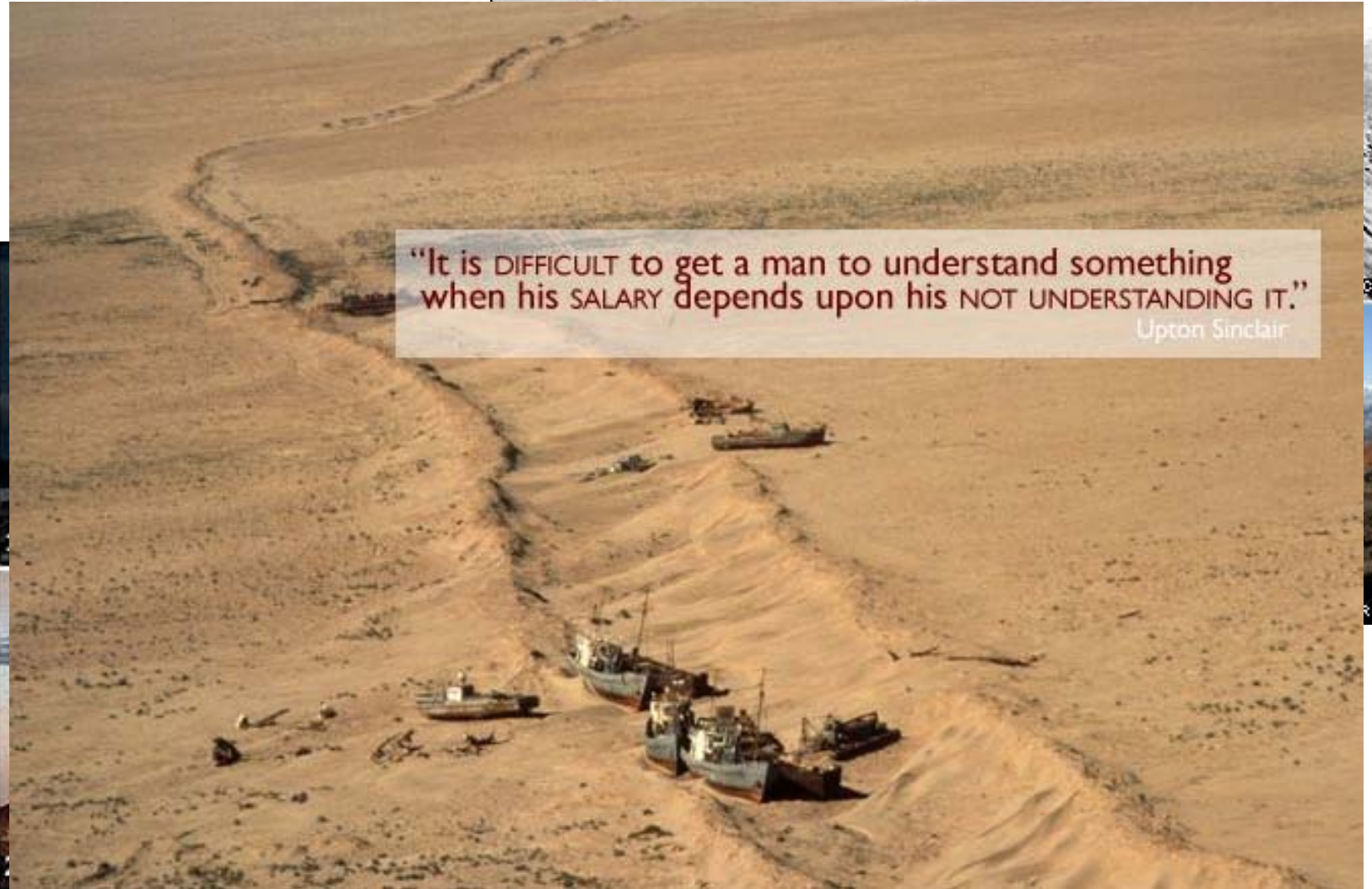




The BI Reality of Climate Change

Conrad Bates | C3 Business Solutions

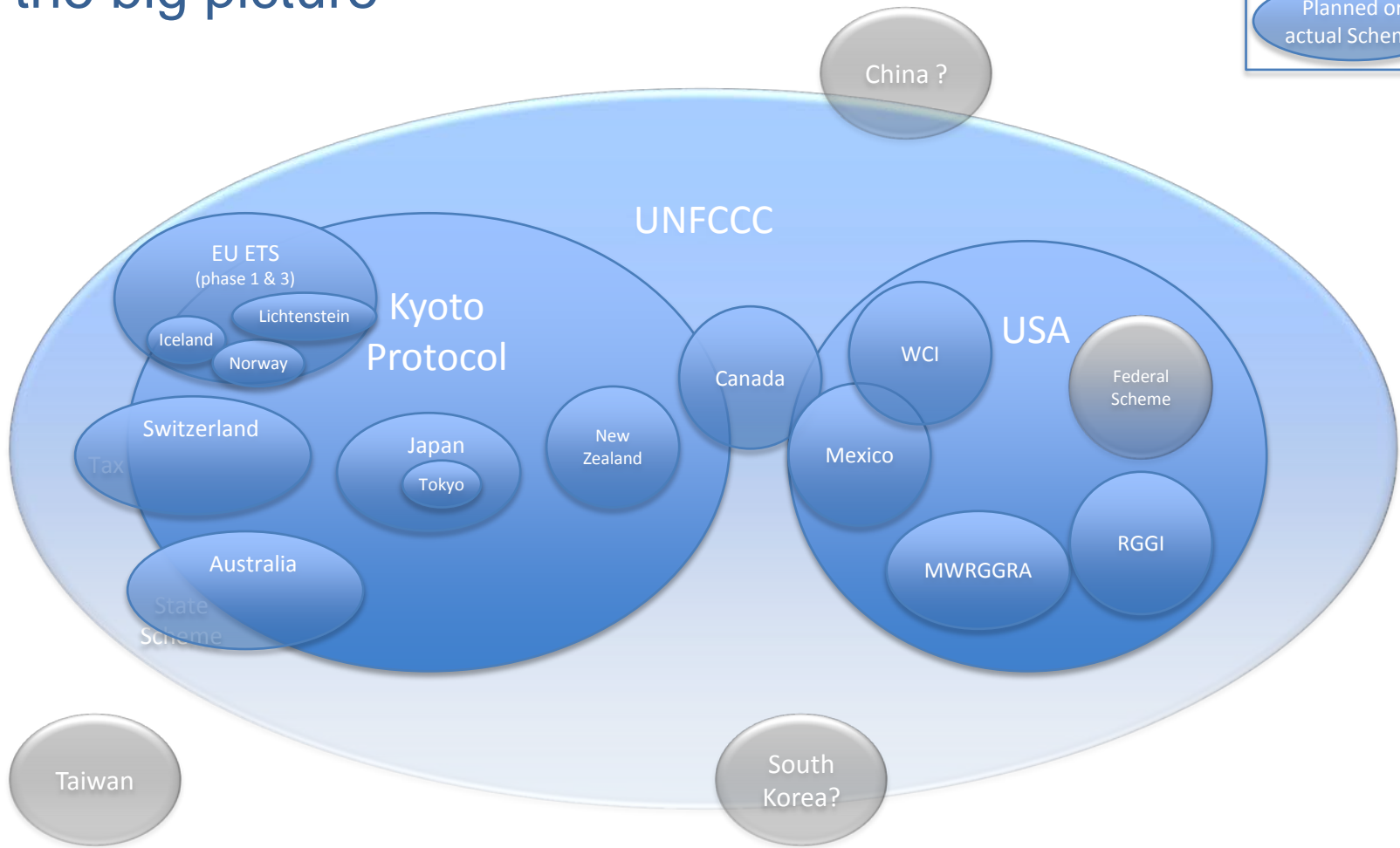
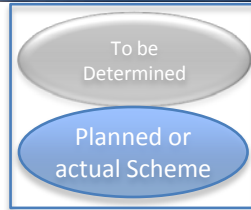


**“It is DIFFICULT to get a man to understand something
when his SALARY depends upon his NOT UNDERSTANDING IT.”**
Upton Sinclair

contents

- Carbon 101
 - Worldwide Carbon Schemes
 - Kyoto
 - Australian Approach
- Carbon Analytics
 1. The compliance need
 2. The challenge for competitive advantage

the big picture



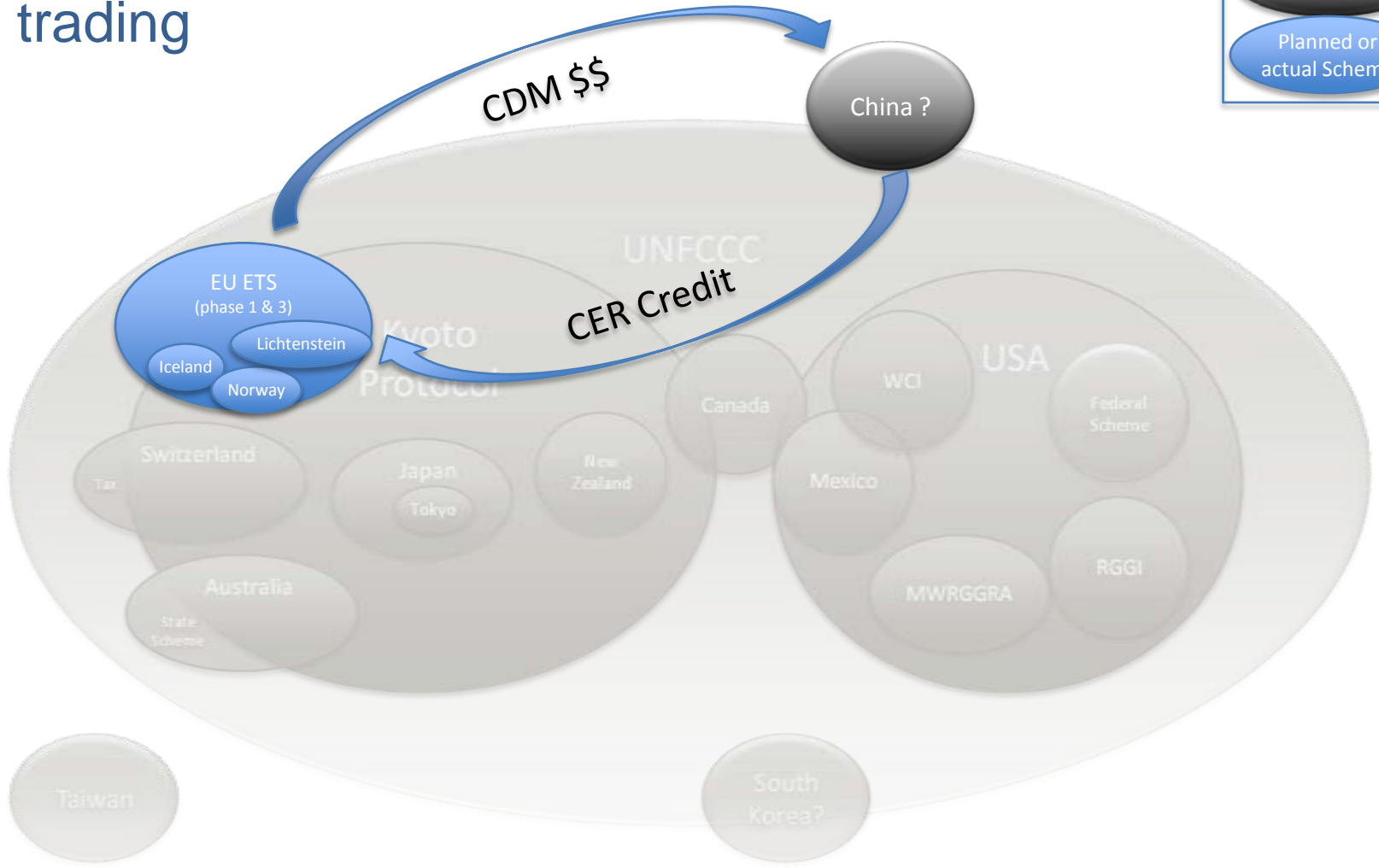
* Source: CEAG

the mechanics of Kyoto

- Clean Development Mechanism (CDM)
 - Projects in developing Countries
 - Generate Certified Emissions Reductions (CER)
 - CERs can then be traded
- Joint Implementation (JI)
 - Projects in developed Countries
 - Generate Emissions Reductions Units



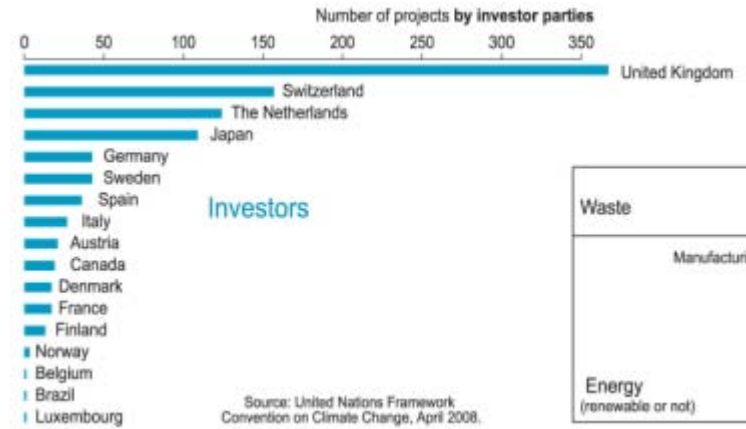
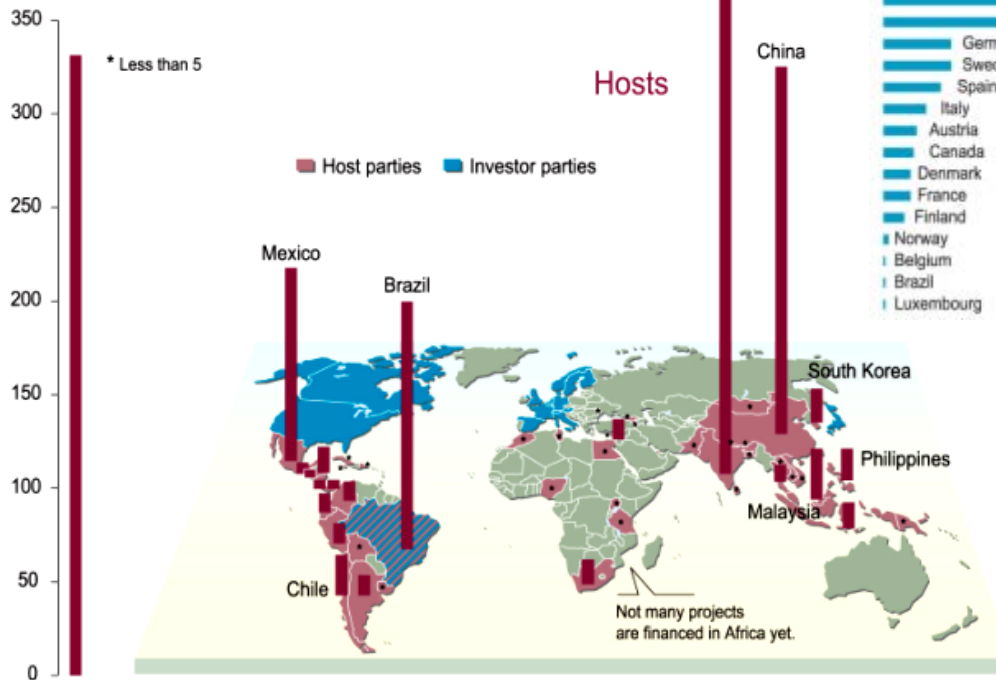
trading



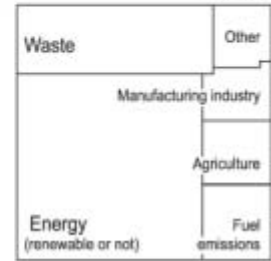
CDM projects & Investors worldwide

Registered projects implemented under Kyoto's "Clean Development Mechanism"

Number of projects by host parties



Scope

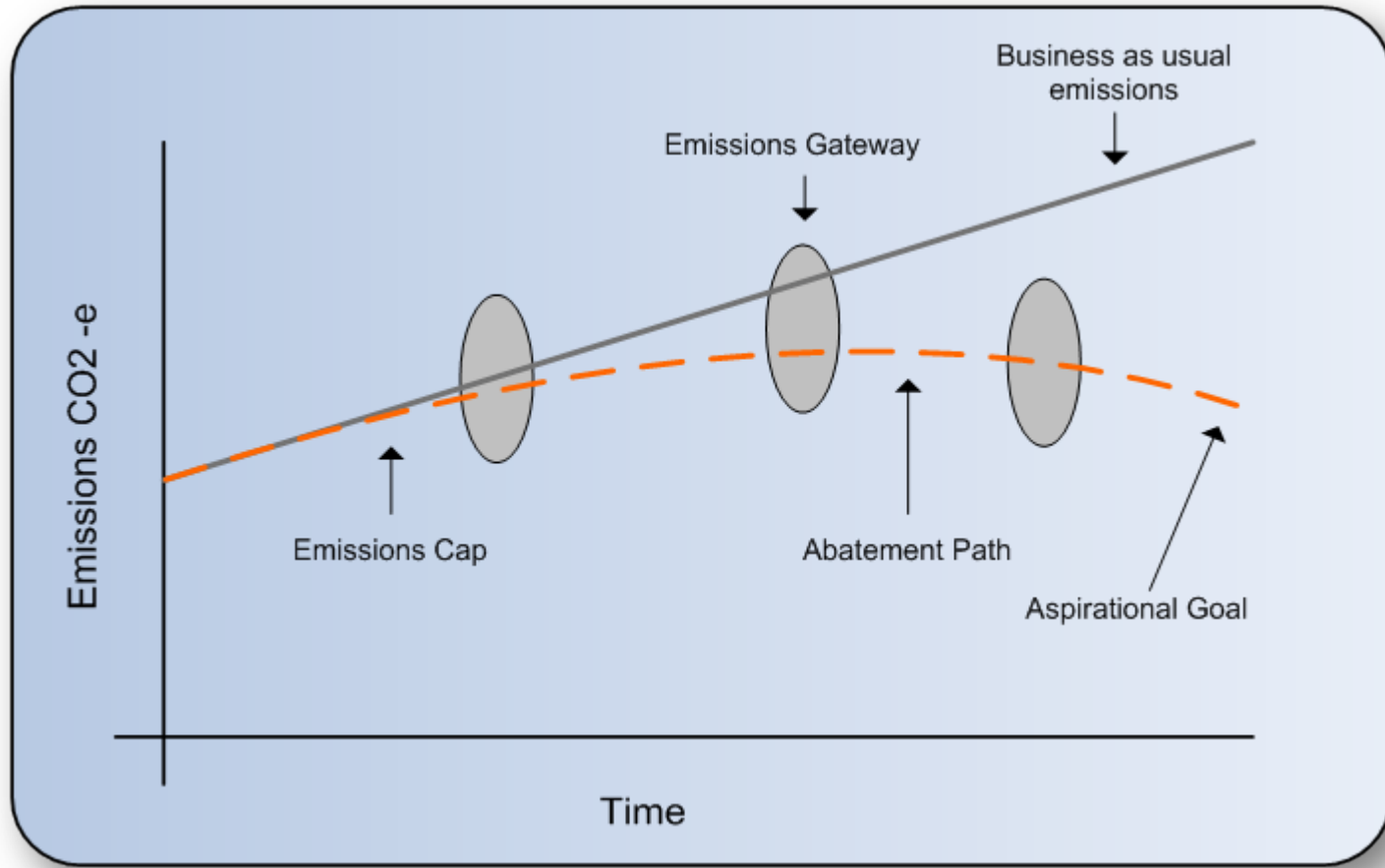


Source: United Nations Framework Convention on Climate Change, April 2008.

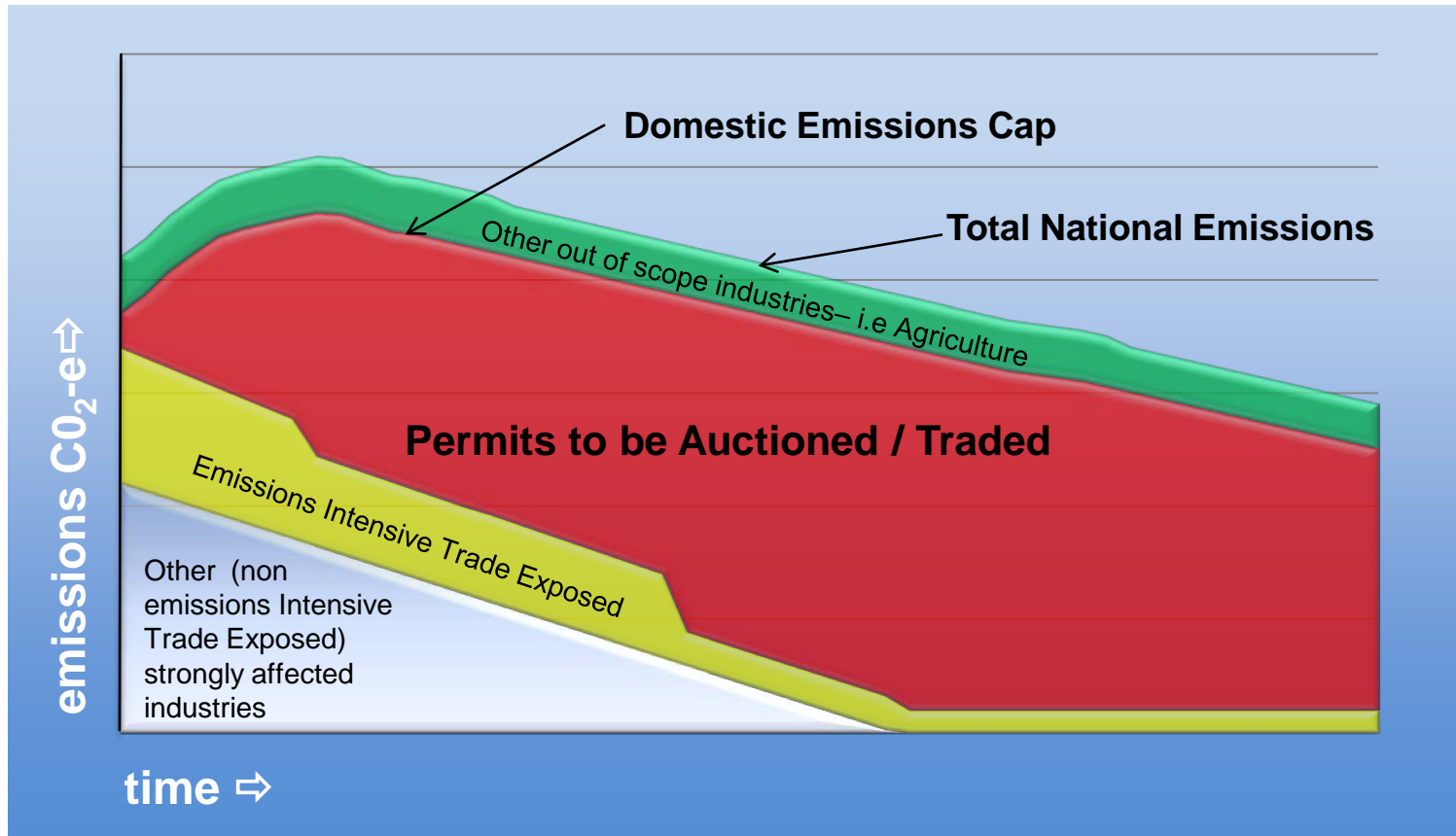
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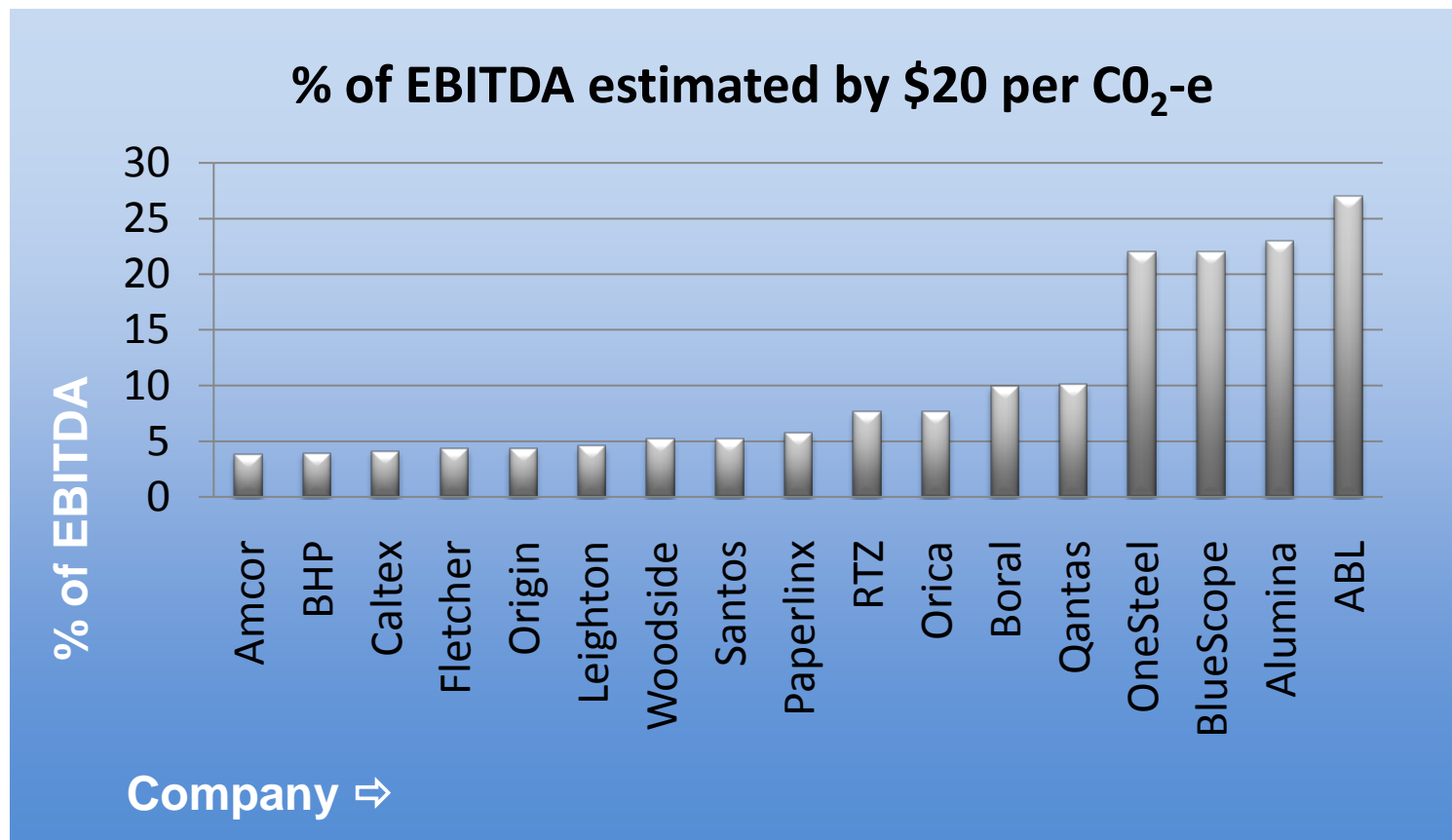
the aim – ‘cap and trade’



the implementation



the size of the problem

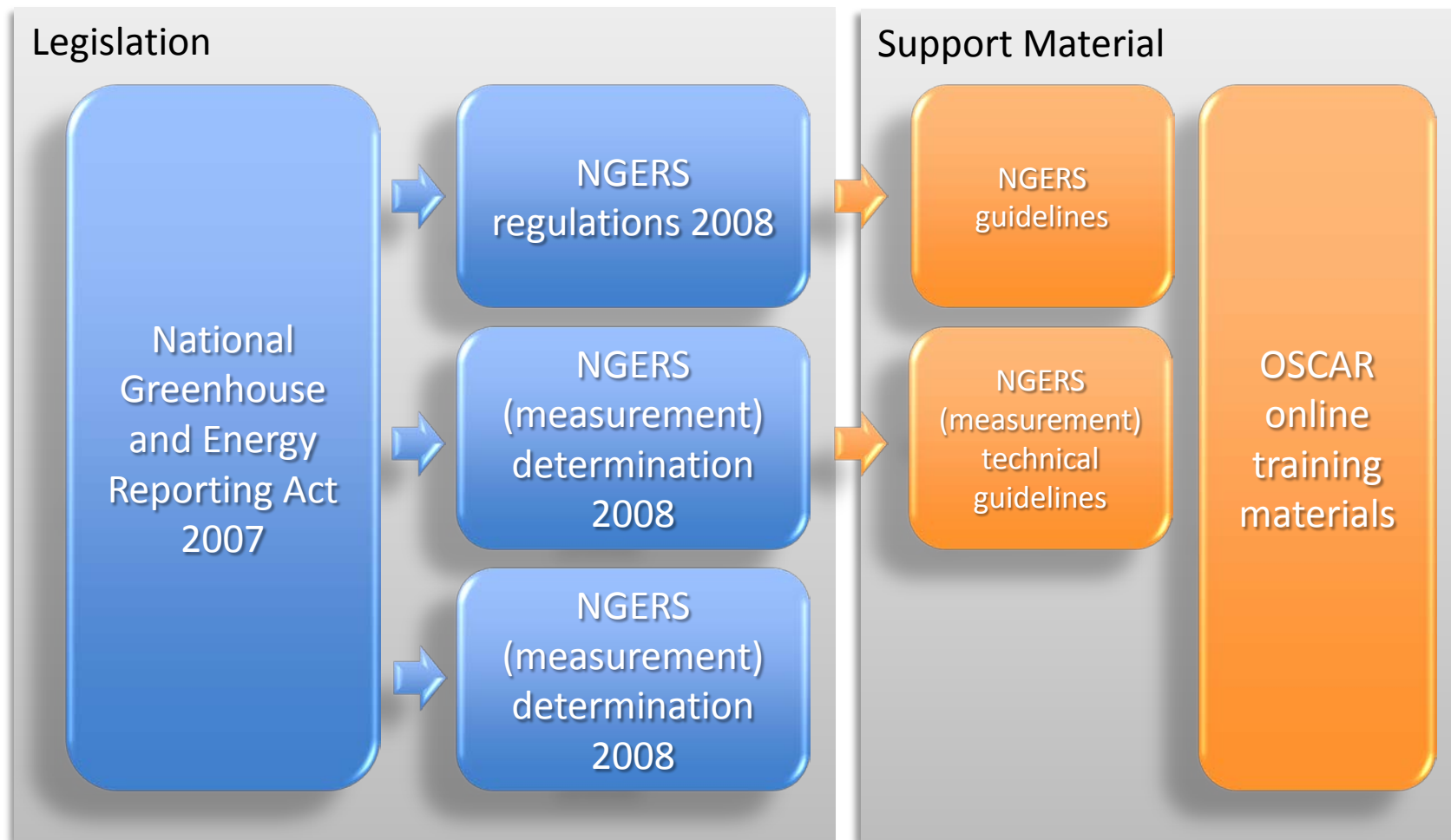


Source: Carbon Disclosure Report (PwC) & ABL – 2008 * limited survey respondents

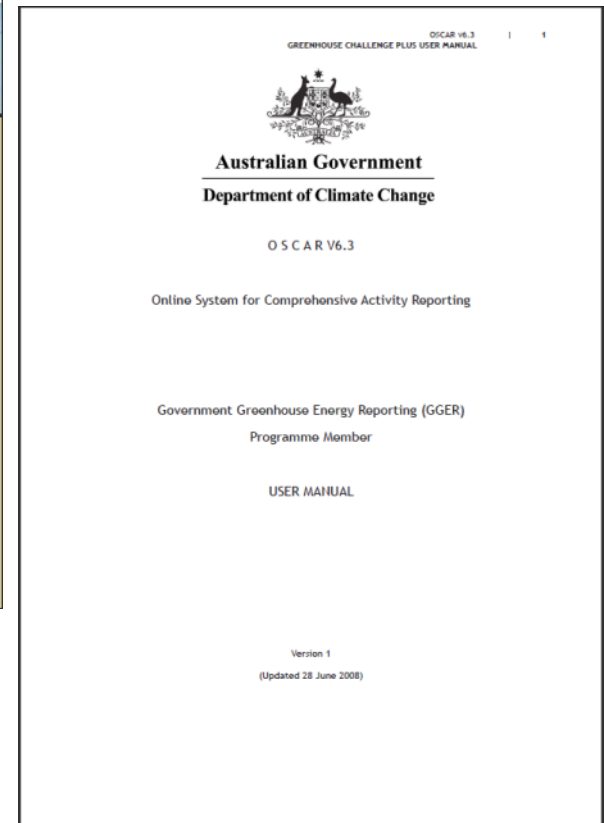
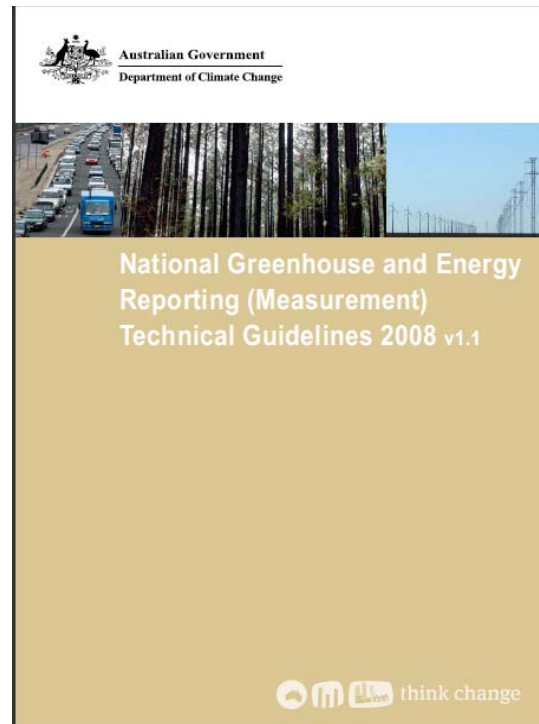
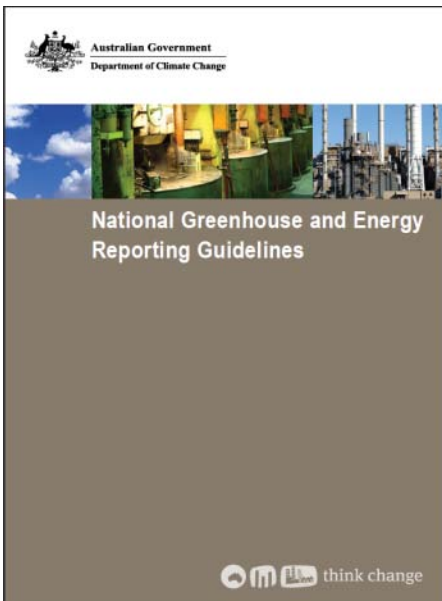
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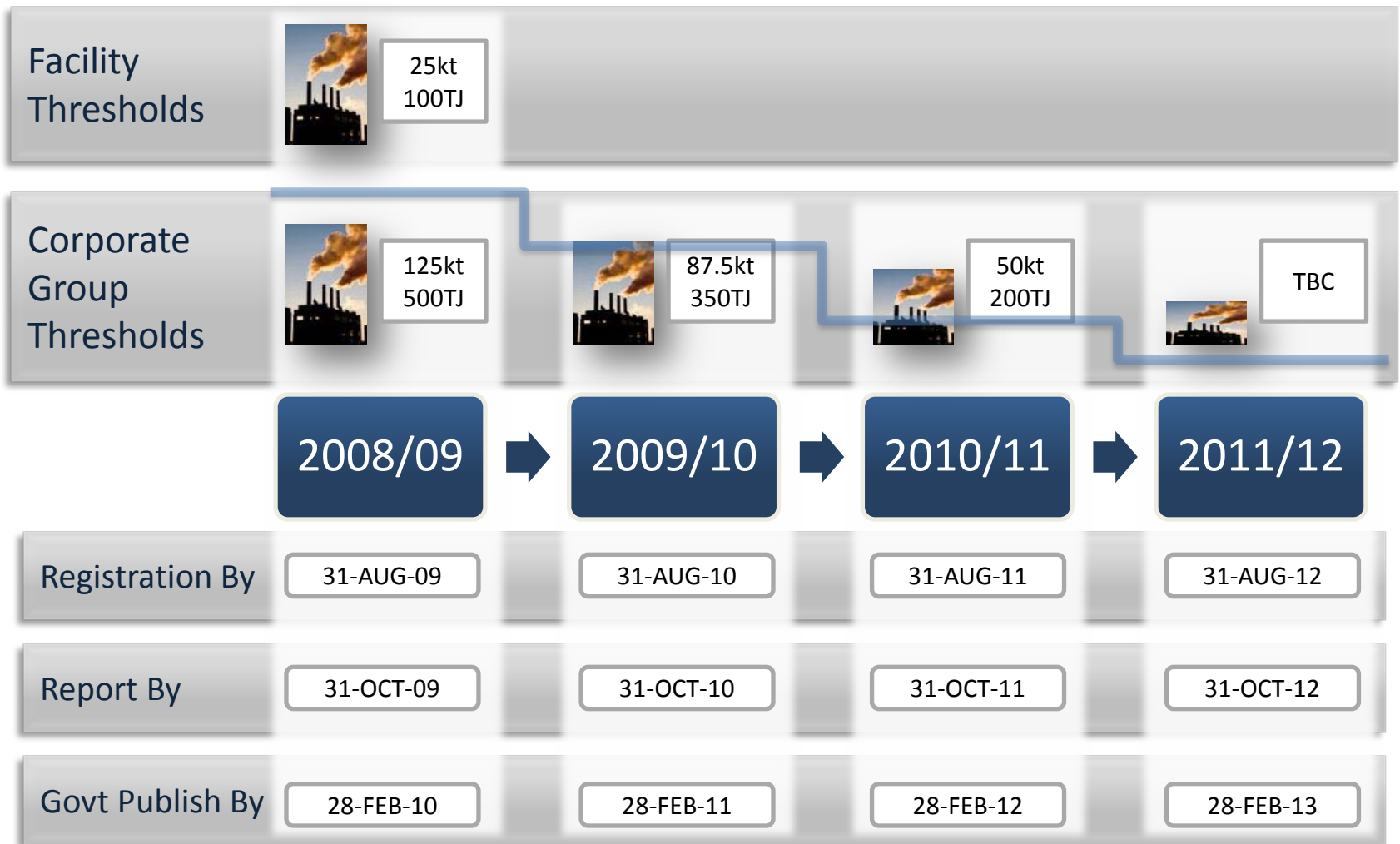
NGERS genesis



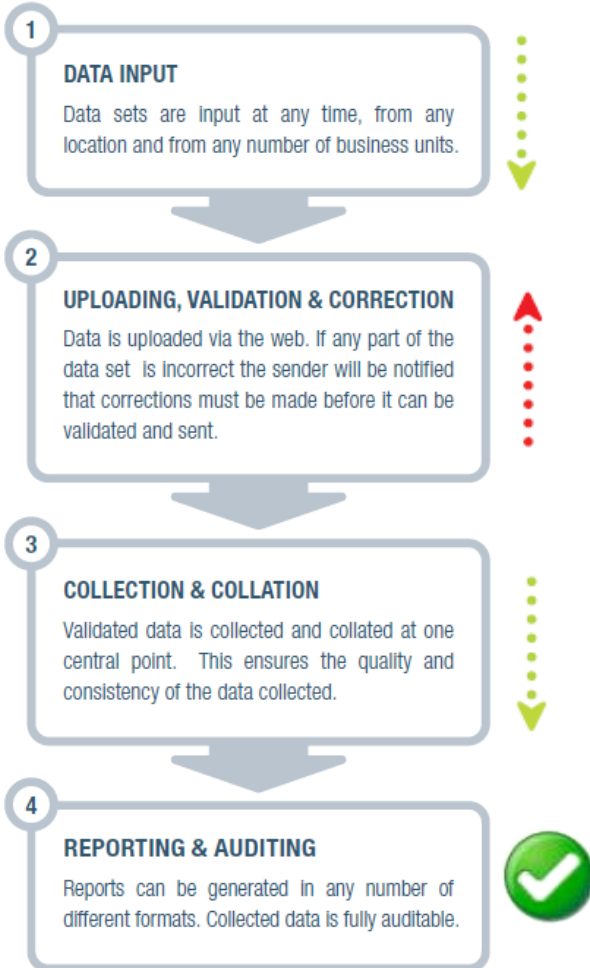
the immediate need.... NGERs (legislation) to DCC



NGERS act thresholds



the data collection need



carbon calculation

4 Methods
(method 2 & 4 have 2
variations)

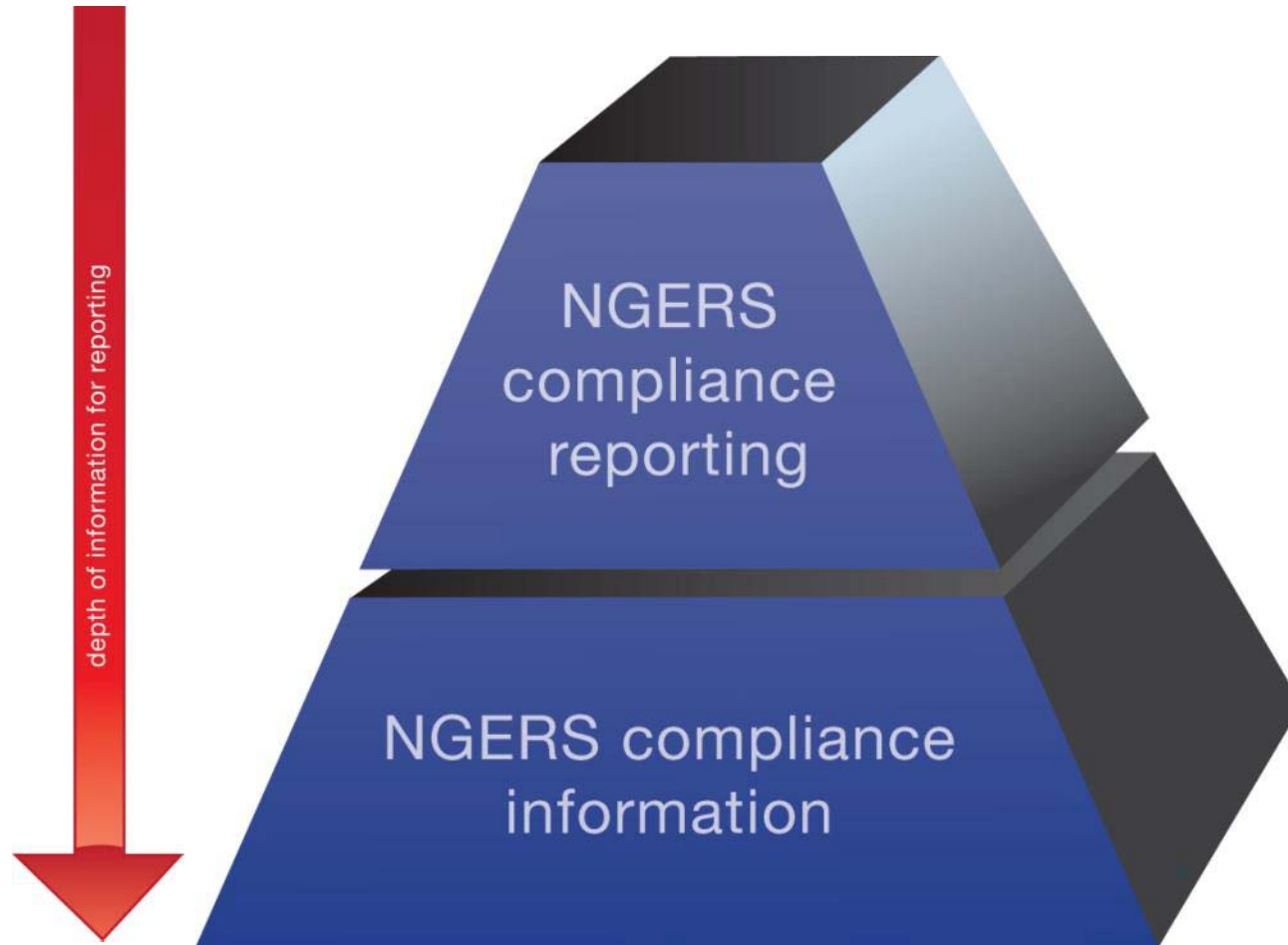
Transport, Stationary,
Electricity Production,
Carbon Reductant,
Other

f (method (6); application (11); consumption (5); fuel (50))

1. Consumption: Solid, Liquid, Gas (3)
2. Production: Electricity Production (1)
3. Industrial: Mineral, Chemical, Metal, Hydrofluorocarbons (4)
4. Waste: Solids, Water, Incarceration (3)

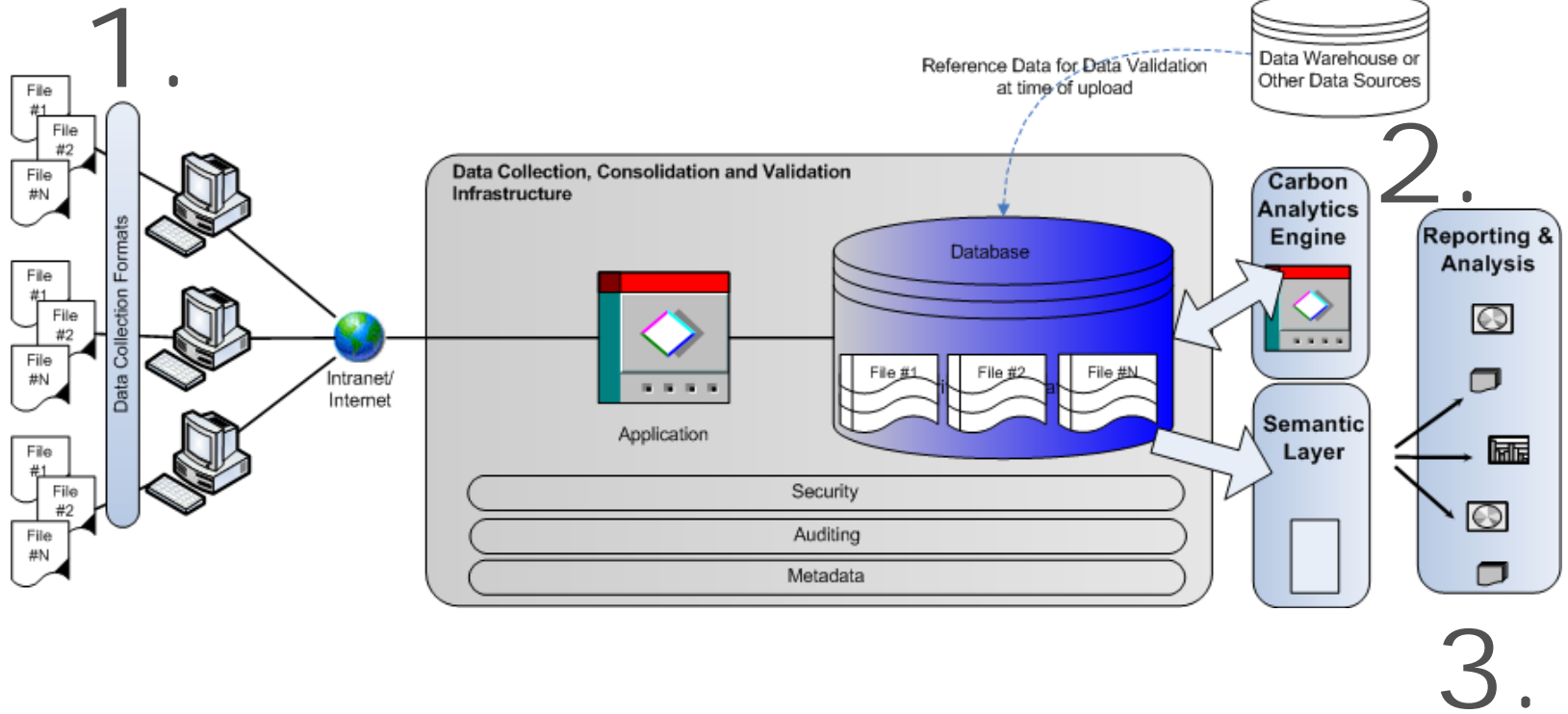
= 16,500 emission calculation permutations

NGERS – collection and reporting

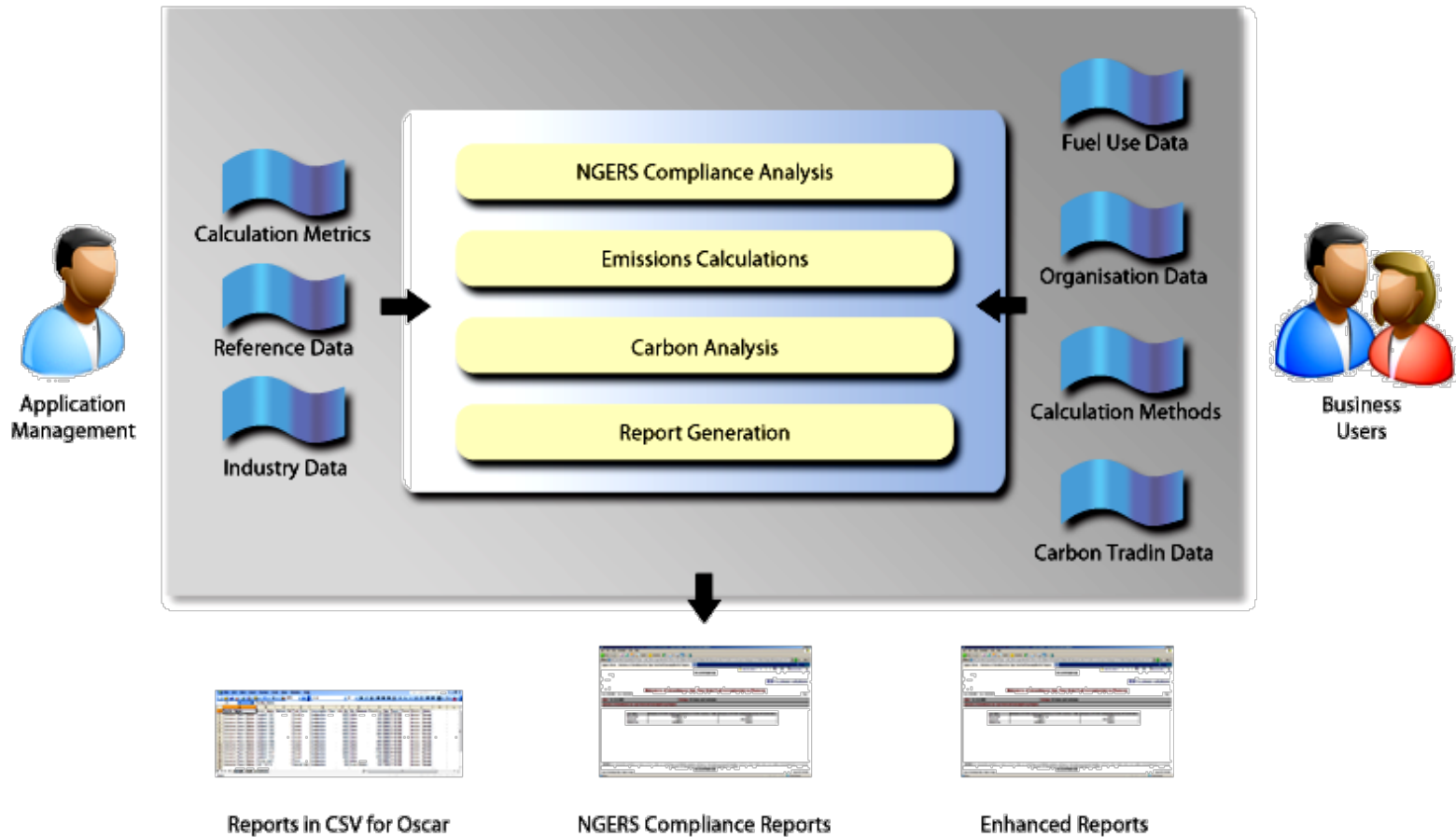


NGERS

- 1. collect
- 2. calculate
- 3. report



NGERS – collection, calculate and report

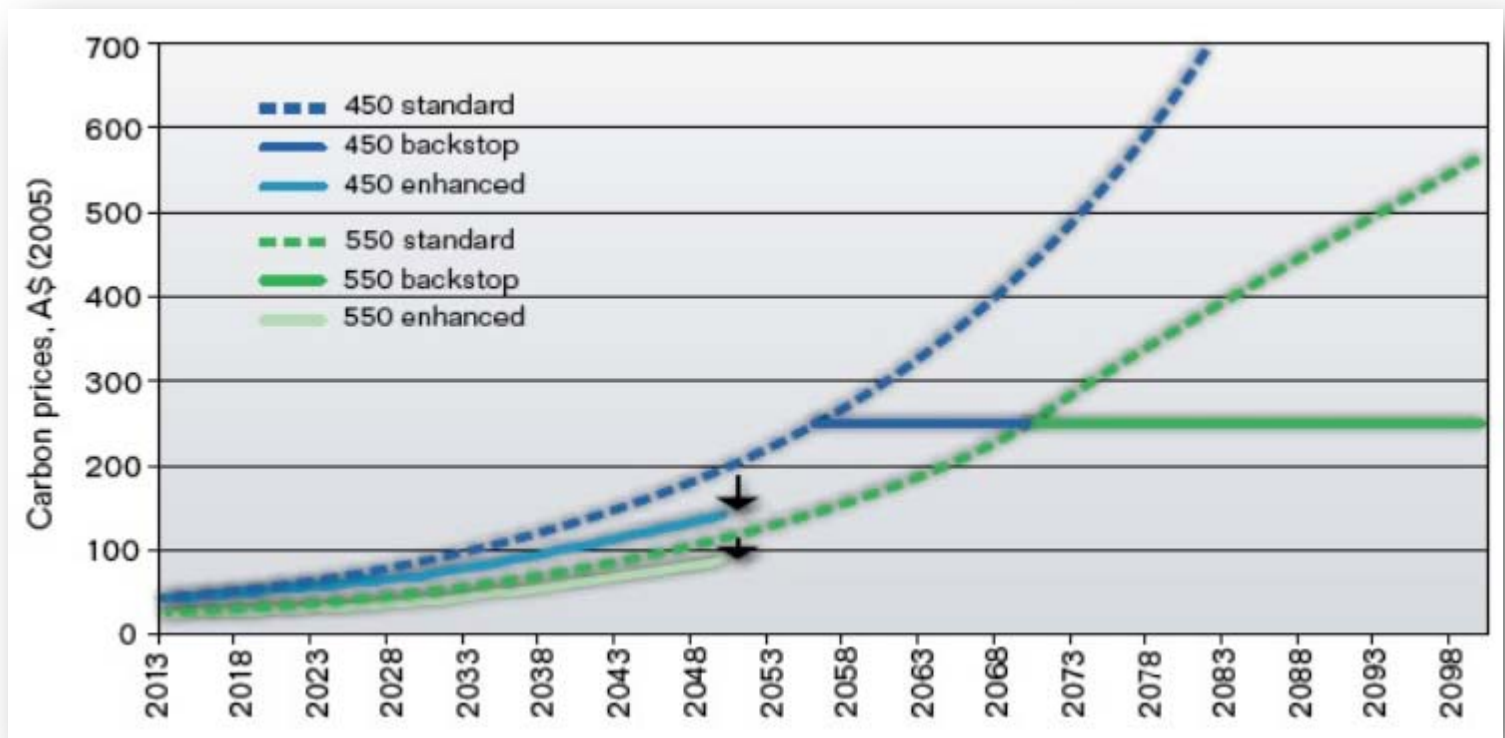


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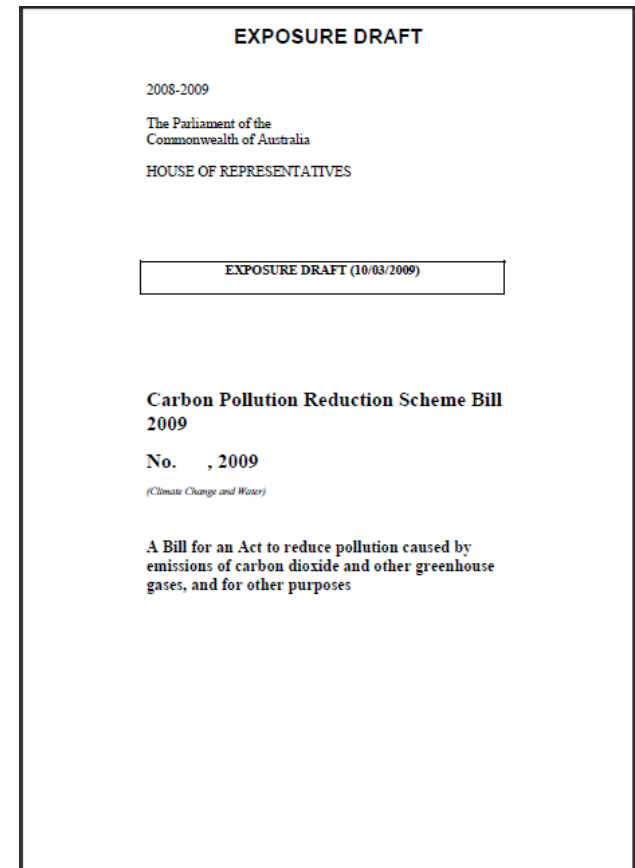
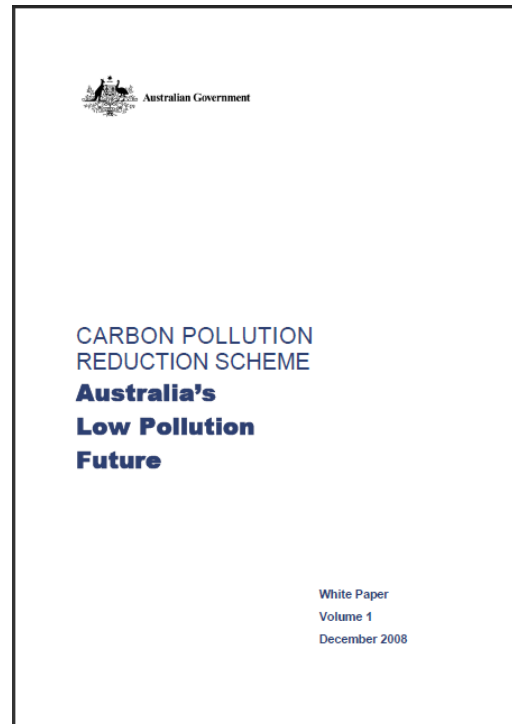
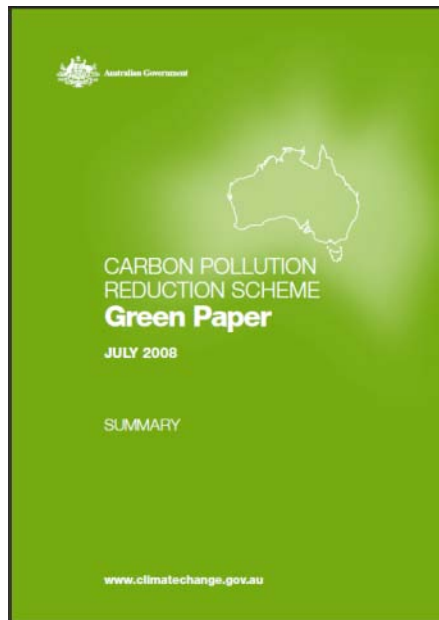
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the modeling – the Garnaut Report

- target is 450 parts per million
- modeling, prices per tCO₂e
(Fig. 11.1, p.251)



the challenge....CPRS

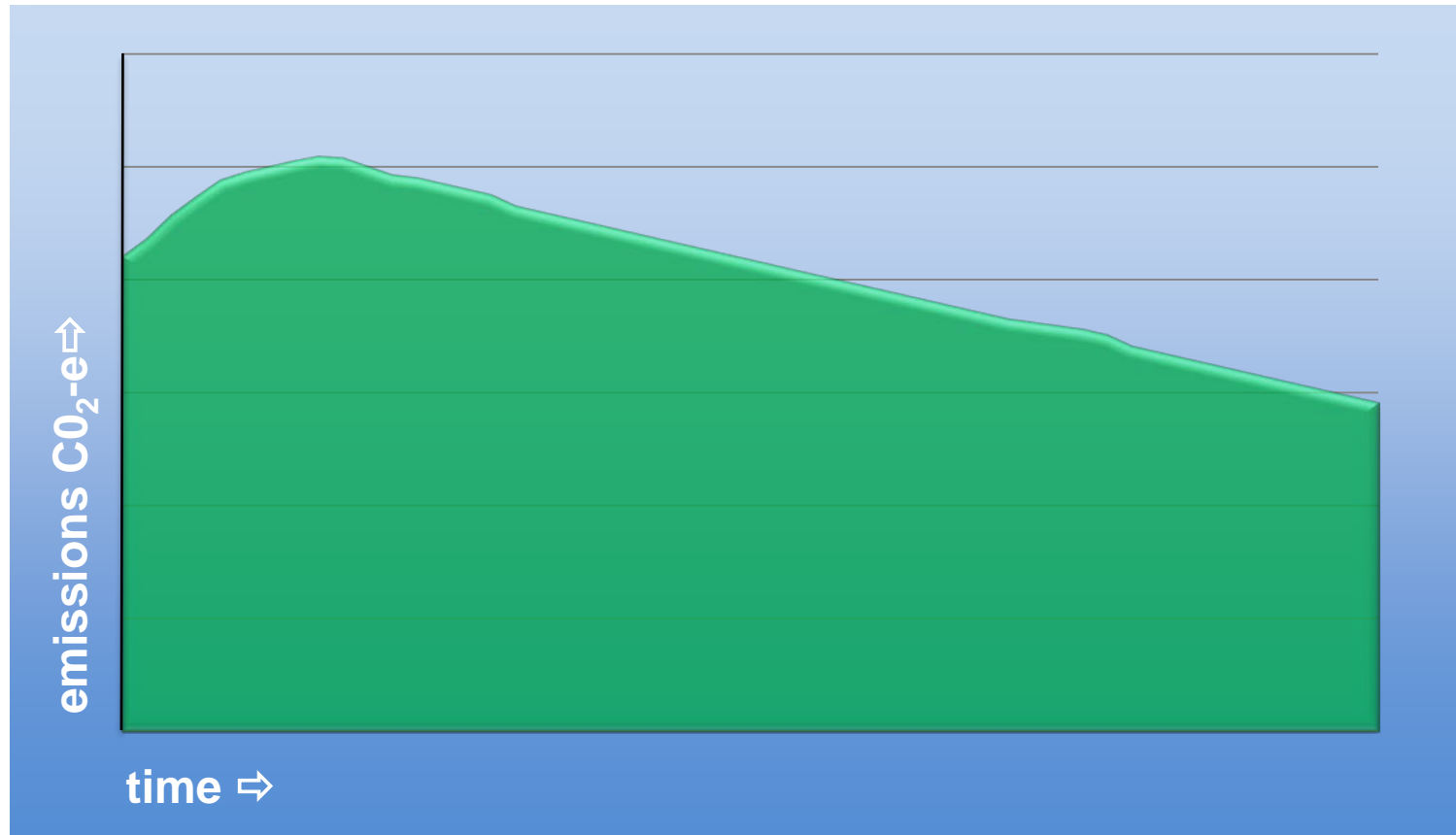


the commodity: Australian Emissions Unit (AEU)

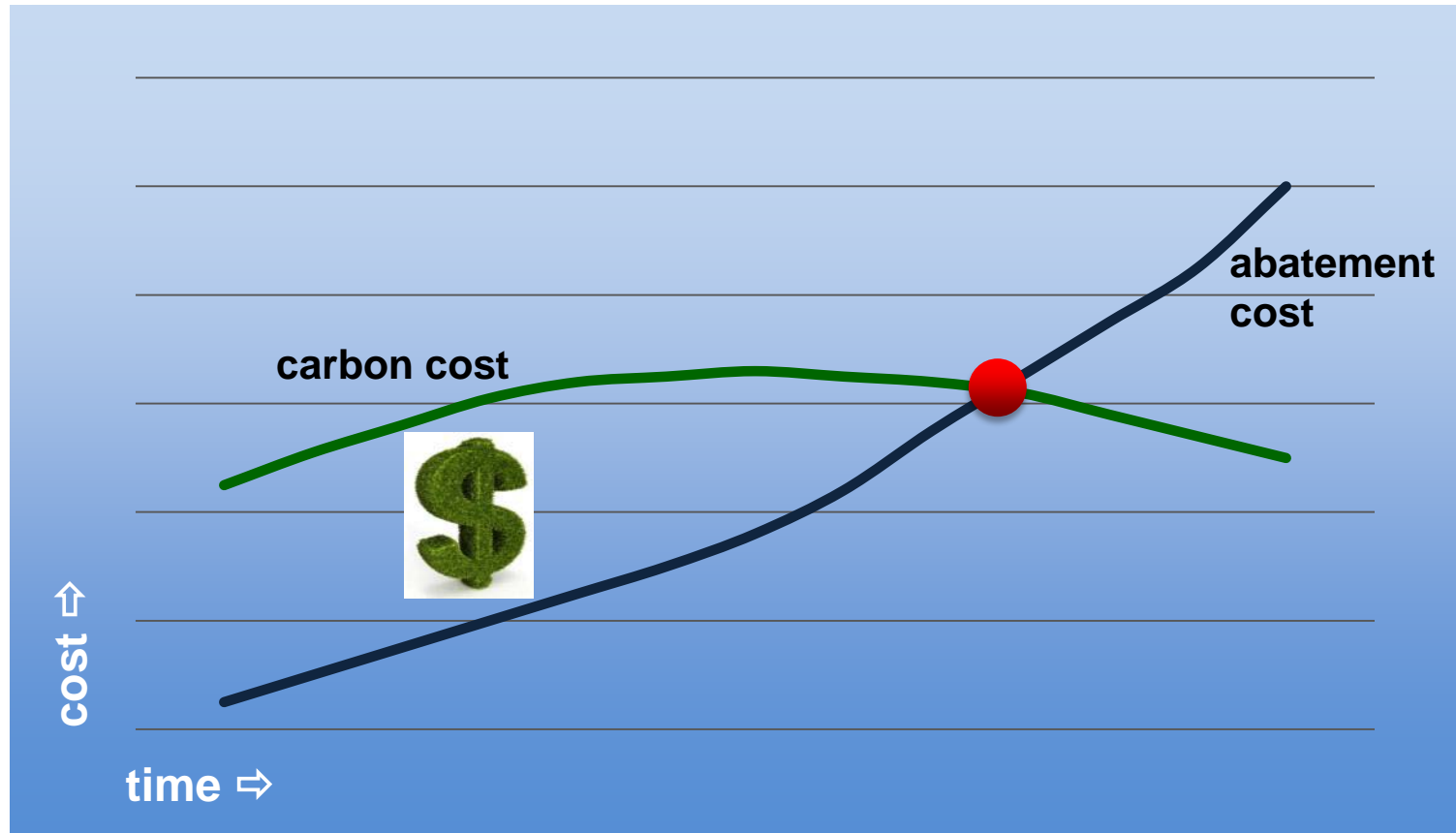
- issued by Australian Government under the CPRS
- used by Australian companies to comply with CPRS (So can CERs (from Kyoto CDM) and ERUs (from Kyoto JI) and probably domestic VERs)
- cannot be used for compliance with any other emissions trading scheme (i.e sell overseas)



the aim

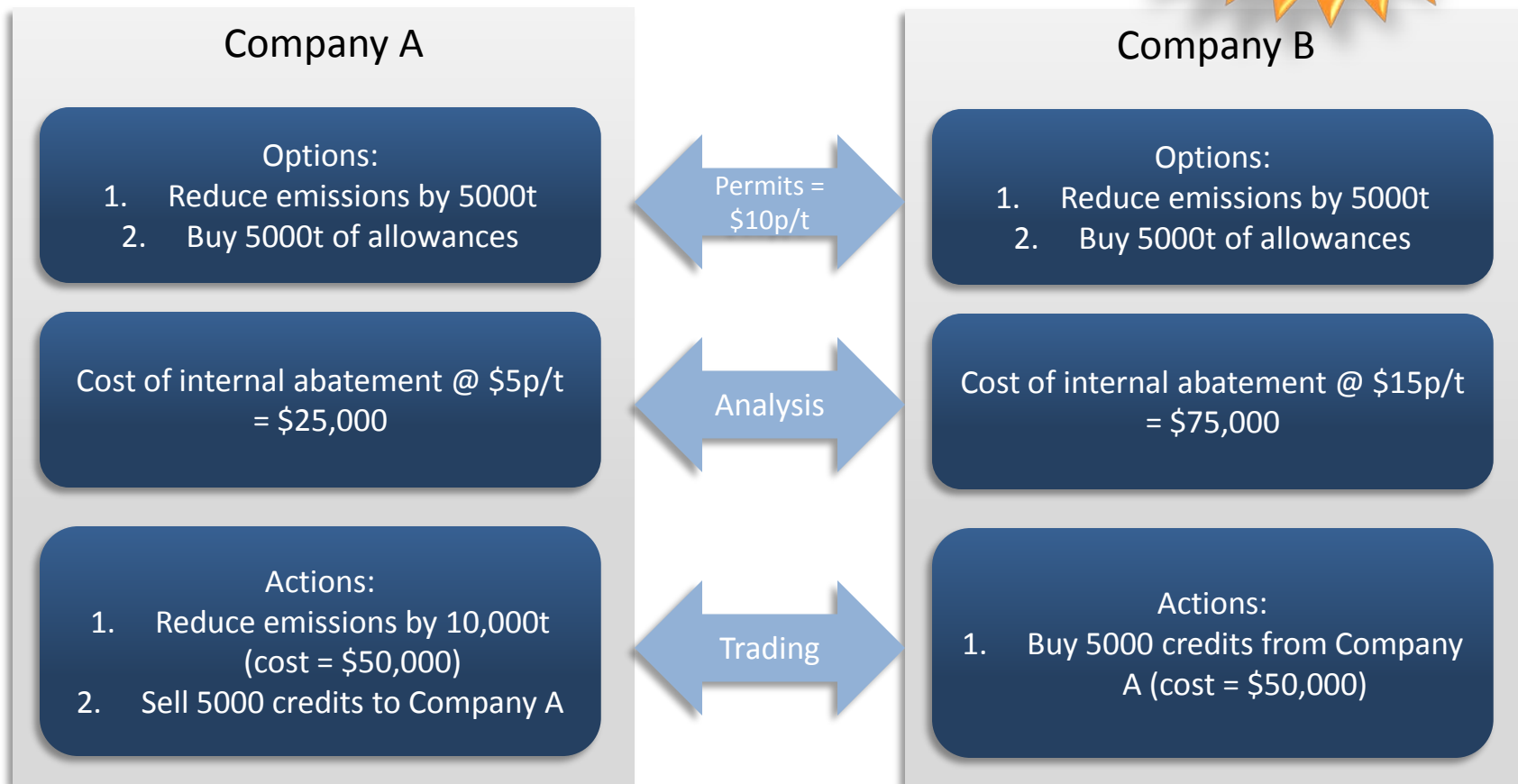


the bottom line

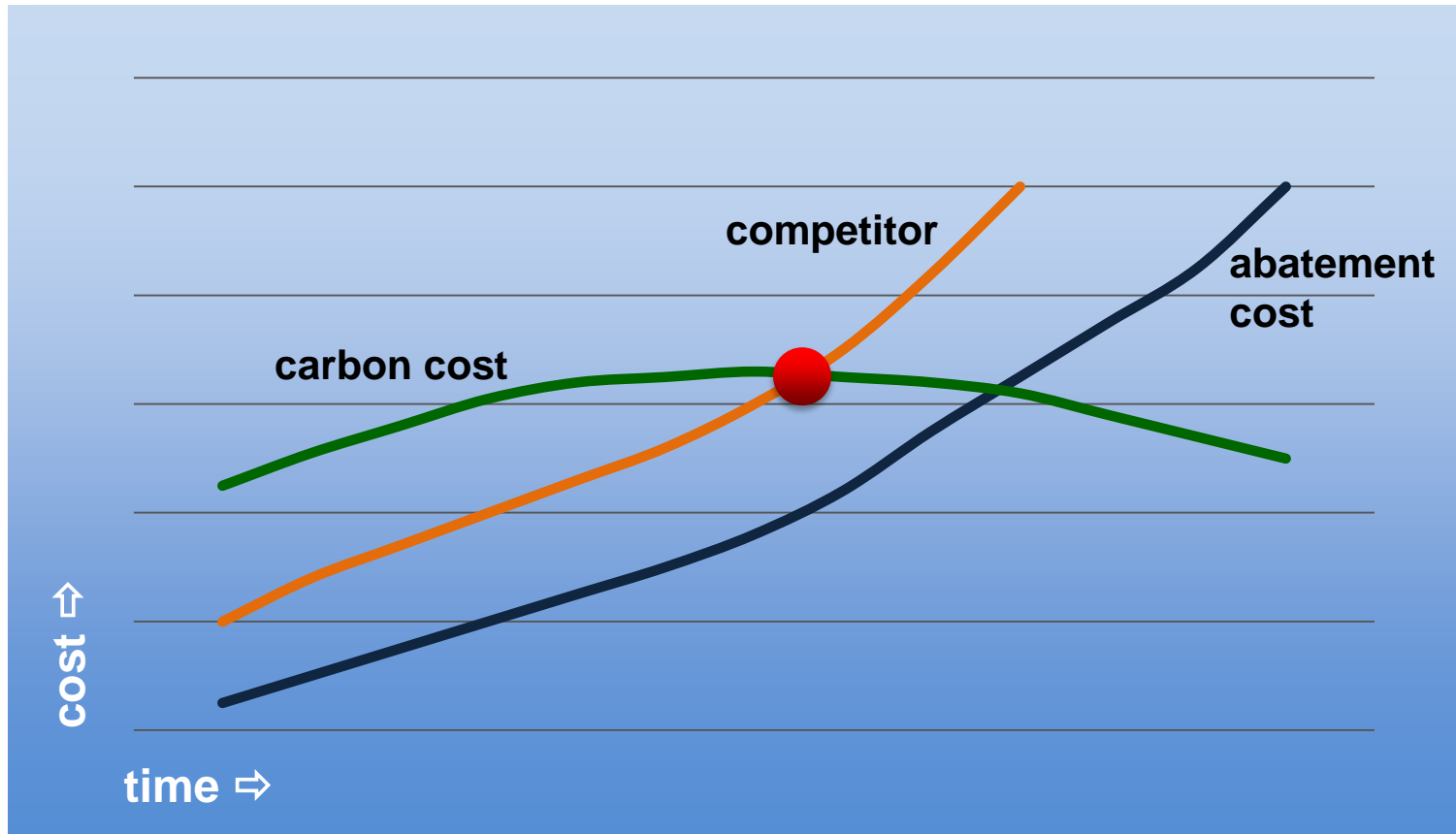


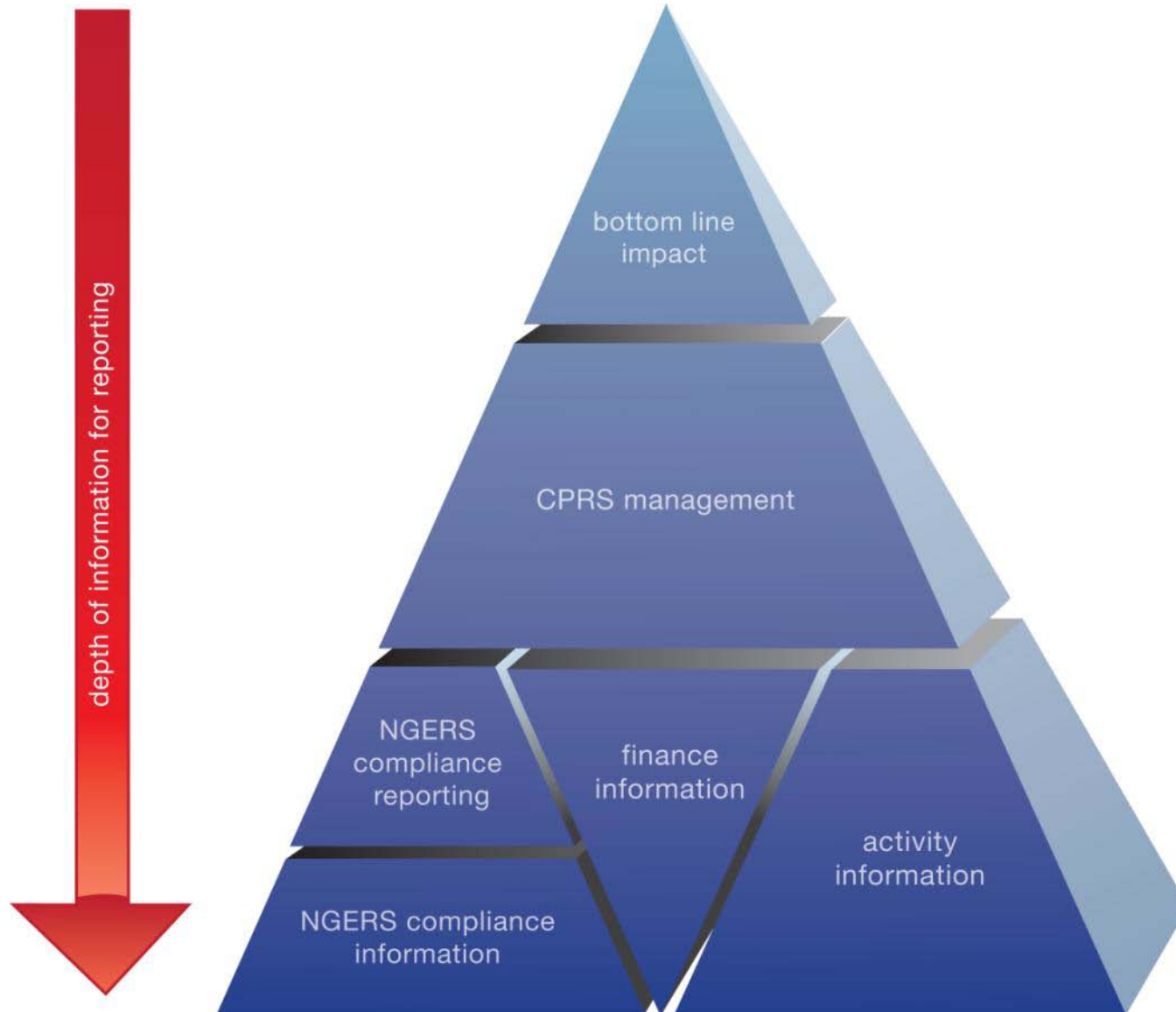
CPRS – AEU trading

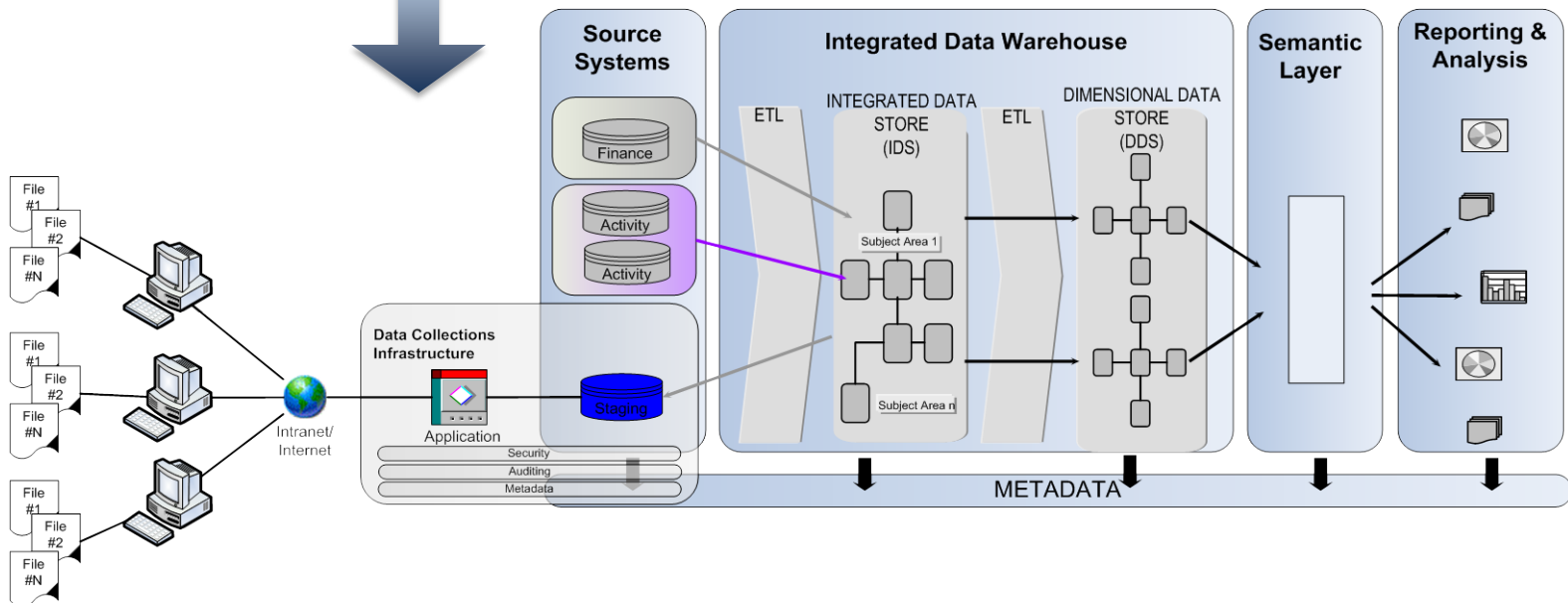
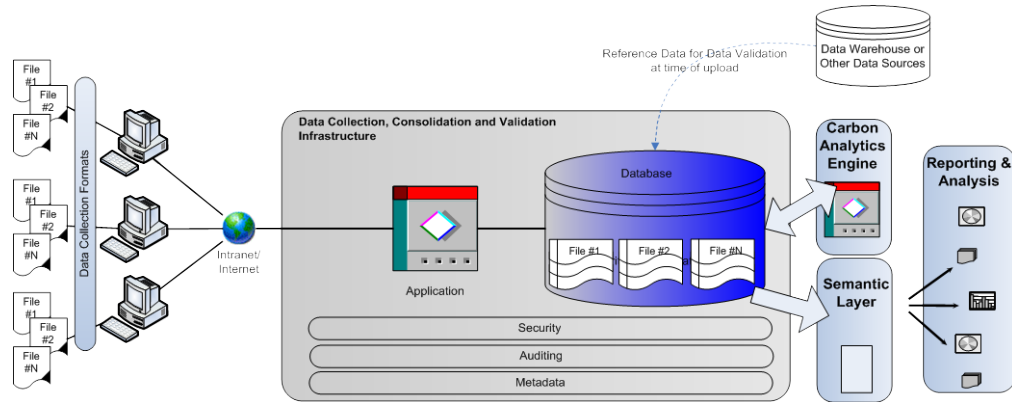
Both companies save \$25,000 by trading



competitive advantage

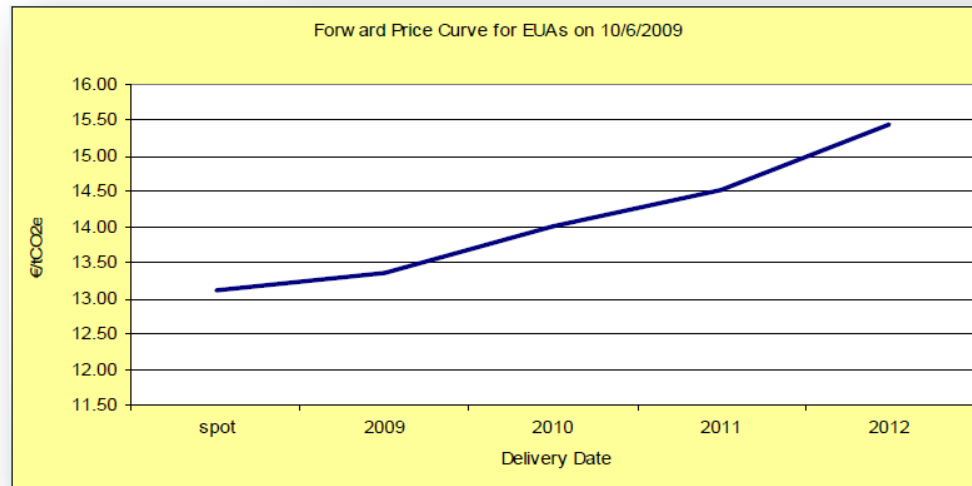
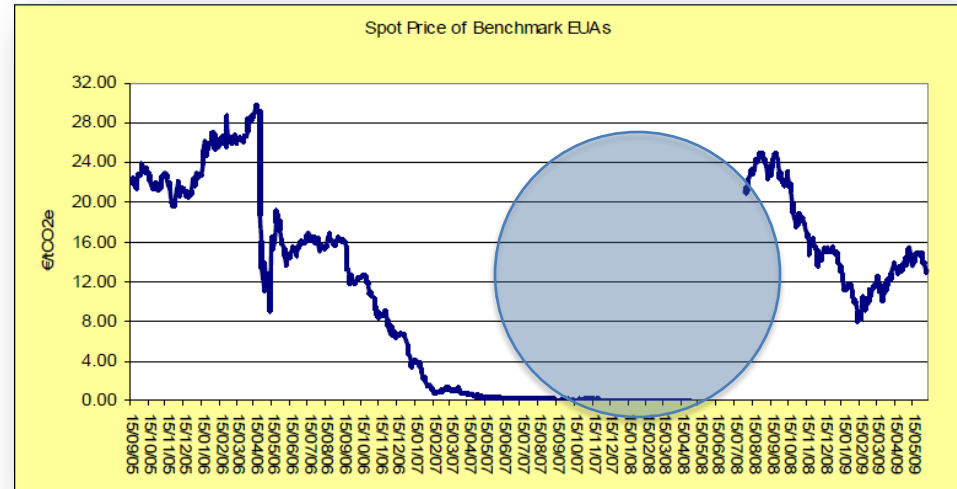






the analysis

- spot contracts
- term contracts
- forward trades
- future trades
- spreads
- swaps
- options
- taxation



* Graphs Source: CEAG

success is more than just technology



for more information

- <http://unfccc.int>
- <http://www.climatechange.gov.au/>
- <http://www.carbonexpo.com.au/>



thank you – questions?



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