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Who Are These Guys?

- Brokerage, Advisory, Regulatory Assistance, Consultancy
- 60 staff … estab. 1992 (staff in the business since 1981)
- >50 Geographic Areas…9 Offices
  - New York       San Francisco       London
  - Vermont        Los Angeles        Sao Paolo
  - Houston        Mumbai             Toronto
- > $10 Billion Air Credit Transactions
  - SO2 EAs         NOx SIP Call      ERC Offsets
  - RECLAIM         HGA               DERs
  - RECs            CERs              VERs
  - ROCs            EU EAs            Wastewater
- NY NJ Port Authority
- Erasing Genesis’ footprint
- Yahoogling your way to neutrality
- Best Emissions House of the Year— *Energy Risk Magazine*
- SEC/NASD requirements “unregulated” emissions market
Take Aways…

- It’s not about the science
- All that glitters is not gold
- You’ve got company
- Knowing your CRTs
- Pricing
- Transacting
- Build a portfolio

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For a full discussion of underlying methodology, assumptions and references, please see http://www.wri.org/usclimatetargets.
Voluntary – Not Waiting

- Voluntary carbon market:
  - 2006: 24.6 MtCO2e, $4.10/tCO2e (OTC), $97 million*
  - 2007: 65 MtCO2e, $331 million (OTC $6.10, CCX $3.15/tCO2e)*
  - 2008: $705 million* (~30% US)
  - 2010: 400 MT

- Awareness and acceptance need for climate action

- Voluntary and pre-compliance markets different but merging
  - Price expectations converging
  - Methodologies converging
  - Key differences
3 Players : 1 Game

BUYERS
- Voluntary market
- Compliance sources
- Financials

REASONS
- Hedging
- Speculating
- Price volatility
- Financing
- Diversification for compliance
- Shareholder resolutions
- Profits
- Market penetration
- Customer/buyer demands
- Voluntary initiatives
Why CRTs vs …

- Quality relative to other standards
- Pricing
  - It’s not just about price
  - Relative to expected compliance costs
- Traceable to projects
- Increased chance useable in:
  - Fed Cap n Trade
  - California AB 32
- Tangible to customers
CRTs from Projects

- Landfill gas capture
- Livestock (manure management)
- Avoided conversion, reforestation, urban forestry
- More in the works
  - Organic Waste Digestion
  - Coal Mine Methane
  - Ozone Depleting Substances
  - N2O from Nitric Acid Plants
Build a Carbon Portfolio

- Inaction is reckless
- You can’t manage what you don’t measure
- Define liabilities
- Recognize your potential assets
- Take advantage of early action
- Build carbon portfolio
  - Project derived carbon
  - Co-benefits
Where There’s Chaos, There’s Opportunity

- Establish goals
- Construct control cost curve
- Reduce what you can, offset the rest
- Determine credit type (CRT, CCX, VCS, GS, RGGI, CER)
- Establish price and quantity
- Define payment terms and delivery mechanism
- Create competitive market
- Secure due diligence for projects
- Close the deal
- Transfer CRTs
- Retire----Re-Sell---?
- Lets talk about it…or not
What’s the Right Price?

- $1,500,000/tpy - SCAQMD PM10
- $150 - $200/ton tax by 2050**
- $44/tone EUAs (4/06)
- $25/tone Oz fine/cap
- $20/tonne CERs (7/09)
- $15/tonne – CBO 2012
- $14-25/ton - ConocoPhillips
- $10/tonne – W-M Floor Price
- $8.50/tonne CCAR trade (3/09)
- $8.00/tonne - CRT offer 09 – 12 strip (7/09)
- $7.25/tonne CRT bid 09 – 12 strip (7/09)
- $3.23/ton - RGGI Auction (6/09)
- $3.15/ton – RGGI bid (6/09)
- $1 - $3/tonne – Exchange
- $0.14/tonne EUAs (9/07)

http://stephenschneider.stanford.edu/Publications/PDF_Papers/Schneider-lane.pdf (Mastrandrea and Schneider - 70% reduction from 1990)
And the Survey Says

Expected Future CO2e Prices ($/tonne)

www.emissionstrading.com
CantorCO2e Greenhouse Services

- Transactions
- Project financing
- Market analysis
- Methodology development
- Project screening, feasibility assessments
- Project documentation development
- Coordination and management of approvals processes
- Technology advice
- Equity investment fund advice
- Investor project introductions
- Business strategy consulting
- Green product marketing
- Corporate greening
- Policy consulting
Some of the Companies We Keep…
What Our Clients Say

"Cantor Fitzgerald delivers on their promises. In a difficult market, Cantor exceeded our expectations by structuring an innovative deal that generated more than $4.6 million for KCS. We will be back."

Bill Hahne, President, KCS Energy

“Cantor Fitzgerald’s knowledge of rules and the various programs make them a valuable resource when we are planning our compliance strategies; something we do not usually have available to us from other emissions brokers. Their efforts to promote market neutrality and promote confidential, objective trades are unmatched.”

Craig S. Campbell, VP Environment, Lafarge North America, Inc.

"Throughout my dealings with Cantor Fitzgerald, I have found their services to be exemplary. Whether they are acting as intermediary in a transaction or assisting with the execution of agreements and clearing of emission trades, their work is always of the highest order."

Brian Bales, VP Corporate Development, Republic Industries
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