



Unlocking the Value of Carbon Credits from CDM Projects

Methane to Markets Partnership Expo

Beijing, China

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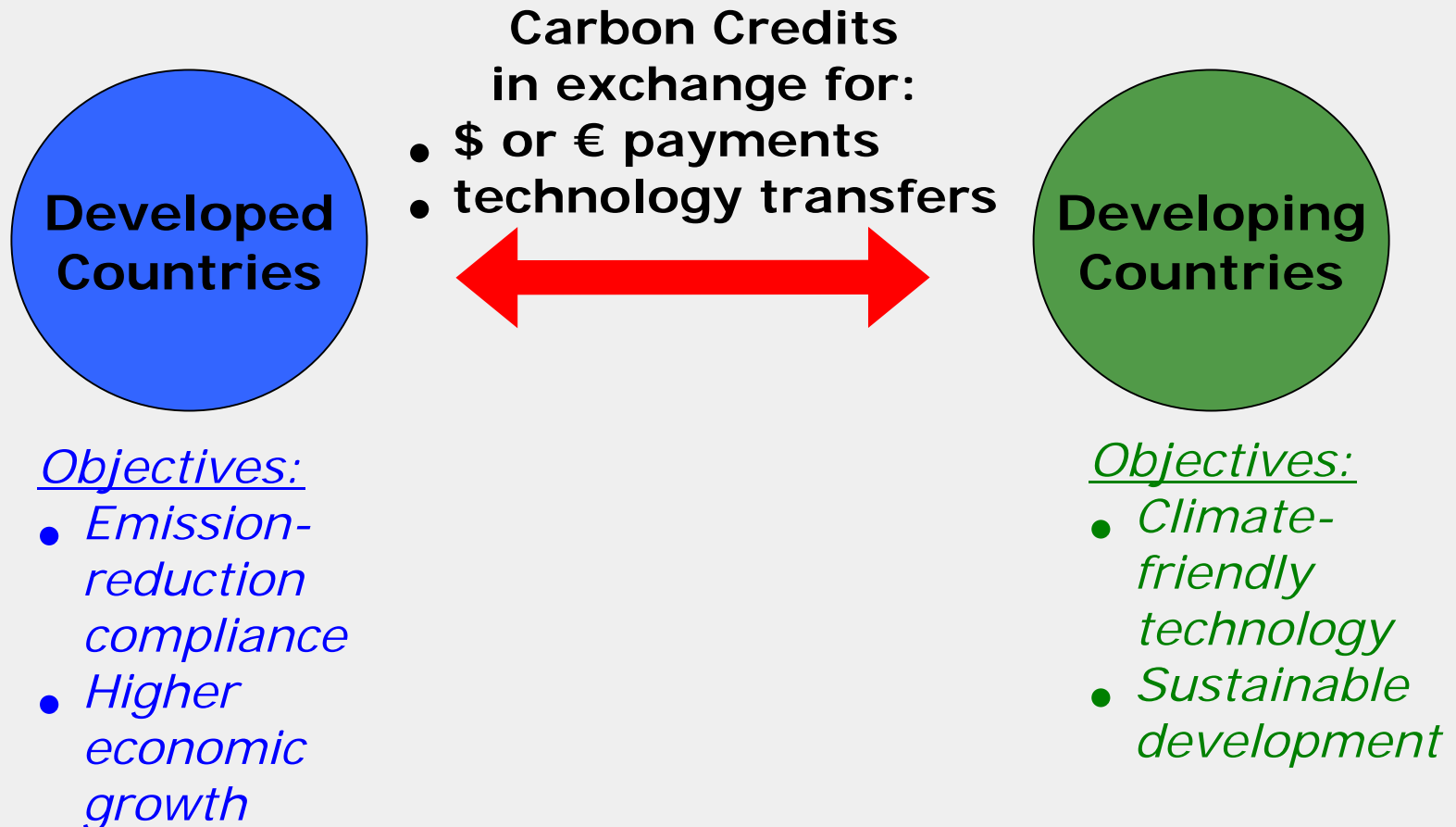


What are Carbon Credits?

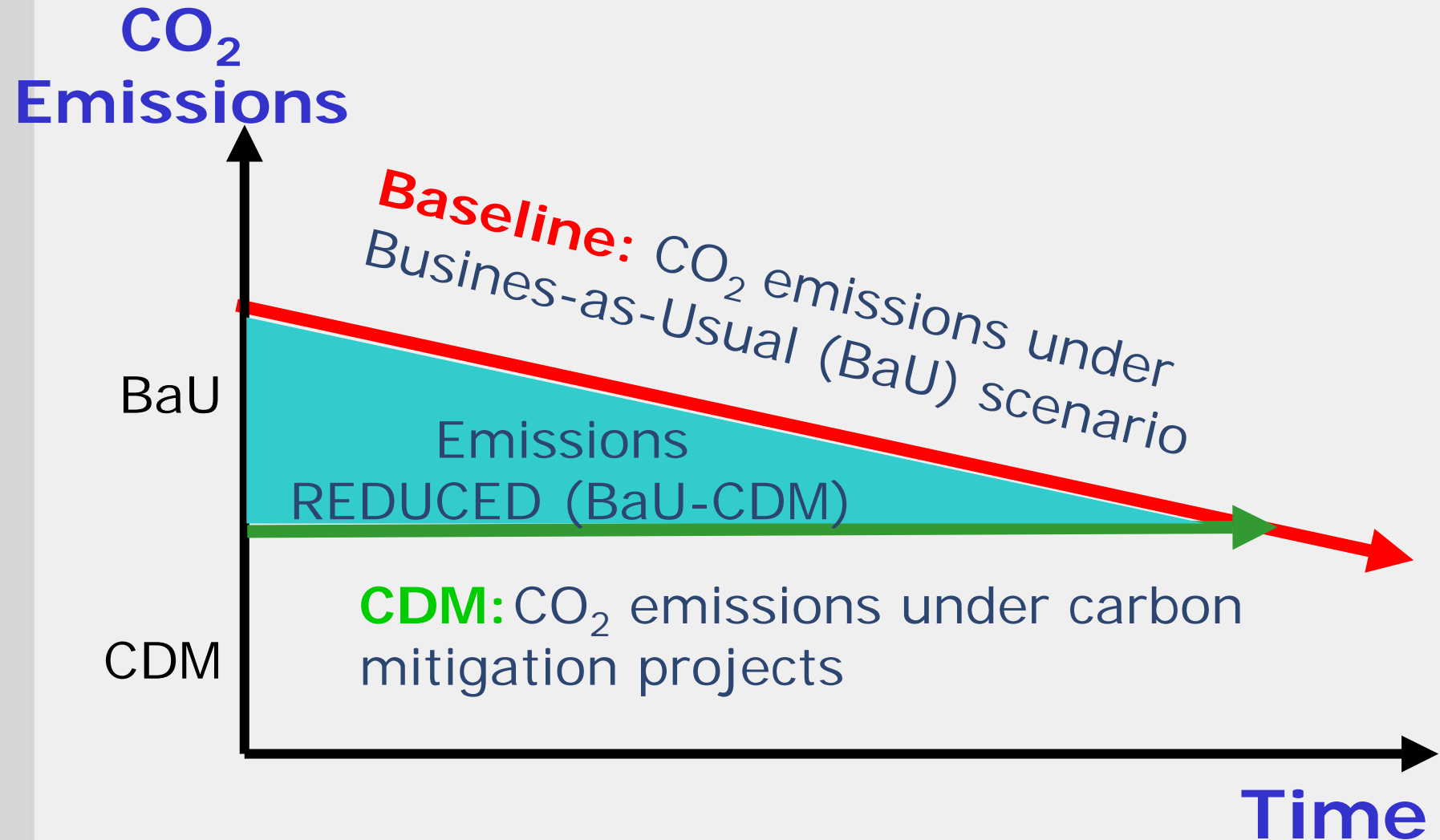
How Can Carbon Credits Finance CDM Projects?

How Does TFS Work With You?

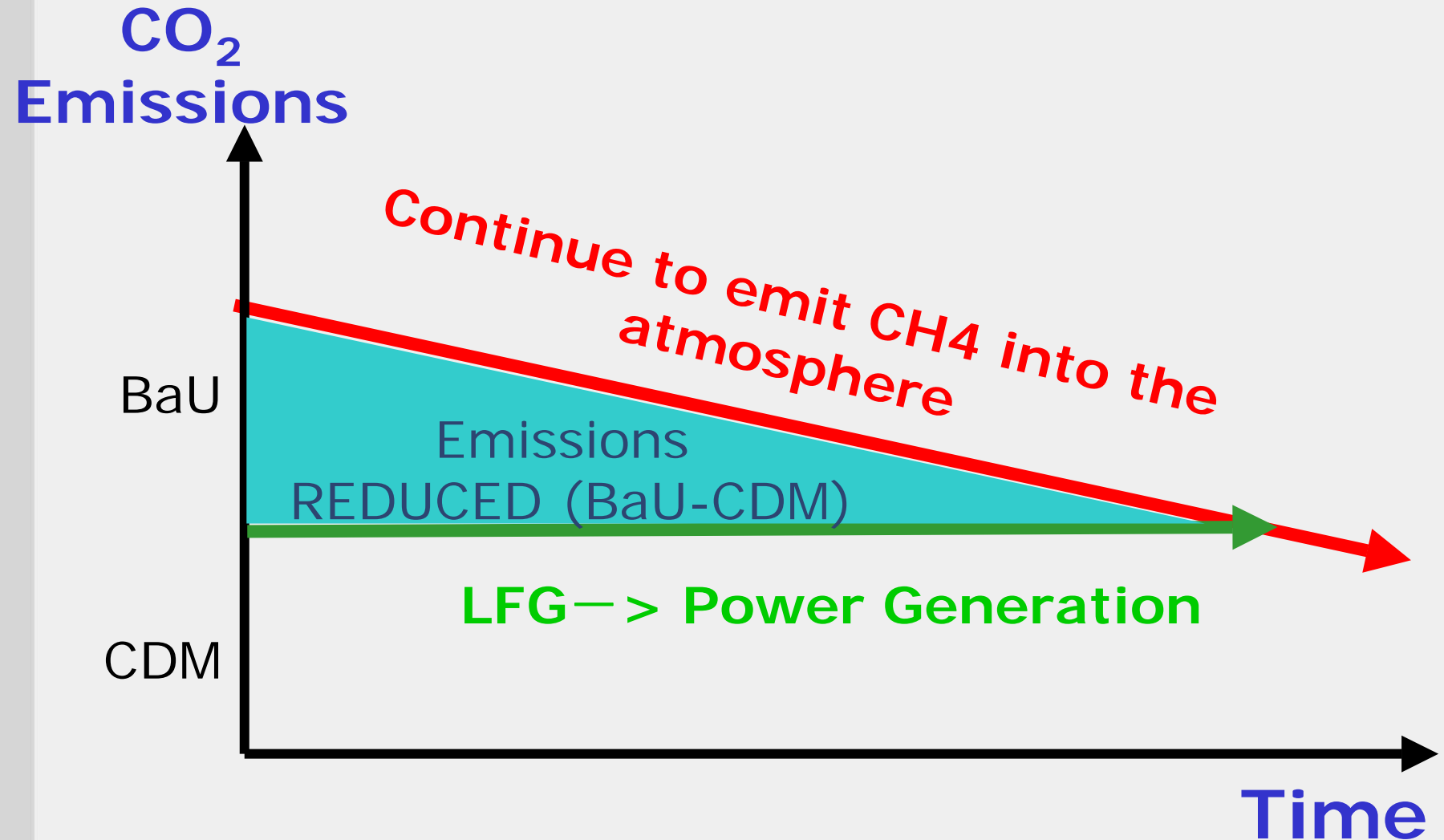
The Clean Development Mechanism (CDM)



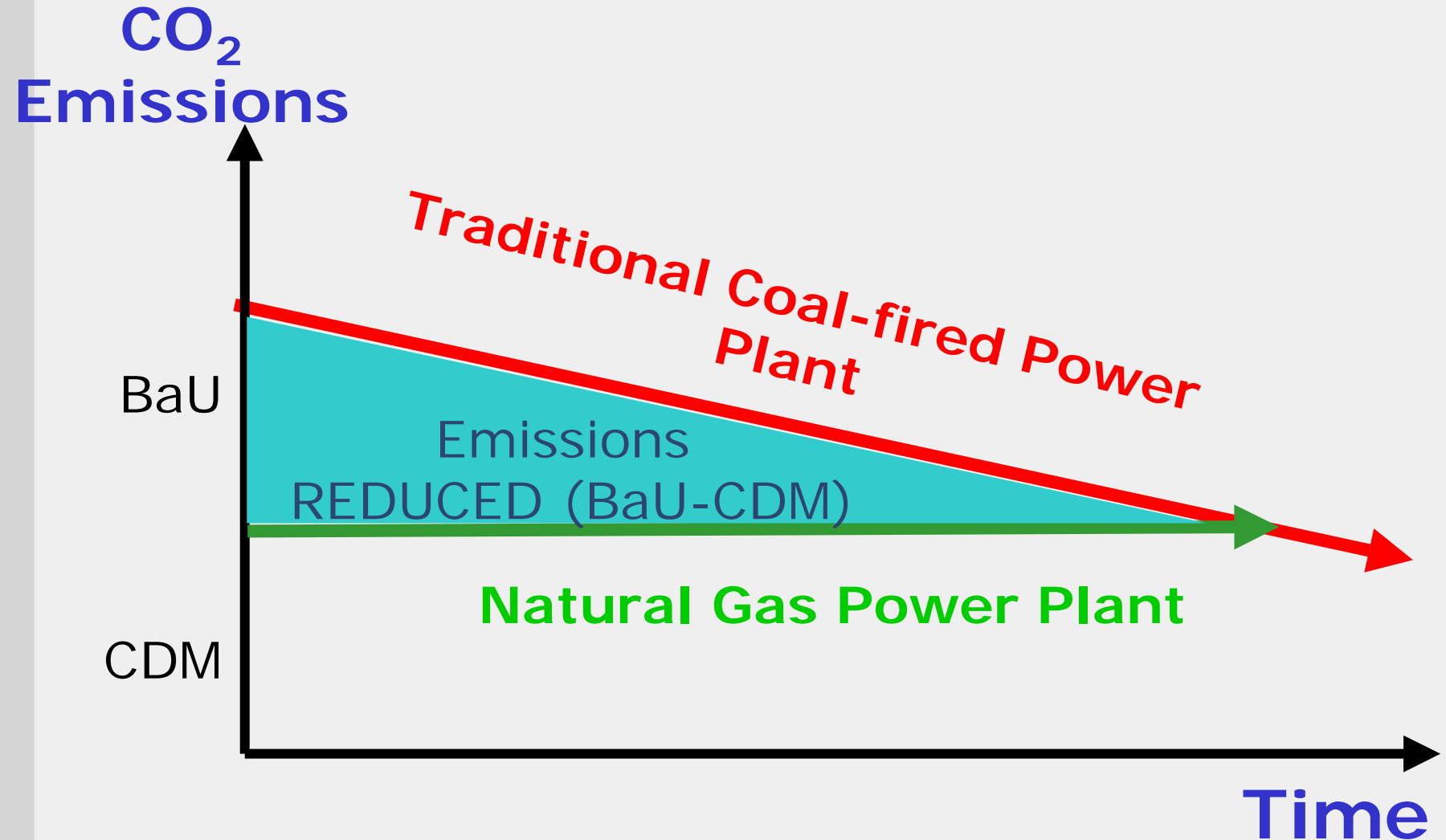
How carbon credits are formed



How carbon credits are formed (Landfill Gas Project)



How carbon credits are formed (Natural Gas Project)



Carbon credits (CERs)

1. Underlying value is **Emissions Reduced**
2. Unit of Measure: Carbon Ton Equivalent
3. Priced in **\$US or €Euros**
4. Traded due to Emission Reduction Compliance Requirements
5. Should promote **Sustainable Development**

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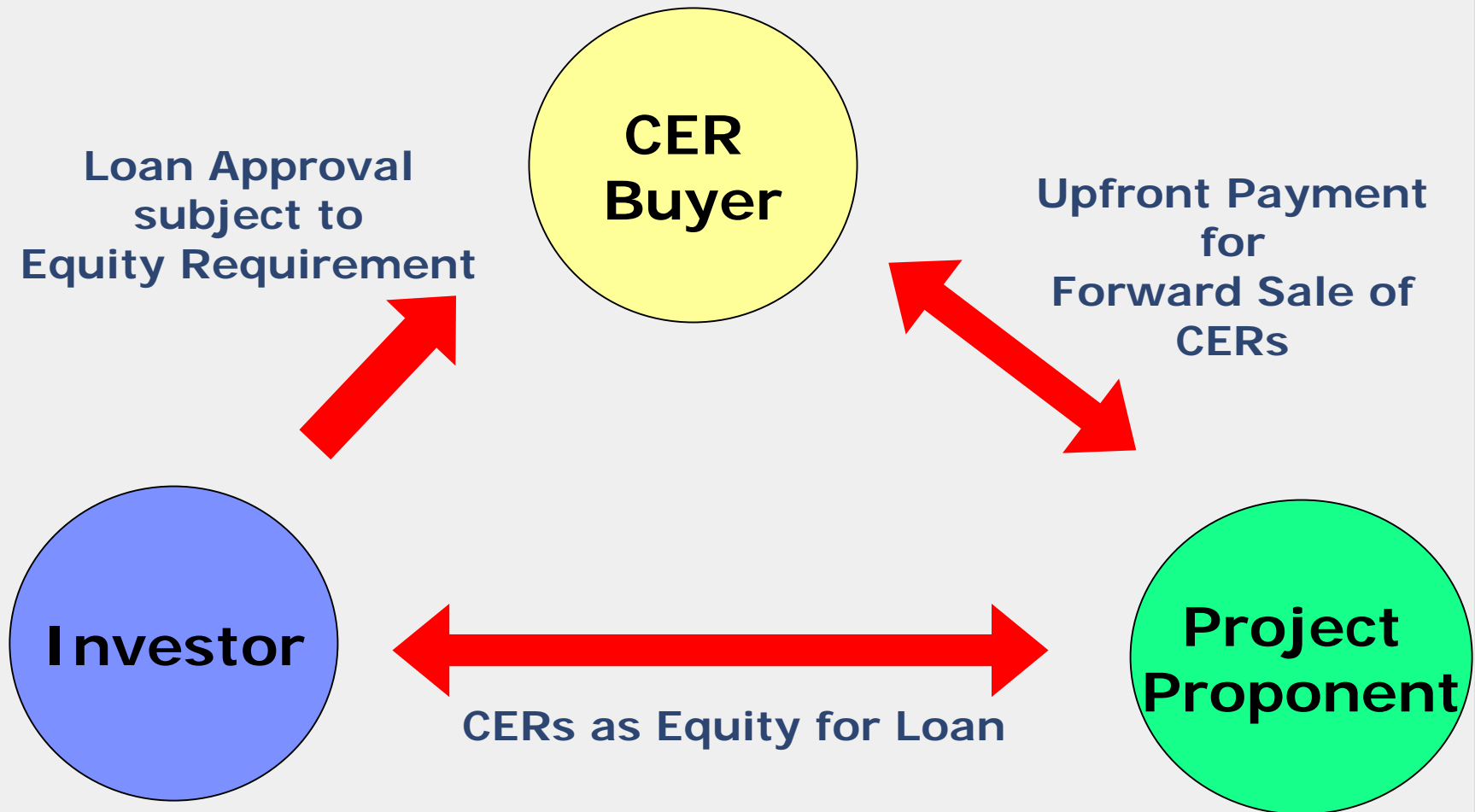
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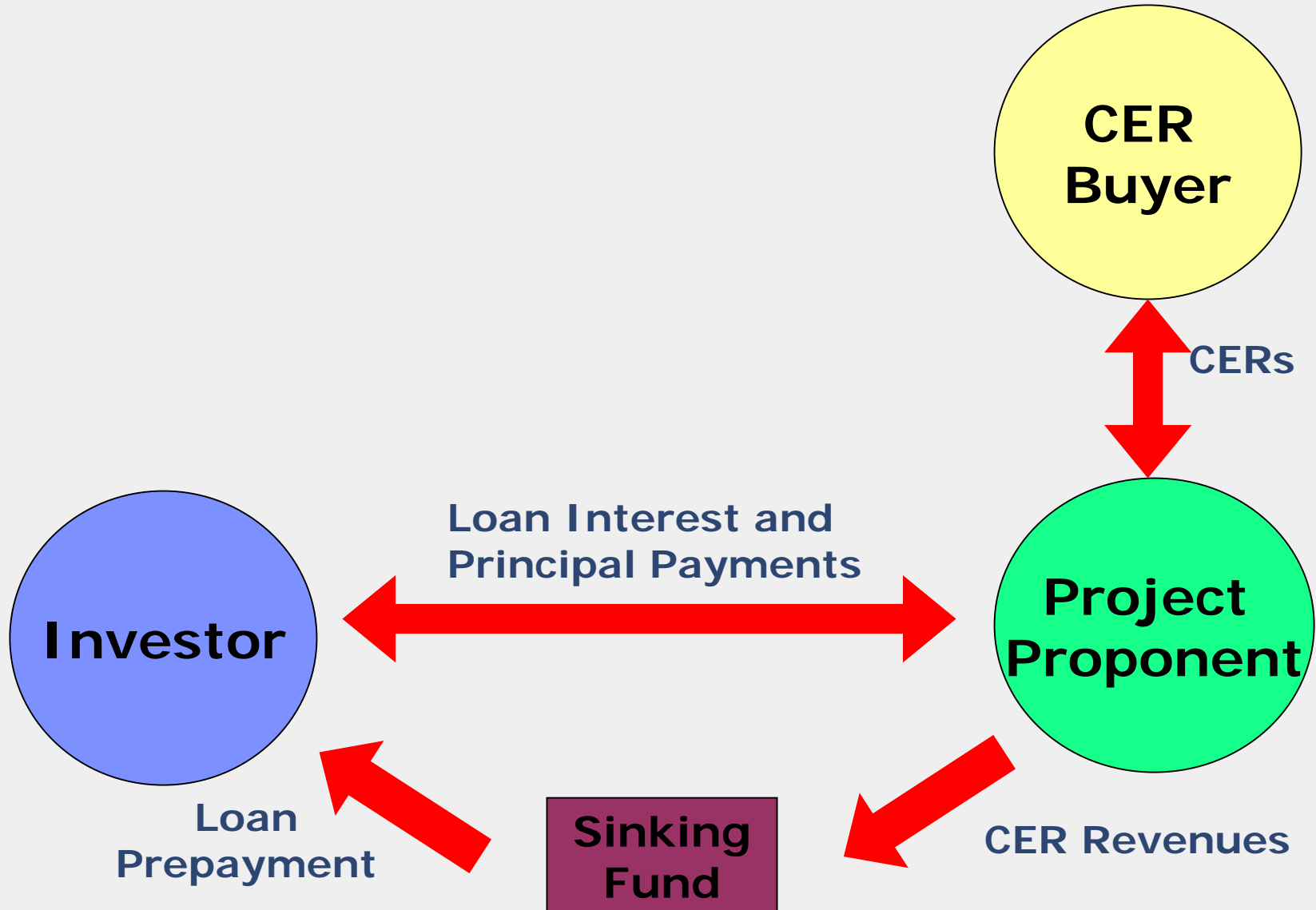
Applications of carbon revenues to traditional energy projects

- Enhancing revenues or yields
- Securing interest or principal payments
- Shortening the loan term

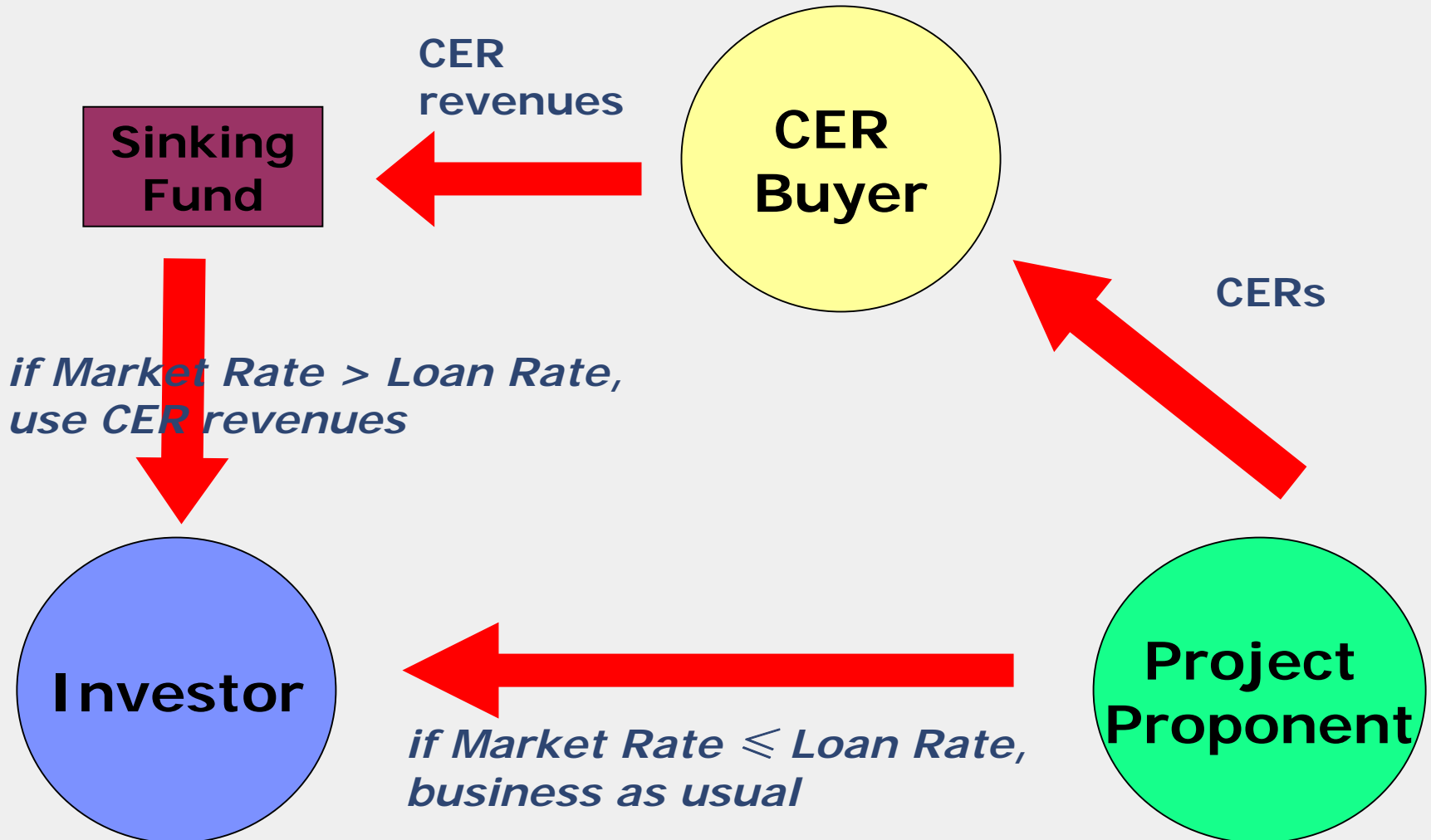
Using carbon revenues as a source of equity requirement



Using carbon revenues as a source of loan prepayments



Using carbon revenues to hedge interest rate risk



What are Carbon Credits?

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How Does TFS Work With You?

TFS is an international carbon brokerage

- Global CDM HQ is in London and New York
- CDM representatives in China, Philippines, Brazil, Australia
- TFS has supporting sister offices worldwide

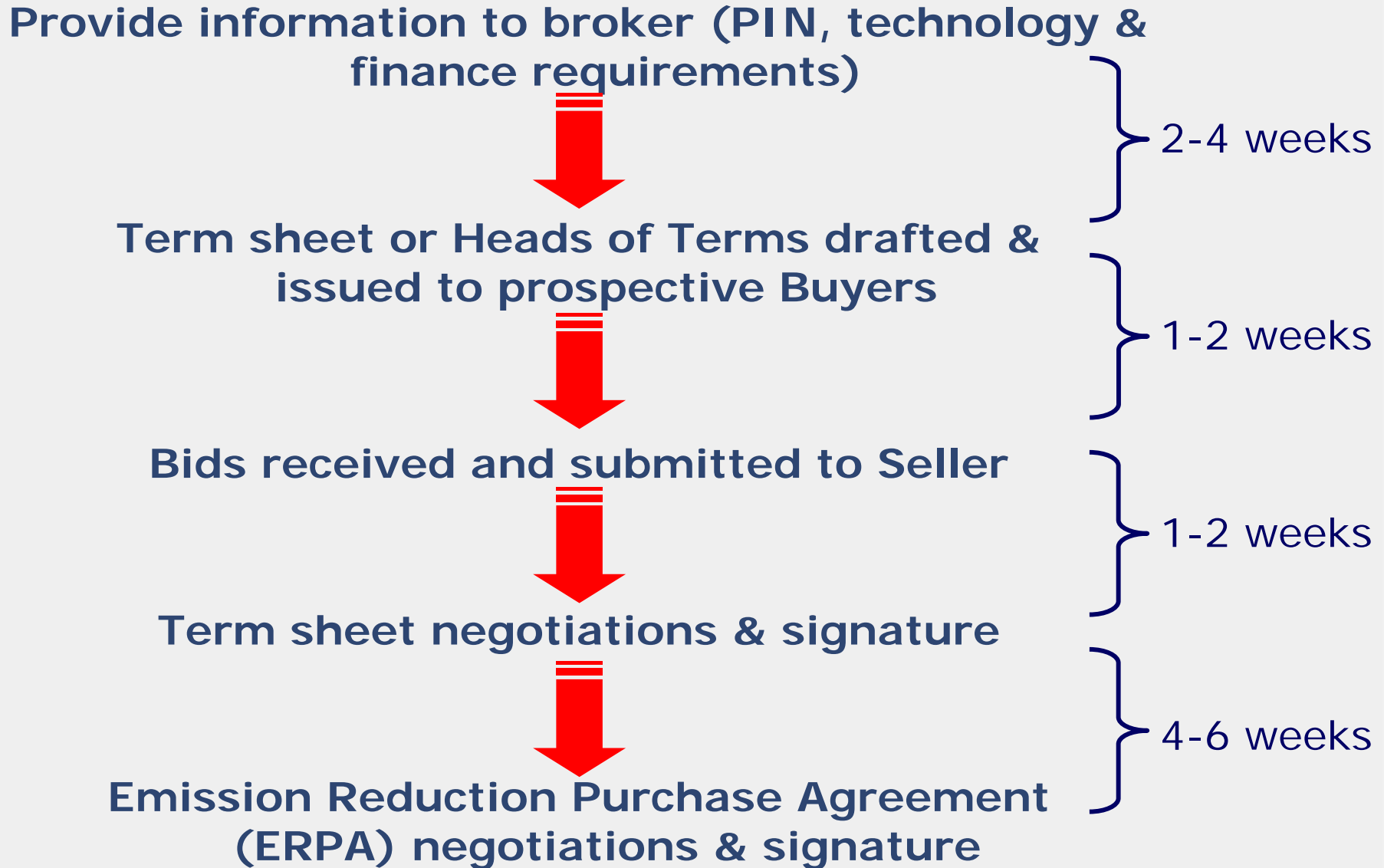


So what can TFS do to add value?

- TFS bridges the gap between Buyers and Sellers
 - providing impartial access to 100's of active participants
- Over 25 years of experience in environmental markets
- Comprehensive legal framework for transactions developed for TFS by Baker & McKenzie
- Confidential price discovery and advise on innovative structures for transactions
- 'Cradle-to-grave' service – a wide network of associates who can provide help with all aspects of project development from the outset to project completion

Access to a huge range of European, US & Japanese investors and Buyers of CERs to get the best price

Steps to selling through TFS



Getting the best out of a transaction

What steps can you take to ensure you get the best value out of your project?

Be prepared - gather as much information as possible!

Examples of transactions in China

Above 1.5 million CERs/year in China already brokered by TFS this year

Example of CDM Projects transactions in China

- ★ TFS worked with local consultants to co-ordinate transaction and Meth development of the projects
- ★ Development costs (PDD, validation, registration, verification and etc.) paid by the Buyer
- ★ Strong, credit worthy, rated Buyer
- ★ Further international cooperations

Many more contracts under negotiation in:

- *Renewable sectors*
- *MSW Incineration*
- *Cogeneration*



TFS business model

The CDM process can be overwhelming – everyone wanting to get involved...



TFS offers a service to make the process easier

- Successful 'global' brokers with expertise in CDM
 - Experienced consultants in China and Asia
 - Experienced & Efficient CDM Team for China

Thank you!

 **TFS** Tradition Financial Services



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