets: *Post-Copenhagen Lessons & the US Carbon Policy Landscape*

Featuring

Jasmine Hyman
Lisa M. Hodes
Joshua Alban

Director, Programs and Partnerships
Director, US Markets
Director, Environmental Markets

The Gold Standard Foundation
The Gold Standard Foundation
World Energy Solutions, Inc.

Moderator

Kenneth Ivanic

VP, Environmental Markets

World Energy Solutions, Inc.

Presentation Overview

- Speaker Introductions
- About the World Green Exchange
- About The Gold Standard Foundation
- Why Copenhagen was Significant
- International Carbon Market Implications
- US Policy Implications
- Summary
- Q&A Session

Speaker Introductions



Jasmine Hyman - Director, Programs and Partnerships

jasmine@cdmgoldstandard.org

Jasmine Hyman is the Director of Programs and Partnerships at the Gold Standard Foundation, where she oversees initiatives to boost demand for quality carbon offsets in Europe and the U.S. From 2001-2005, Jasmine worked on climate and sustainable agriculture issues at the Food and Agriculture Organization of the United Nations. She began her study of greenhouse gas emission markets in earnest while doing a Masters of Science at the London School of Economics in Environment and Development in 2005. She earned an honors B.A in Urban Studies at Columbia University in 2001.



Lisa Hodes - Director, US Markets

lisa@cdmgoldstandard.com

Lisa Hodes is the Director of US Markets at the Gold Standard Foundation, where she creates, executes, and manages Gold Standard strategies in the US market. Previously, Lisa practiced environmental law and commercial litigation at Greenberg Traurig LLP and Sullivan & Worcester LLP. She has experience in matters arising under Superfund, the Clean Water Act, the Oil Pollution Act, the Clean Air Act and the Resource Conservation and Recovery Act, as well as issues related to climate change. Lisa earned a Bachelor of Arts in International Relations from Tufts University in 2001 and continued her environmental studies while at the American University Washington College of Law from 2001-2004.



Joshua Alban - Director, Environmental Markets

jalban@worldenergy.com

Josh has spent nearly 10 years in and around environmental markets as a renewable energy project developer throughout Latin America, a climate change policy analyst in U.S. domestic markets and abroad, and now currently in a Business Development capacity with World Energy. Prior to joining World Energy, Josh held positions with Econergy International, the World Bank, and the Environmental and Energy Study Institute. Josh holds a BA from Washington University in St. Louis and an MA in International Affairs from the Johns Hopkins School of Advanced International Studies.



Kenneth Ivanic - Vice President, Environmental Markets

kivanic@worldenergy.com

Ken spearheads World Energy's environmental commodities business and brings vast experience, domestic and global, in assisting companies with strategy to mitigate their risk in the commodities markets. Prior to joining World Energy, Ken held progressively senior sales positions with a variety of Fortune 500 companies and large government procurement programs in the United States and in Western Europe. Ken holds an MBA from the University of Central Lancashire (England) and a BS in Business from Charleston Southern University.

About World Energy

WorldEnergy



- World Energy operates leading online exchanges for energy and environmental commodities
- Listed on 2 major stock exchanges:
 - NASDAQ:XWES
 - Toronto Stock Exchange: XWE
- Over 150 million green commodities have been transacted, including CERs, VERs, RECs, Alberta Offsets and RGGI Allowances.
- Over 100 registered bidders in North America, Western Europe, and Australia / Pacific
- Key green partnerships: Gold Standard Foundation, Markit Environmental Registry
- Core values: **transparency, quality, choice** and **value**.

World | GreenExchange

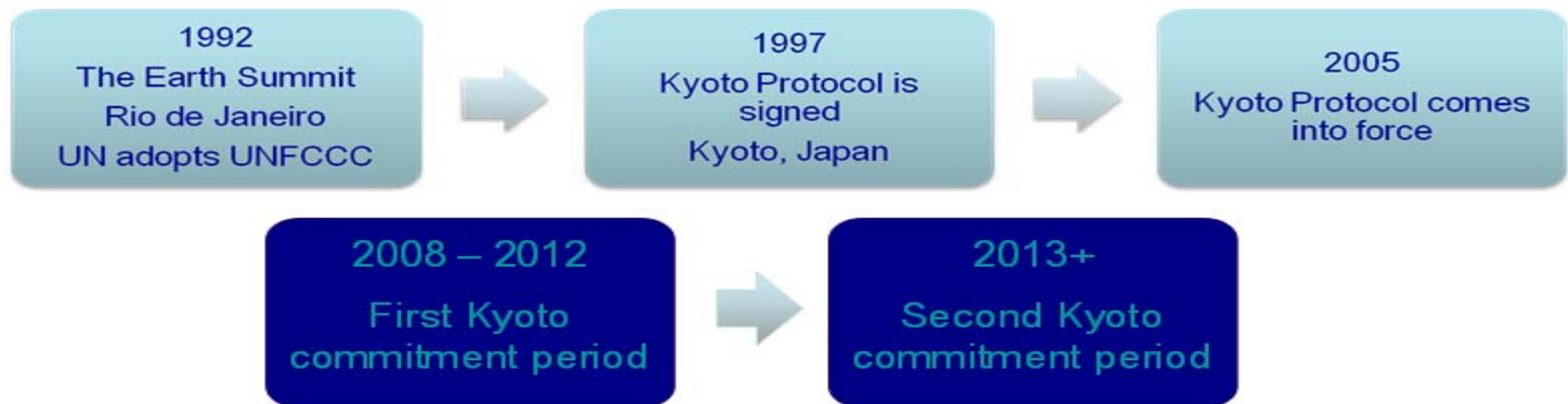
Gold Standard In A Nutshell



- **Who we are:**
 - A non-profit organization under Swiss law that operates a certification scheme for premium quality carbon credits
 - Endorsed by over 60 NGOs
- **How we got started:**
 - GS was developed by a group of NGOs led by WWF, SSN and HELIO International and launched in 2003
- **What we stand for:**
 - Promoting sustainable development through carbon offset markets that are characterized by transparency and equality of access for all market participants
- **What we do:**
 - In both the compliance and voluntary offset markets, GS certifies and registers projects that reduce GHG emissions in ways that contribute to sustainable development
- **How we are governed:**
 - Foundation Board, the Technical Advisory Committee and the Secretariat

Why was Copenhagen significant?

- Significance: Represented a chance to fix problems with Kyoto and create a better infrastructure to regulate and decrease GHGs
- Kyoto Protocol



- Kyoto's Legacy
 - All GHGs in one agreement
 - World divided into developing and developed countries; very large gap between them
 - No clear commitment from the US

What Happened In Copenhagen?

- Unable to reach a legally binding agreement
- However, to date, Brazil, South Africa, India, China, Ethiopia, Papua New Guinea, Maldives, Ghana, Norway and Grenada have committed to making emissions reductions
- Developing countries to commit to voluntary reductions by January 31st.
- Developing countries agreed to monitoring
- New, smaller forums may develop to negotiate the issues piecemeal

What were the successes and failures of Copenhagen?

Jasmine Hyman

- Focus on political commitment lacks granularity
- National and regional regulation remains most relevant investment guide
- Mixed messages: Carbon markets can expect more support and efficiency, but do they still matter?
- Executive Board to provide greater financial support to PDD development and validation of projects within countries that have less than 10 projects

Josh Alban

- Successes include political agreement on targets, adaptation, and monitoring
- Failures of international architecture has implications for voluntary and compliance markets
- Not enough of a “signal” for buyers and sellers



What are the consequences for the international compliance and voluntary markets resulting from Copenhagen?

Jasmine Hyman

- Business gravitates around long-term and clear market signals.
- EU/ETS and Voluntary Markets stand to gain
- Increased responsibility for voluntary market regulators
- Expect new market tools for technology transfer, REDD, and energy efficiency which will be complimented by increased government regulation

Josh Alban

- Uncertainty regarding post-2012 project development
- Defined but limited demand pool
- Big picture momentum is still there

What was the status of climate legislation in the US, prior to Copenhagen?

Lisa Hodes

- Threat of action via the EPA
- Fading political capital, voter fatigue, healthcare
- Obama assumed he would retain majority

Josh Alban

- House of Representatives passed Waxman-Markey
- Kerry-Boxer, which mirrors Waxman-Markey, stalled in the Senate
- Fading optimism for a vote before midterm elections

What were the challenges facing President Obama heading into Copenhagen?

Lisa Hodes

- Lack of a clear mandate from Congress
- No constitutional authority to bind the US
- Proving to the world that Administration represents “change”

Josh Alban

- The “best and worst” of Bush’s legacy
- Balance of power: China leverages its position
- Political realities at home

What are the consequences in the US as a result of the outcome of Copenhagen?

Lisa Hodes

- Healthcare reform is still incomplete and is the clear priority
- Will Democrats have the stomach for climate after healthcare?
- Look to the State of the Union for Obama's commitment

Josh Alban

- Federal action is challenging in 2010, not impossible
- Narrower energy and climate bill
- Traction for regional schemes, voluntary markets

■ Summary

- The Copenhagen Accord signals a clear future for climate change policy, but it does little to indicate the shape of it
- Lack of clarity on international carbon markets -- coupled with a clear trend for market mechanisms for GHG emission reductions -- indicates a stronger role for voluntary markets in the future.
- In an expanded mandate for the voluntary sector, quality certification will be key.

■ Q&A Session

- *please submit it in the chat box*

Thank you!

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Please feel to contact us with any questions or comments!

Jasmine Hyman

Director, Programs and Partnerships
The Gold Standard Foundation
jasmine@cdmgoldstandard.org

Lisa M. Hodes

General Counsel and Director, US Markets
The Gold Standard Foundation
lisa@cdmgoldstandard.org and +1 (617) 429-3149

Joshua Alban

Director, Environmental Markets
World Energy Solutions, Inc.
jalban@worldenergy.com and +1 (202) 257-7151