



Financing Mechanisms for Methane Projects

About First Climate

Integrated carbon asset management over the entire value chain

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VER advisory services	CDM advisory services	project financing
spot & forward purchase of CERs	firstclimate [®]	spot & forward purchase of VERs
carbon foot print study	forward purchase of post 2012 CERs	corporate carbon strategy

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Global Player: Offices on 5 Continents

Washington, D.C.

Paris

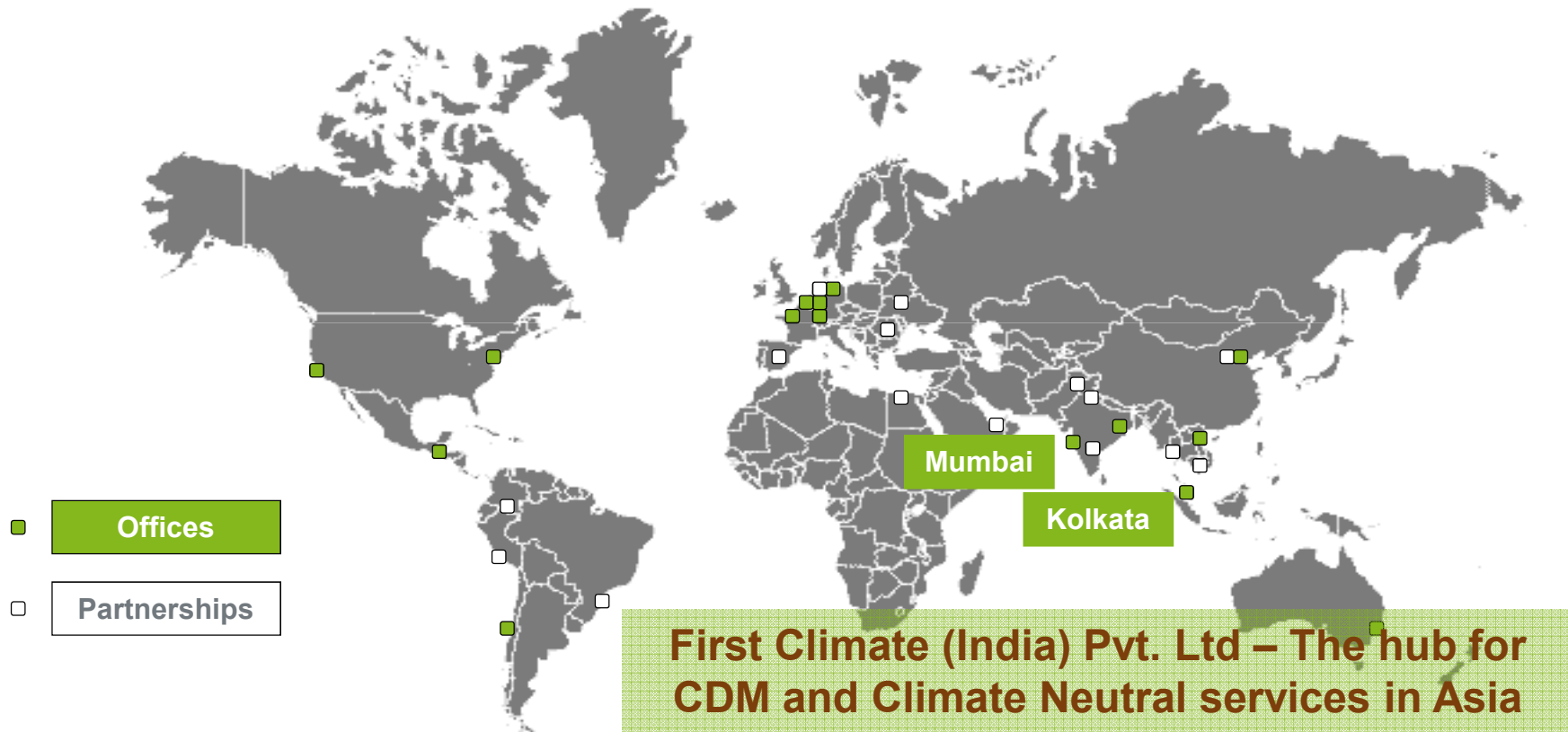
Luxembourg

Frankfurt

Zurich

Berlin

Beijing



San Francisco

Guatemala

Santiago de Chile

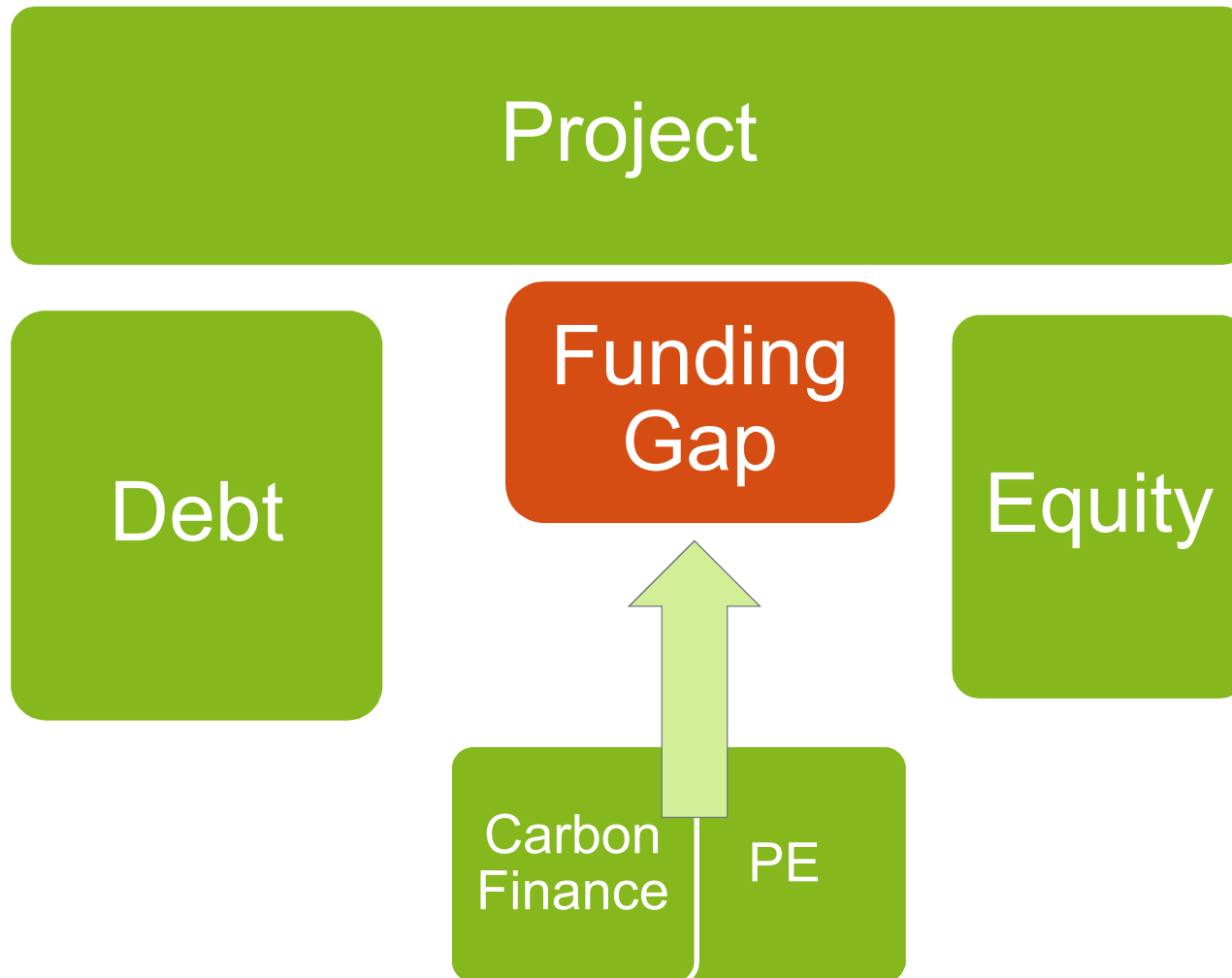
Singapore

Hanoi

Sydney

Financing Mechanisms

Financing Mechanism



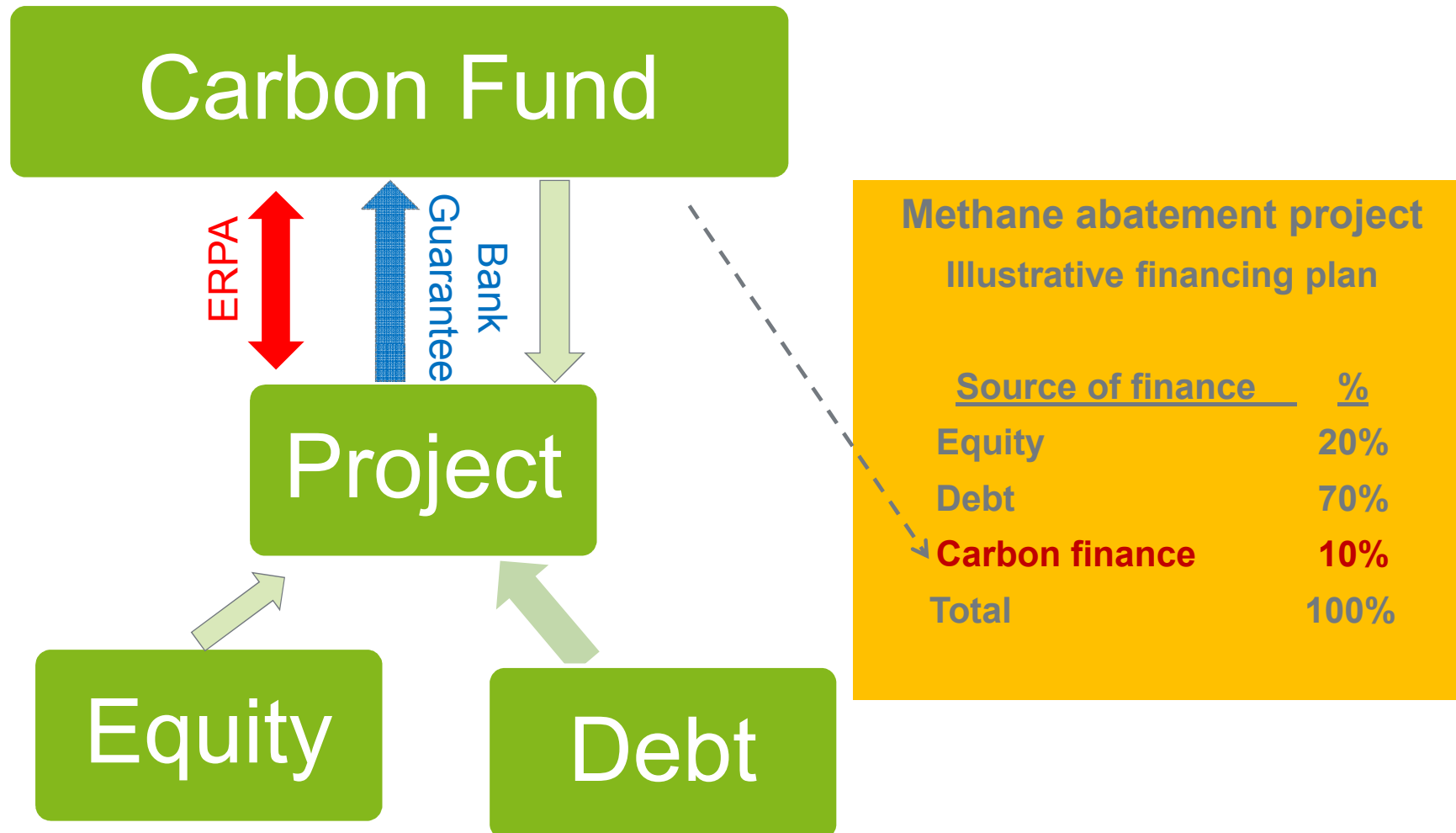
Private Equity



- Significant interest from Global PE funds to invest in clean projects especially in India and other Asian countries with supportive policies
- PE investors draw confidence from team credentials, available clearances, long term agreements and proven technology/provider
- Focus on medium to large size transactions i.e. PE \geq USD 3-4 mn, leaves out most of the projects in Agriculture sector due to small size
- Other methane projects may attract PE. However risks associated with uncertainty in methane volumes from landfills, CBM projects pose significant risks

Mechanism 1: Carbon Finance secured by Bank Guarantee

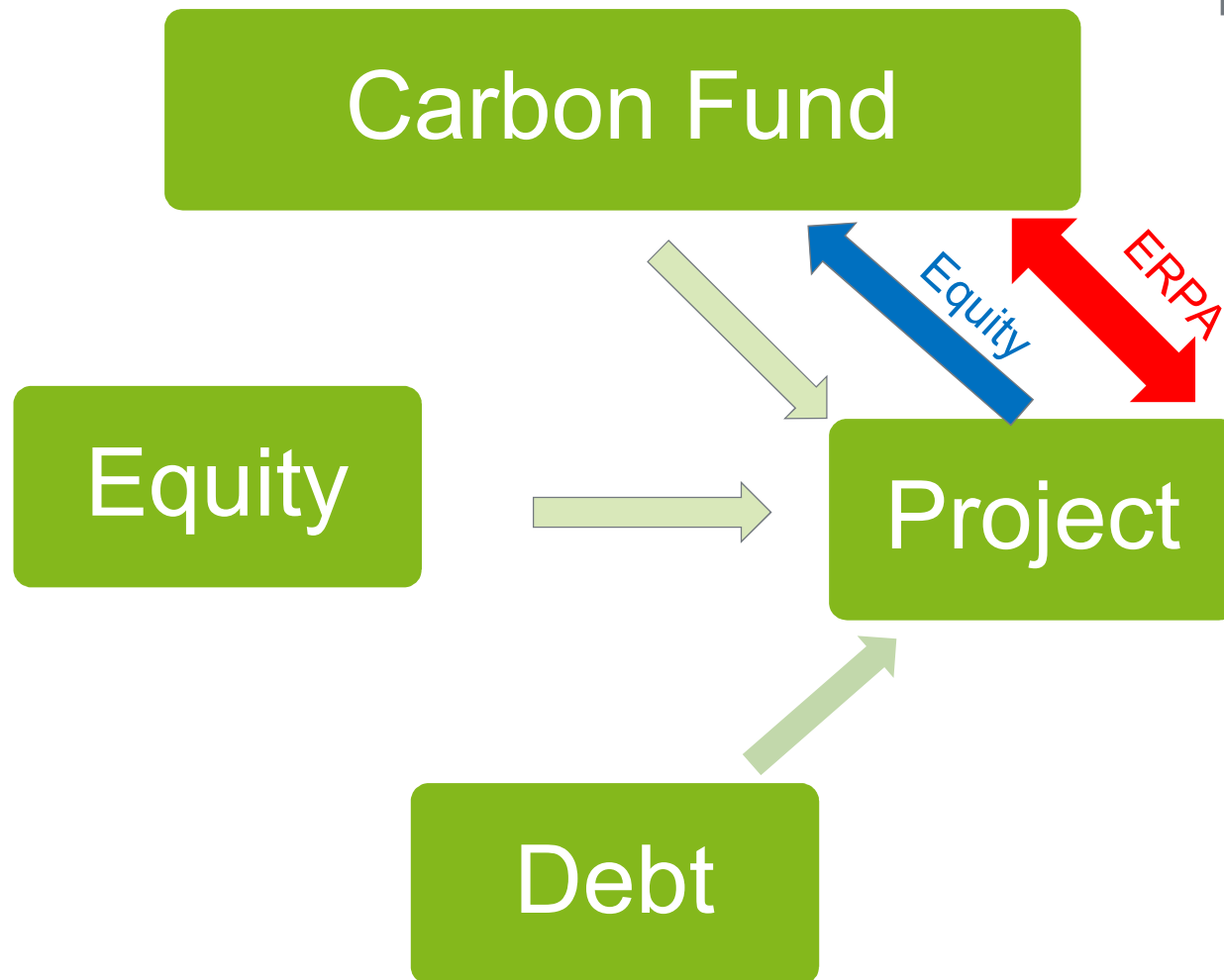
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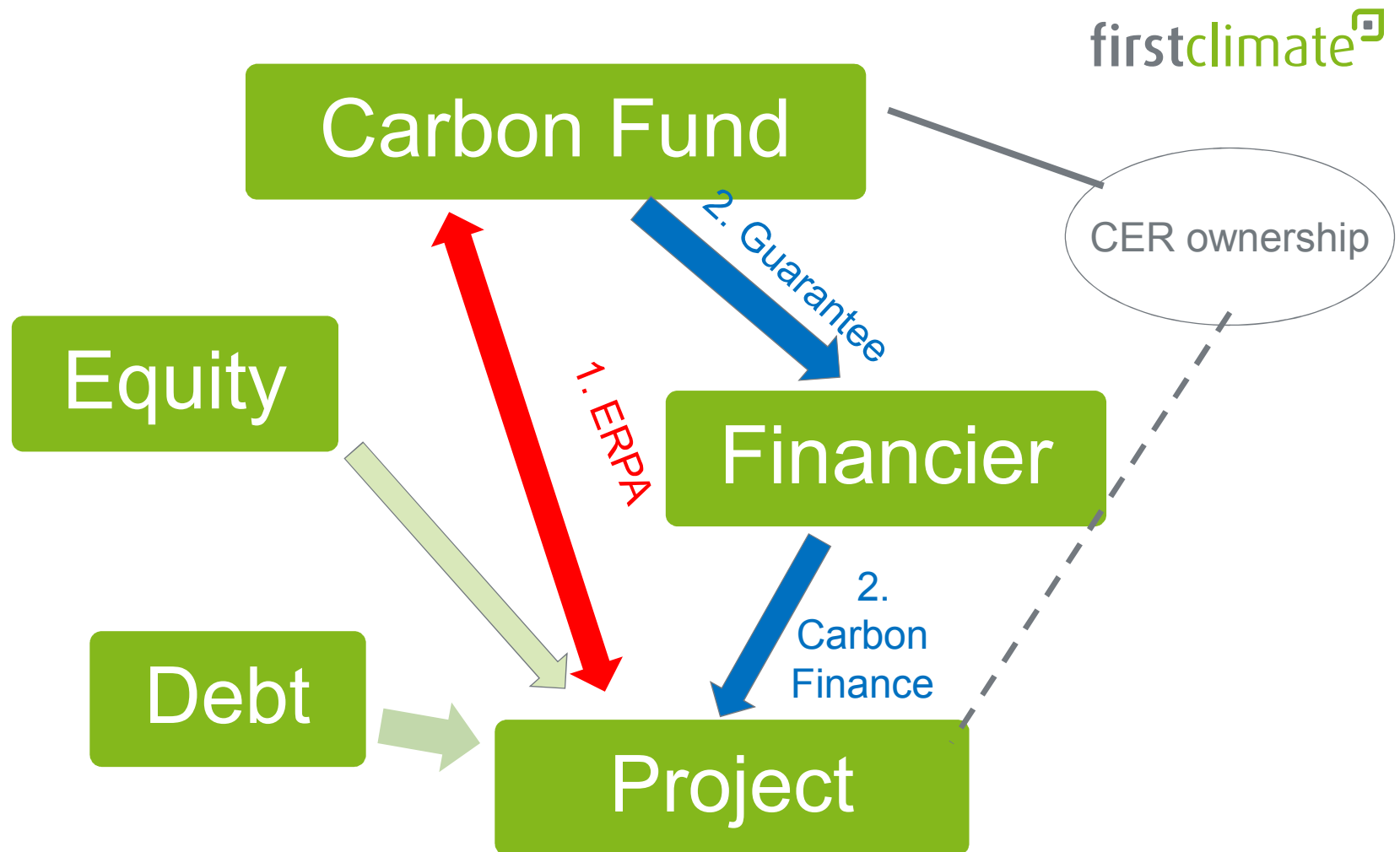
Mechanism 2: Carbon Finance secured by Equity

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Mechanism 3: Carbon Finance – Post CDM/JI registration

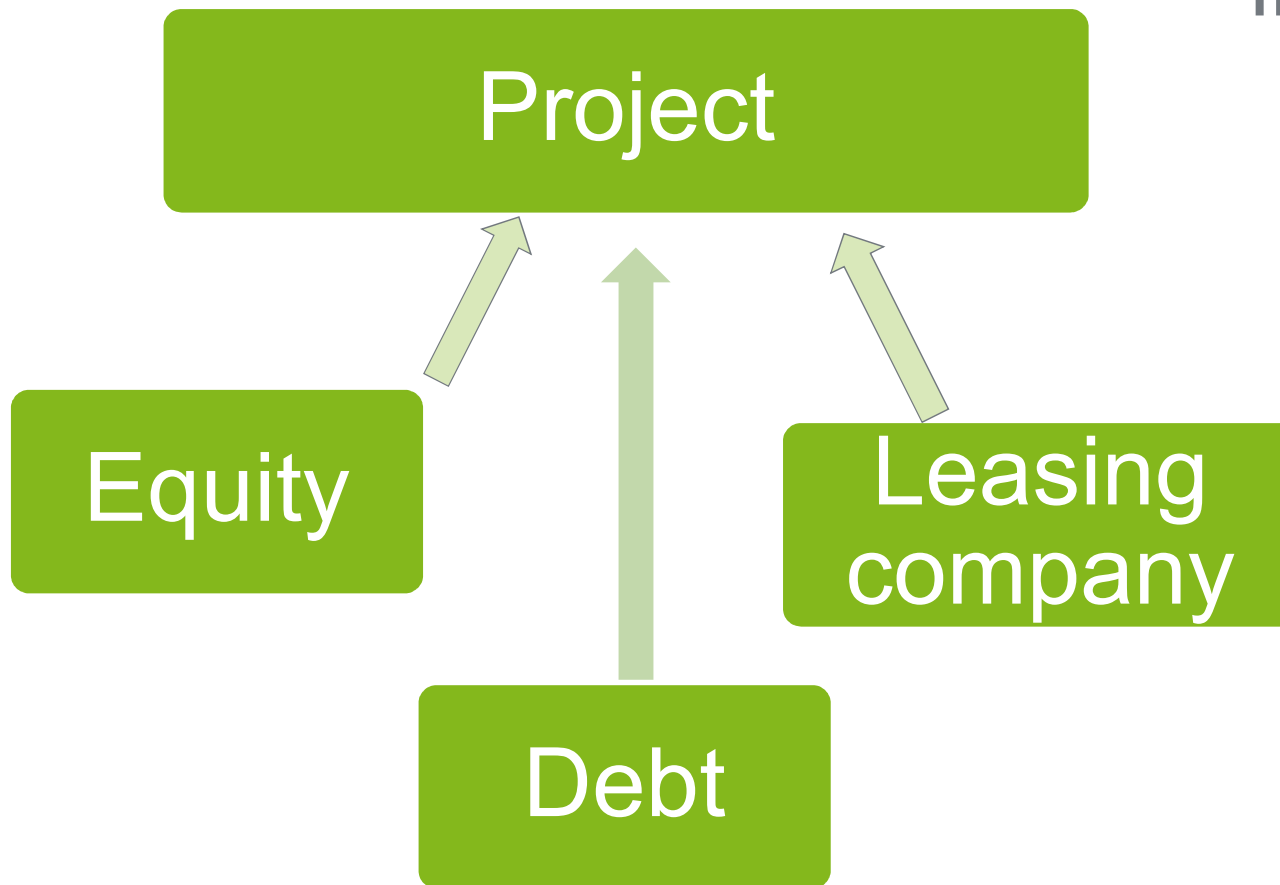


Post 2012 fund

- FC is exclusive investment advisor to Post 2012 fund
- Post-2012 Carbon Credit Fund (established by European Investment Bank, KfW, Caisse des Dépôts, Nordic Investment Bank and Instituto de Crédito Oficial)
- Euro 125 mn fund promoted by five AAA rated banks
- Purchases CERs upto 2020 **UNCONDITIONALLY**, enables project owners to hedge their Post Kyoto risks
- Post 2012 ERPA can be used to raise additional debt for CDM registered projects

Mechanism 4: Alternate Structures

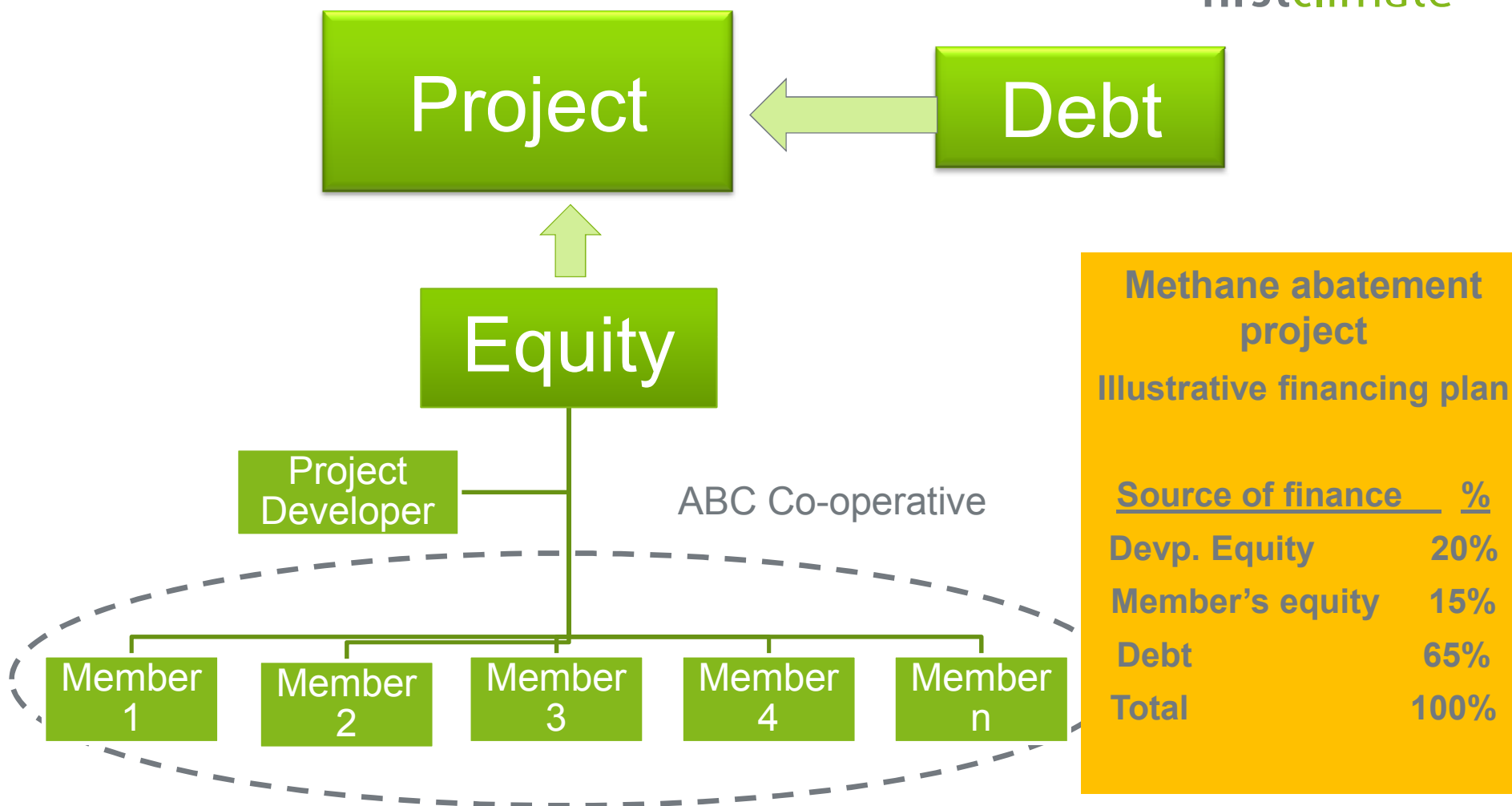
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Mechanism 5: Finance for Community based Projects

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Conclusion

- PE can be useful for large projects
- Alternate structures like leasing possible, reduce capex
- CER stream till 2020 can be utilised for raising finance
- CER stream monetisation is relatively easier post CDM registration as registration risk is eliminated
- CER stream monetisation pre-registration is complex, time consuming and expensive
- CDM registration process should be streamlined with high predictability of result to allow market participants to extend carbon finance

Thank You

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