



Environmental Instruments: Creating a new asset class

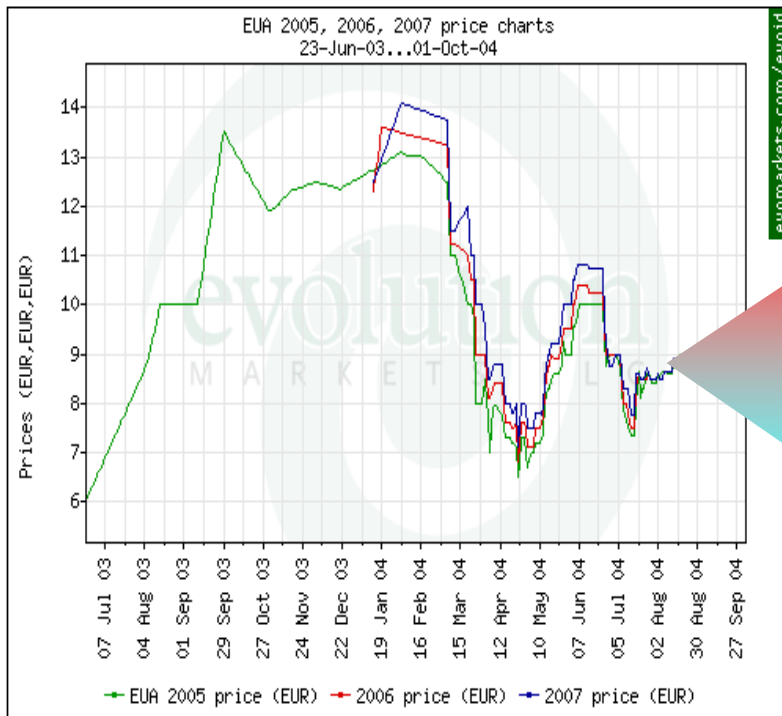
Moderator's Remarks
SEFI Roundtable, New York, 27 October 2005

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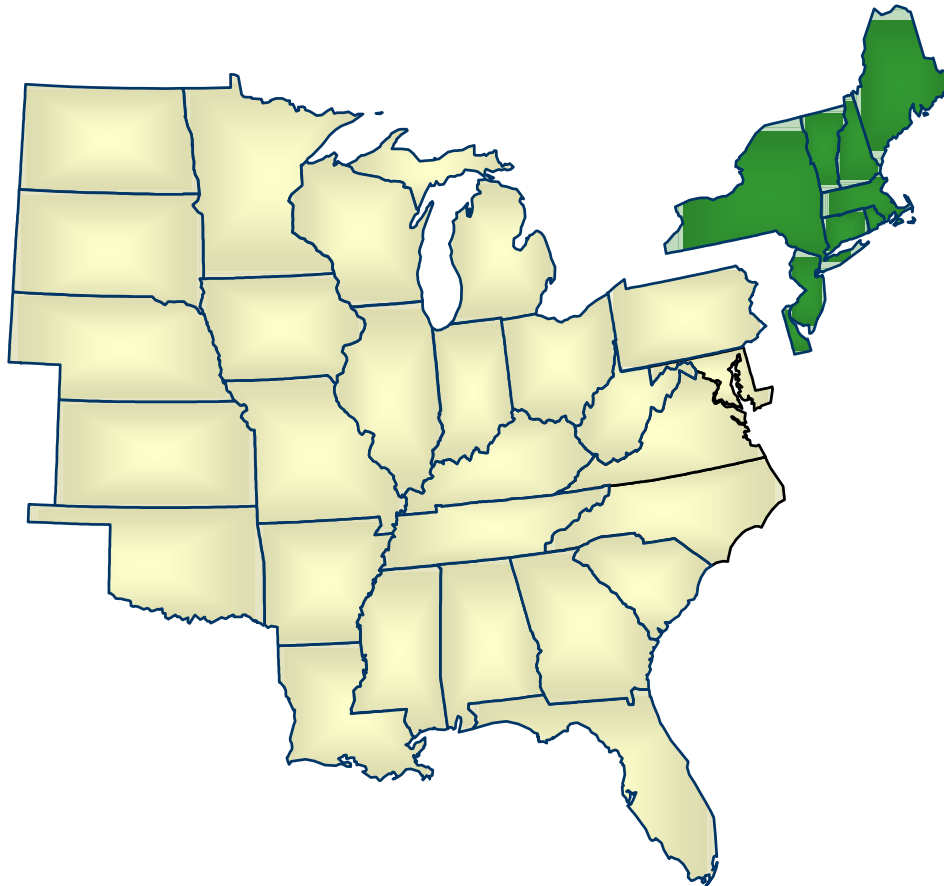
1. Carbon Markets
2. Renewable Energy Instruments
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EU ETS: it should not be a surprise that EUA price has been subject to significant swings



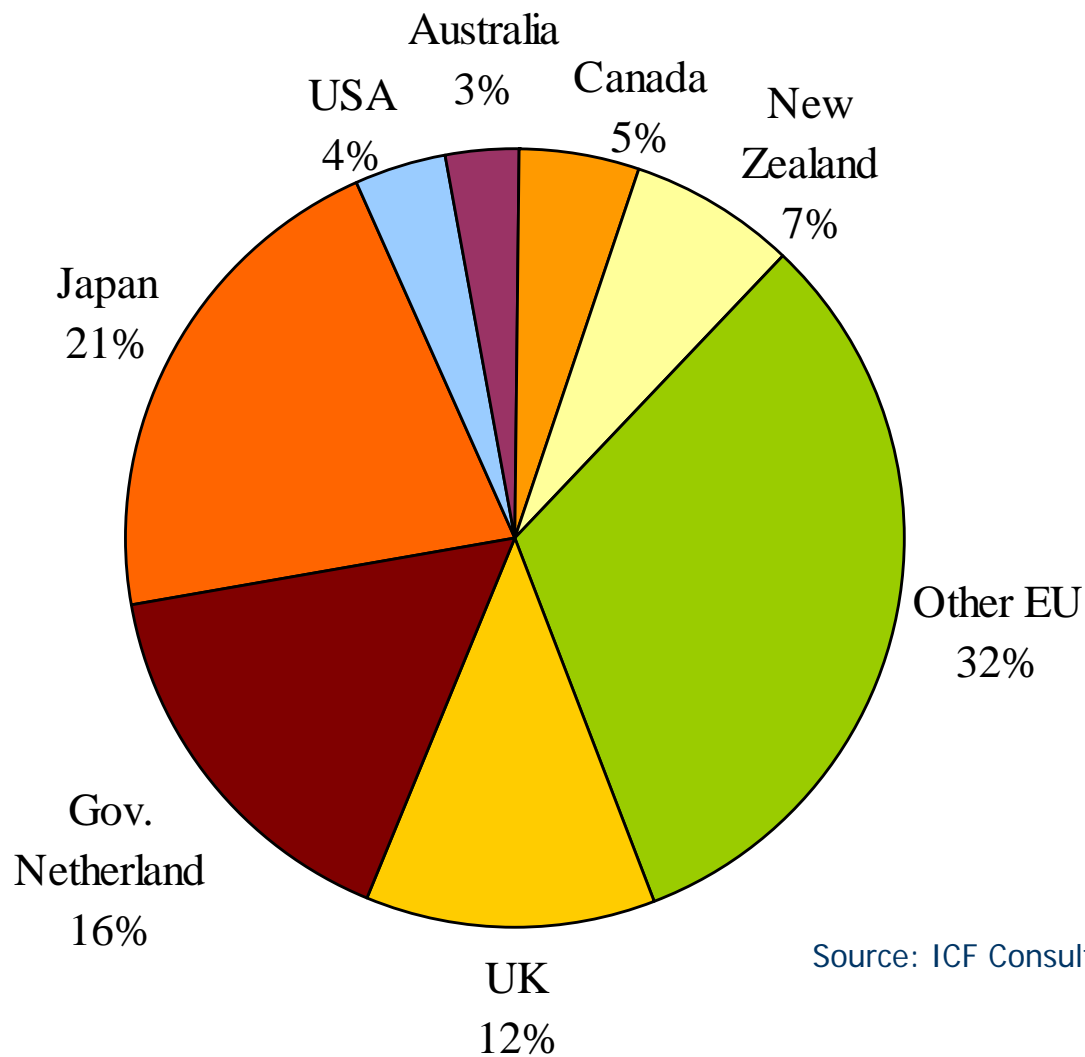
Relative price of gas and coal	<i>low</i>	<i>high</i>
Hydro, nuclear and renewable plant output	<i>high</i>	<i>low</i>
High electricity demand	<i>low</i>	<i>high</i>
CDM imports into ETS	<i>high</i>	<i>low</i>
Resulting EUA Price	Low	High

US Regional Greenhouse Gas Initiative



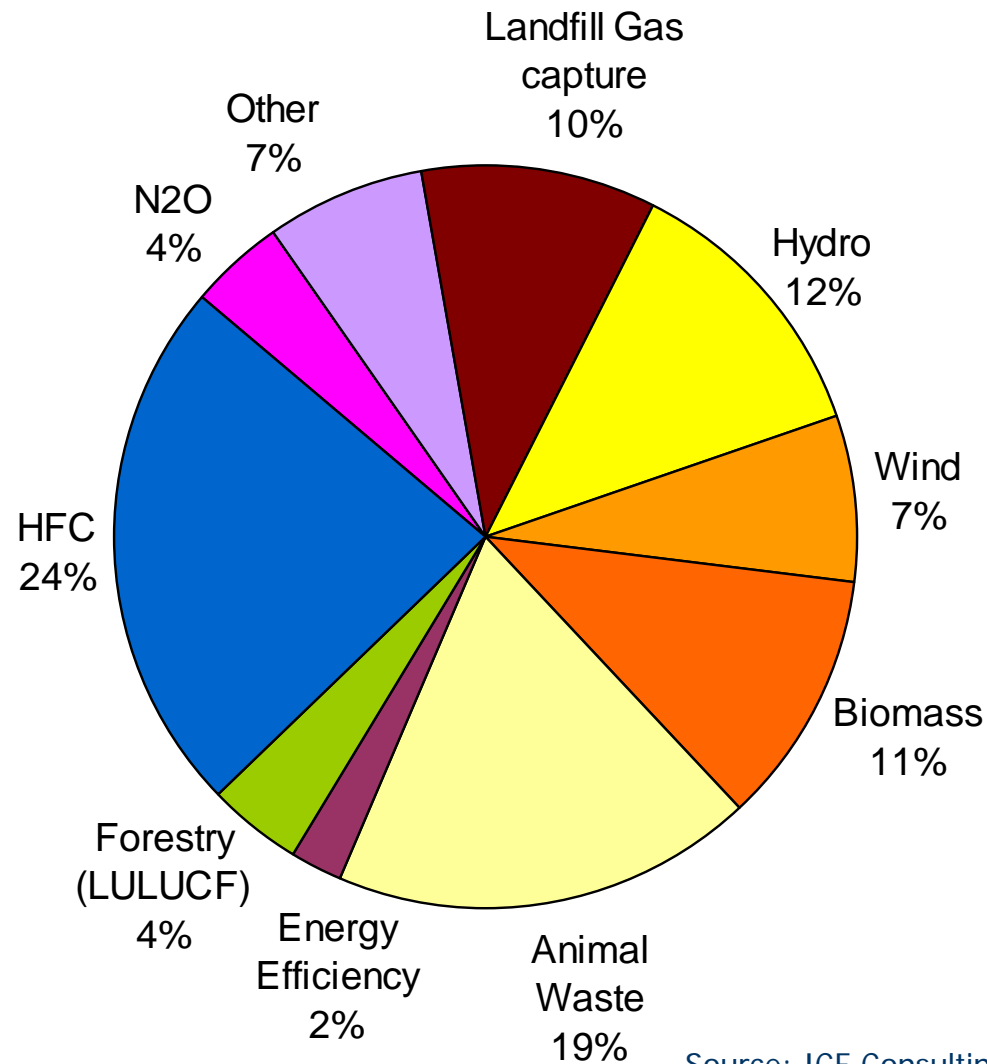
- The RGGI process involves 9 states, covering New England, New York and the eastern part of PJM (NJ and DE).
- The goal of the initiative is to produce a model rule that individual states could adopt to implement a CO₂ reduction target for the electric sector and an MOU to define participation in a regional allowance market.
- ICF Consulting is performing the electric sector analysis.

Buyers of Carbon Credits 2004-05



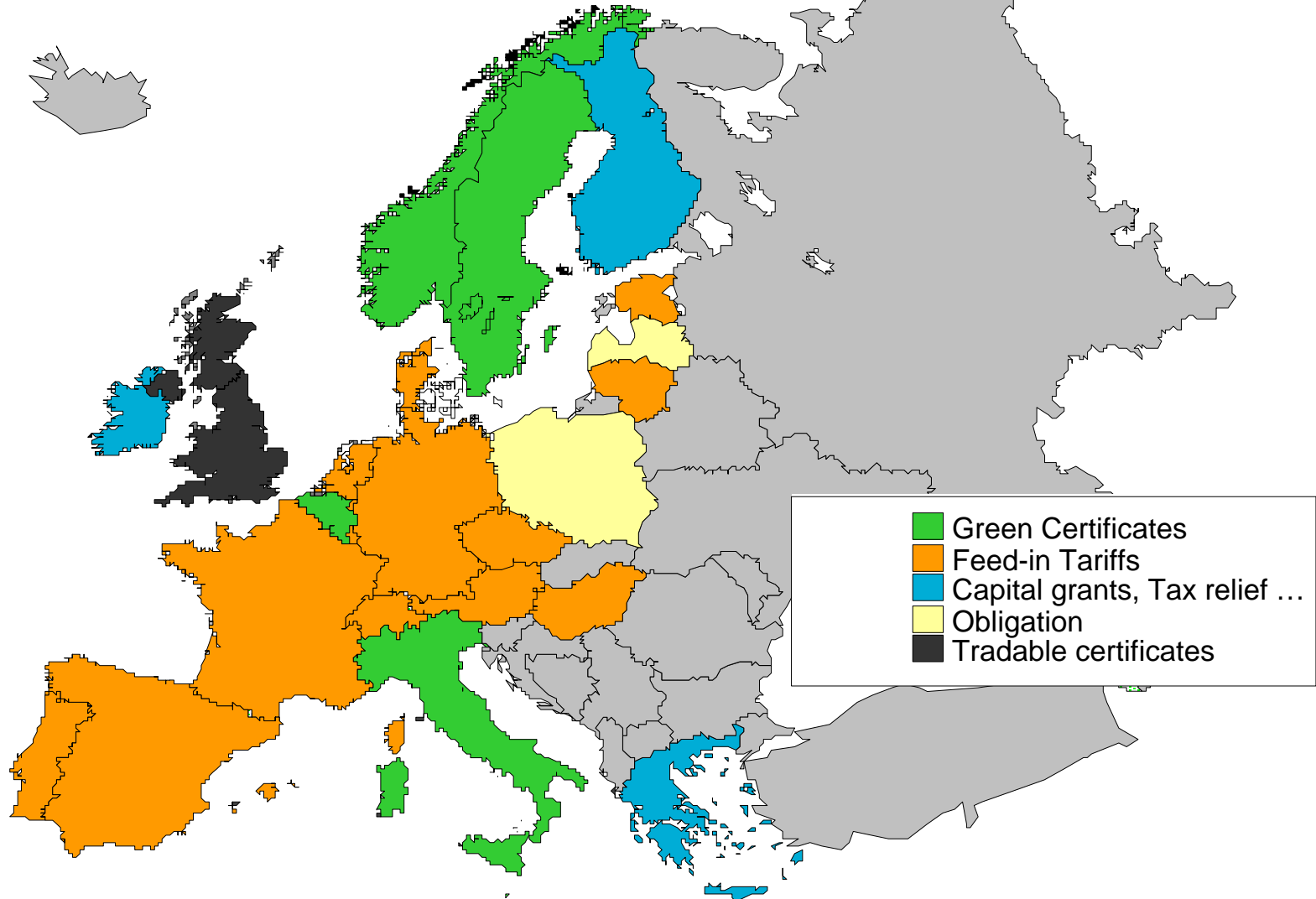
Source: ICF Consulting, World Bank 2005

Carbon Credits by Technology Type 2004-05

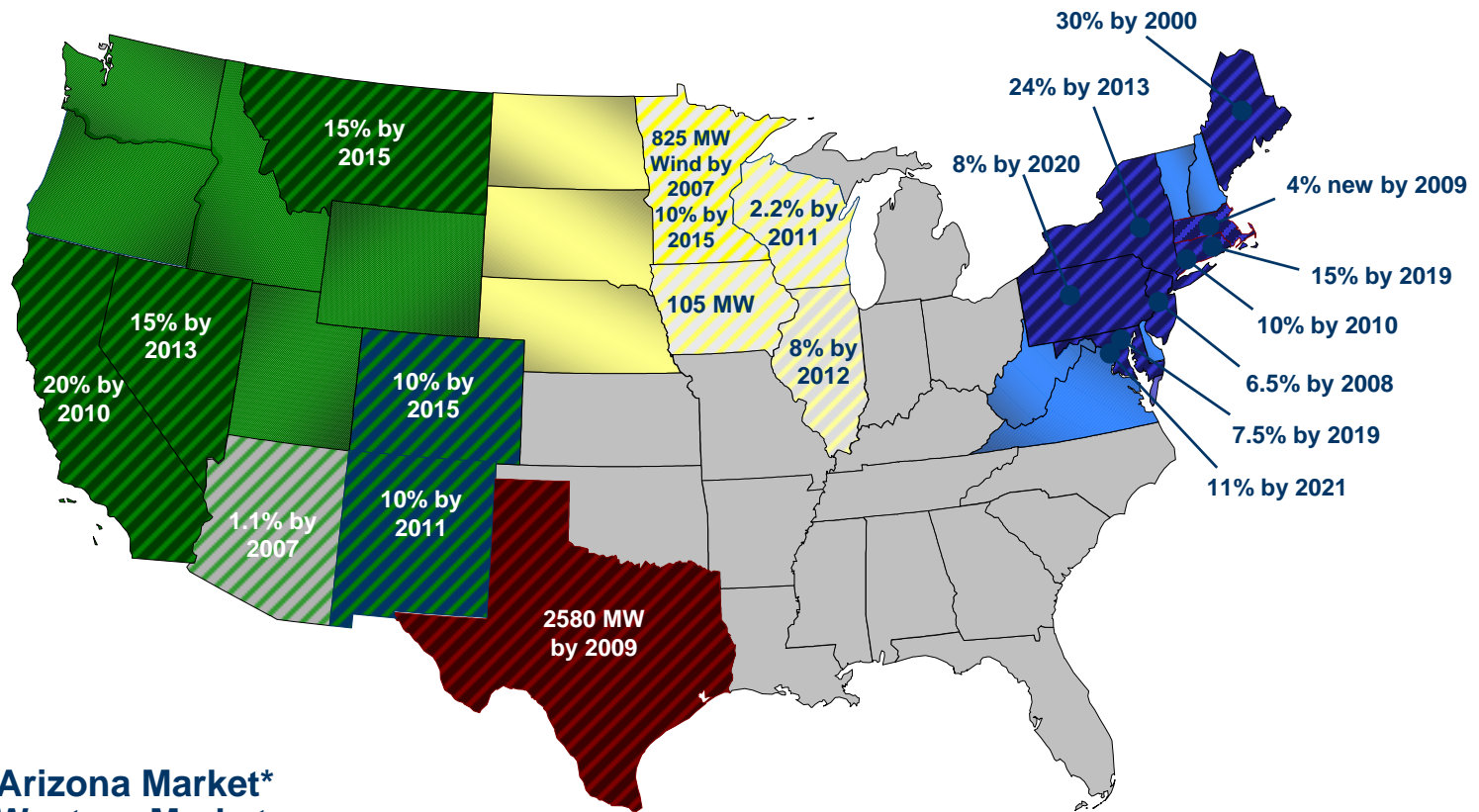


Source: ICF Consulting, World Bank 2005

EU Renewable Energy Instruments



US Regional Renewable Markets



-  Arizona Market*
-  Western Market
-  Upper Midwest Market
-  Texas Market
-  Northeast Market

*Arizona may export but not import RECs to/from other states.

Roundtable Discussion



1. Chris Rowland, Dresdner Kleinwort Wasserstein
2. Jack Cogen, Natsource
3. James Cameron, Climate Change Capital
4. Takashi Hongo, JBIC



For More Information

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Leading Advisor to the Carbon Markets



Highlights of Experience

- ICF Consulting has more than 18 years expertise advising governments and companies on climate change
- Market-leading expertise in energy and climate change; supported valuation of more than 100 GW in past 3 years
- Provided policy advice to more than 60 governments
- Providing strategy advice to more than 50 companies in the Global FT500
- Over 230 professionals with climate-related expertise out of total staff of 1,500 in London, Brussels, Moscow, Toronto, New Delhi, Rio de Janeiro, and across the USA

Challenges

- Different policy approaches being taken in different countries; many companies have assets in multiple regions
- Reducing emissions in a cost-effective manner is a major business and policy challenge
- Long-term adjustment to low-carbon technologies is required to achieve quantum reductions in emissions

Solutions

- ICF has pioneered innovative services for its clients to help assess risks and opportunities posed by carbon constraints
- Development of climate strategies aligned with key corporate drivers
- Helping companies assess their operations, products, and reputation value-at-stake under carbon constraints
- Risk management services to help prepare companies participate in emissions trading market
- Identification of new climate-friendly products and services
- Design of projects to reduce emissions (CDM & JI) and due diligence of proposed projects

More than 35 years international experience advising clients in the energy markets



Asset Acquisition & Deployment

- Wholesale power market and renewables energy analysis
- Fuel market analysis
- Transmission and interconnection assessment
- Asset valuation
- Due diligence
- Asset & portfolio optimisation

Emissions and Climate Change Management

- Regulatory analysis
- Value-at-risk analysis
- Project-based emissions reductions
- Emissions trading support

Helping clients obtain maximum value from their energy market assets in Americas, Europe, and Asia

Network Analysis

- Regulatory strategy
- Network benchmarking
- Network valuation
- Value of transmission

Other Services

- Energy efficiency
- Economic analysis for the global water markets
- Economic & community development
- Transport sector economics and policy
- Emergency management

Sample ICF Energy Engagements

