



# Greenhouse Gas Markets

## *An Update on EU ETS & CDM/JI Markets*

IEA / IETA / EPRI 6<sup>th</sup> Annual Workshop  
on GHG Emissions Trading  
IEA Headquarters, Paris

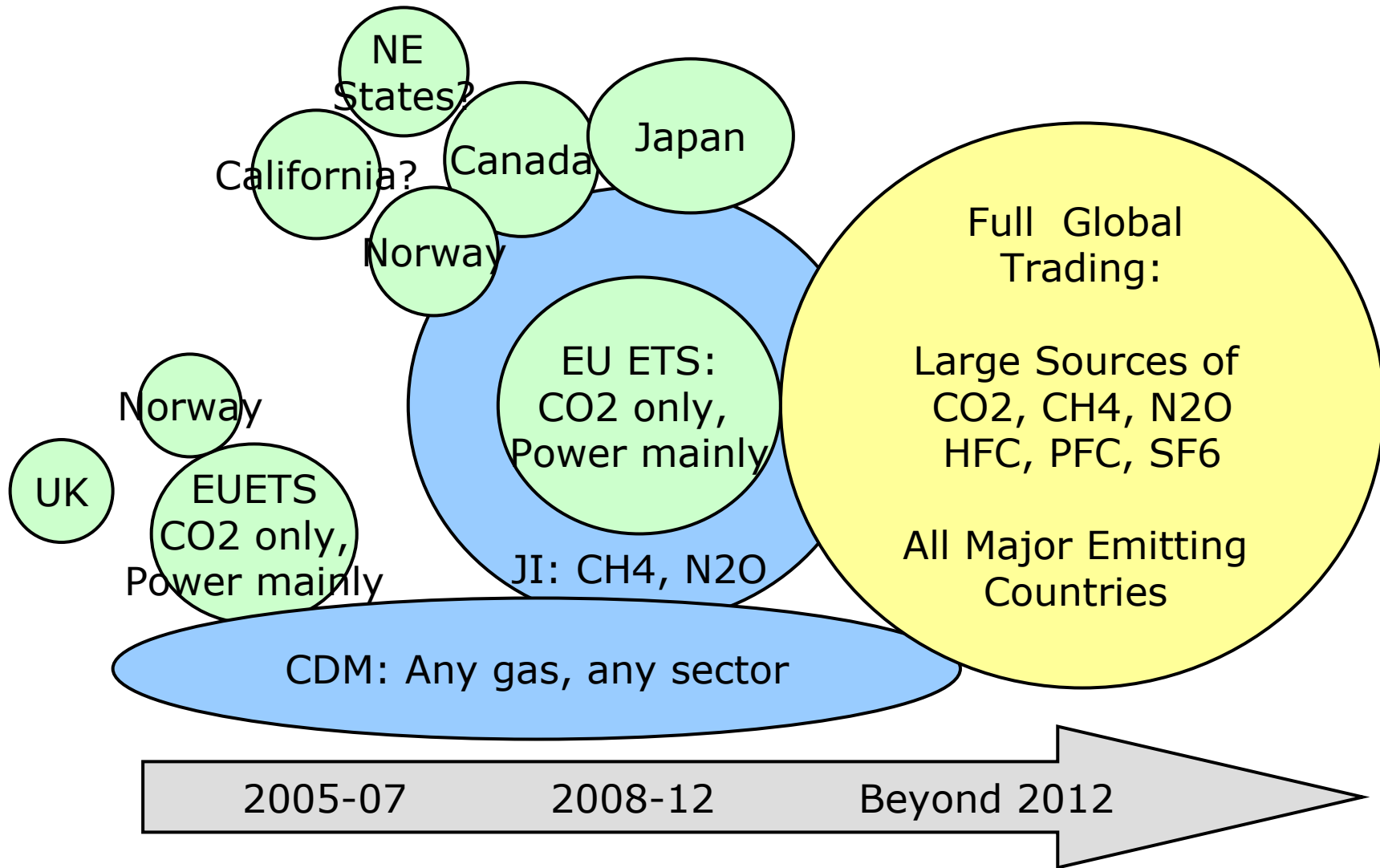
Dirk Forrister  
Natsource

26 September 2006

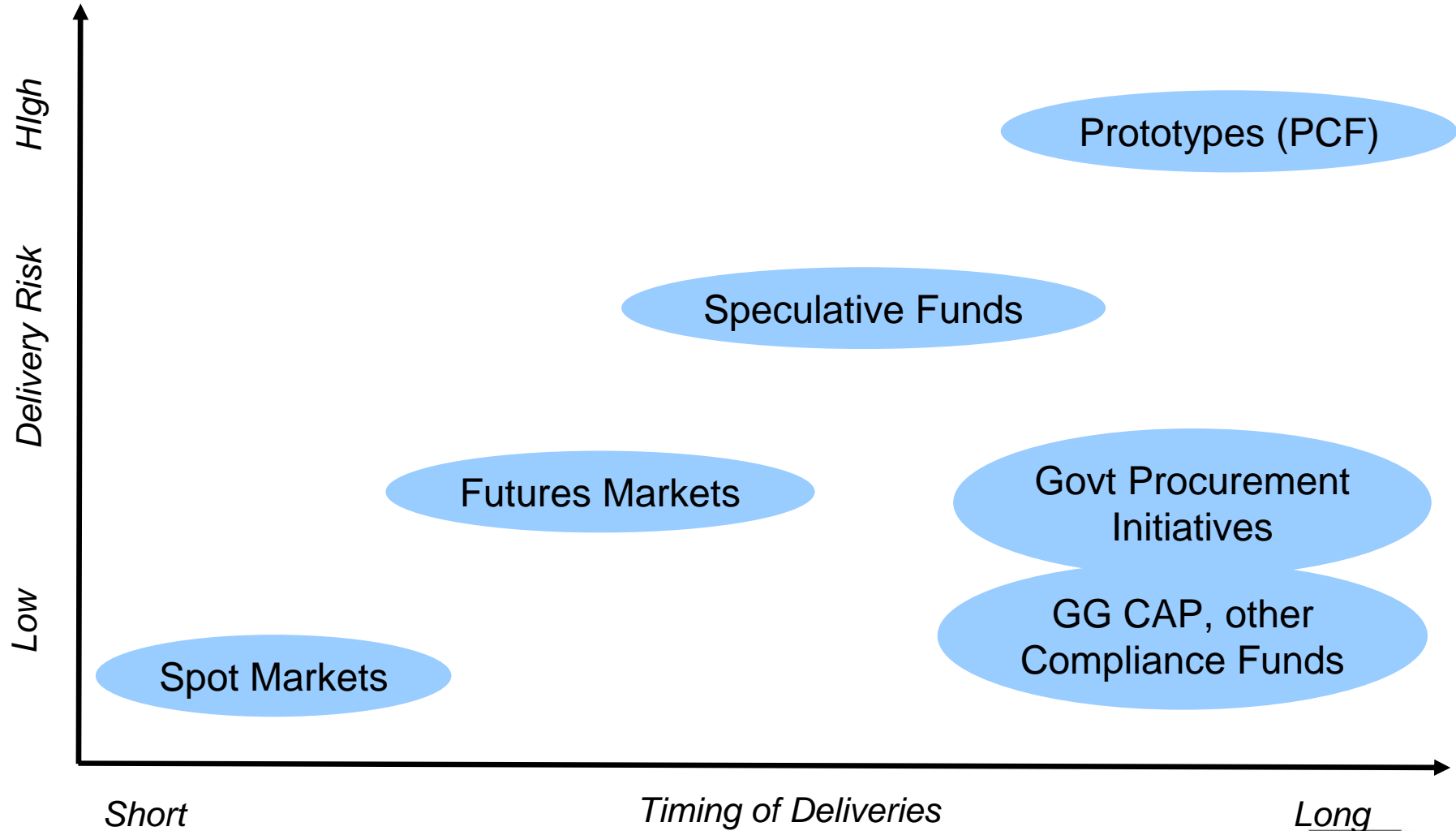
Some new thinking from Natsource.  
More growth. Less pollution.



# Where is it all going?

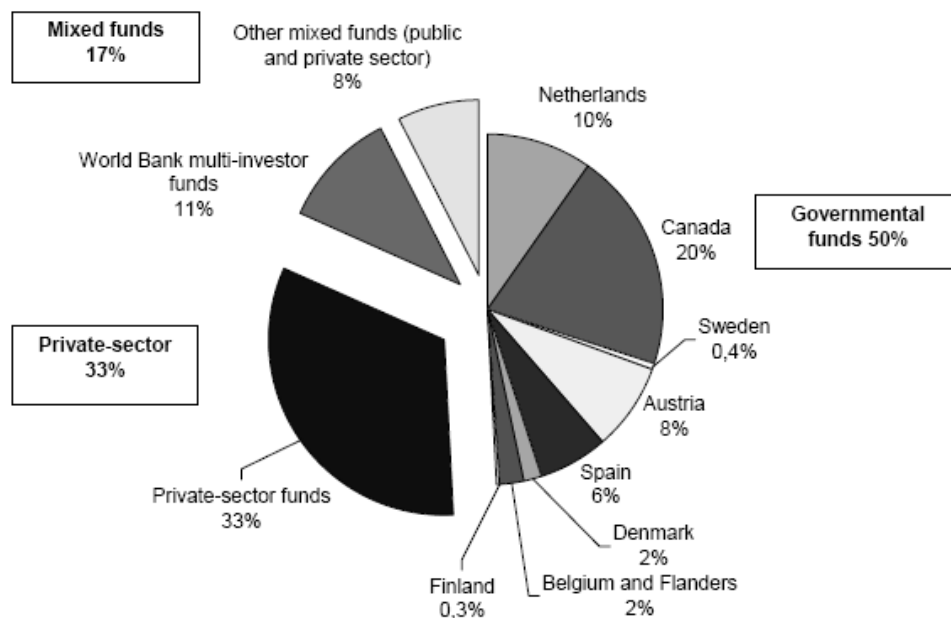


# Funds & Investment Pools in the Carbon Market



# Growth in Interest in CDM / JI

Relative size of various carbon investment funds  
(november 2005)



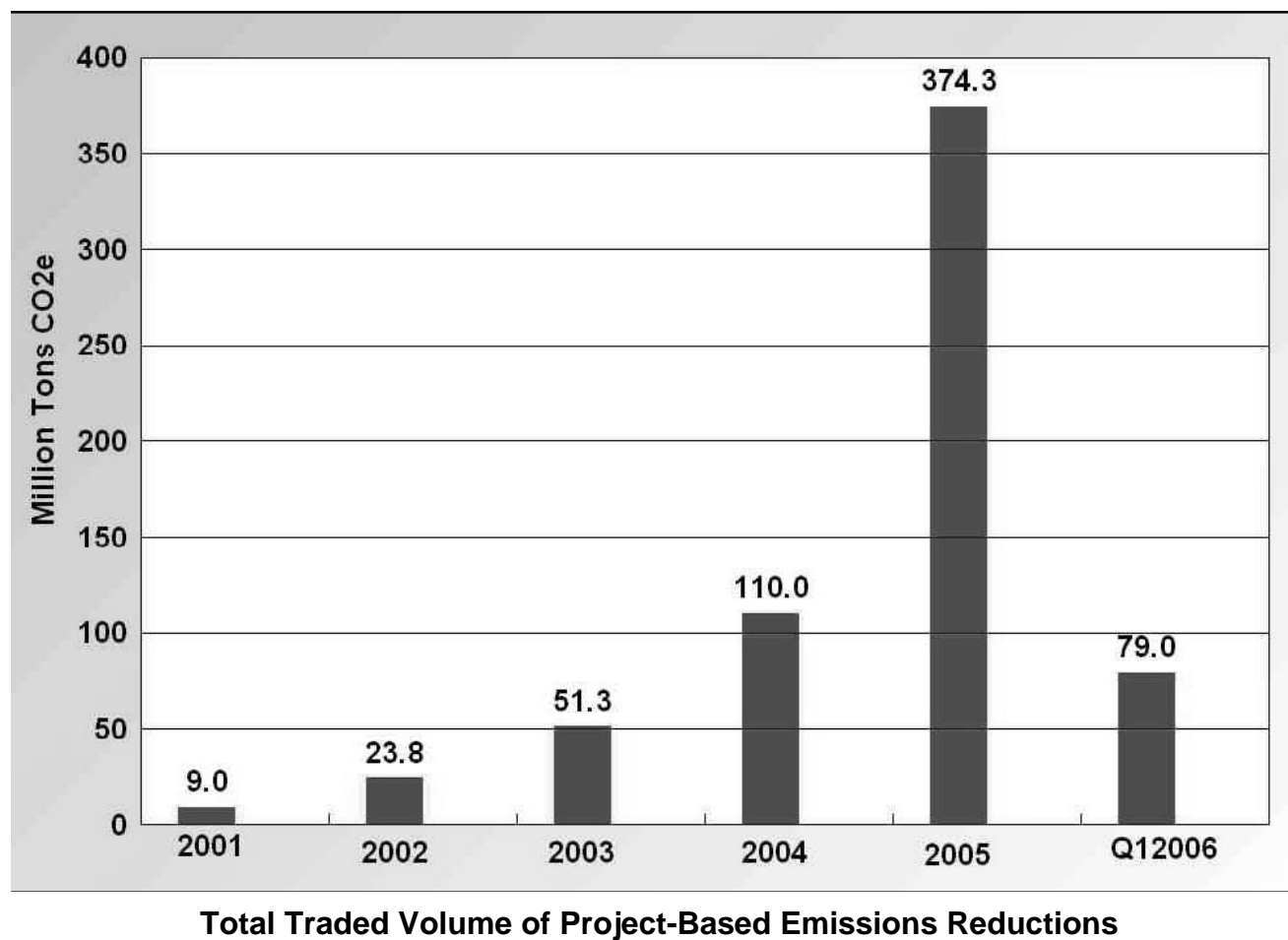
Source: CDC "Mission Climat" Research Report No. 7, Nov 2005

## The GHG Credit Market 2005

- KP Entry into Force + ETS revived major interest in CDM/ JI
- € 9 billion focused on GHG cuts in ETS
- € 3 billion in new funds formed
  - 50% in Government purchase funds
  - 33% in Private sector funds
- Plus growth in equity financing for suppliers
  - IPOs (est €500 m)
  - Private equity capital infusions
- So complex, so why the attraction to CDM?
  - Prices lower than EUAs, reflecting delivery risks
  - CDM EB & administrative reforms are not fully implemented – so regulatory risks persist
- Impact: Early start of ETS is broadening participation in KP, & a stronger environmental industry is emerging



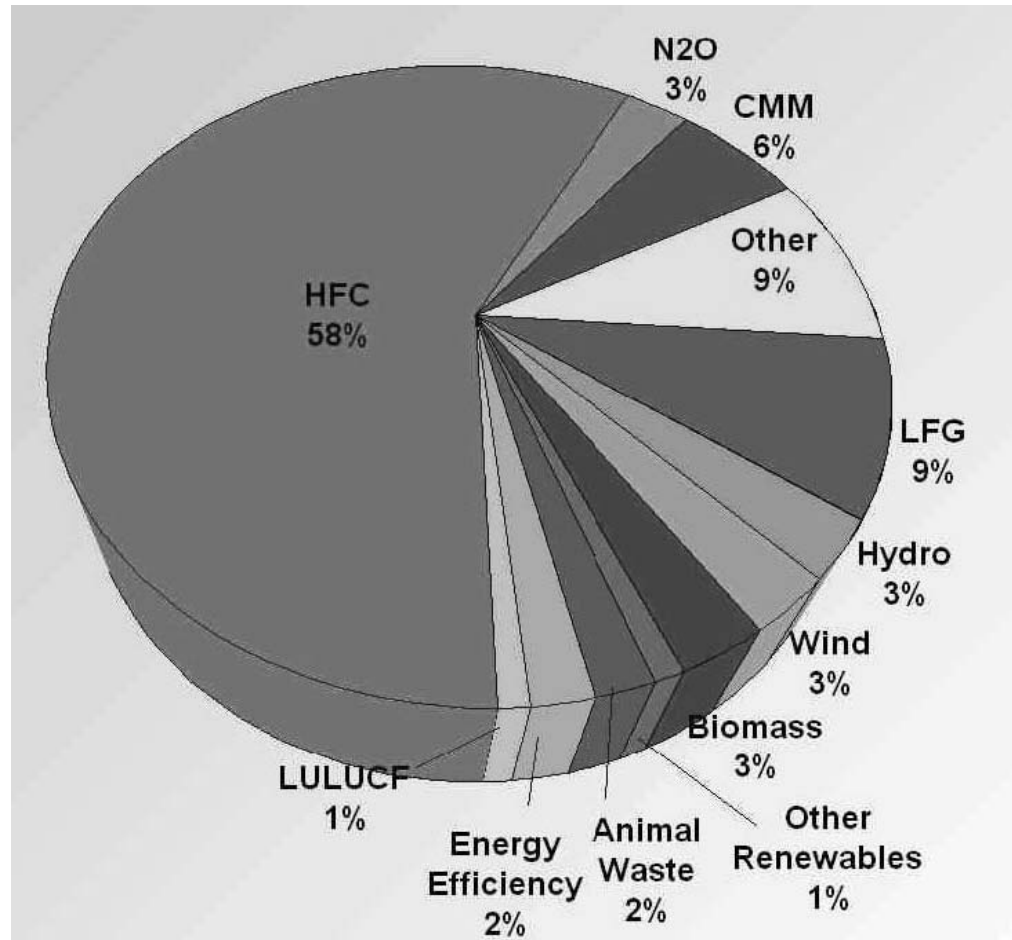
# CDM/JI Market Growth



Source: World Bank State and Trends of the Carbon Market Report 2006



# Technologies in CDM/JI

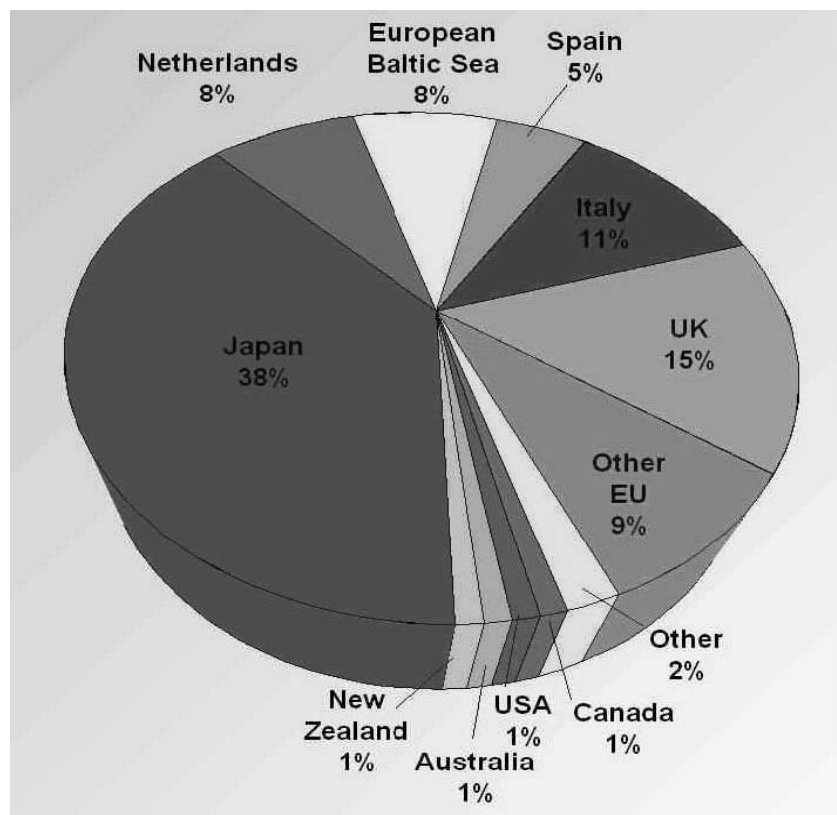


Percentage of Traded Volume by Technology (2005 - Q1 06)

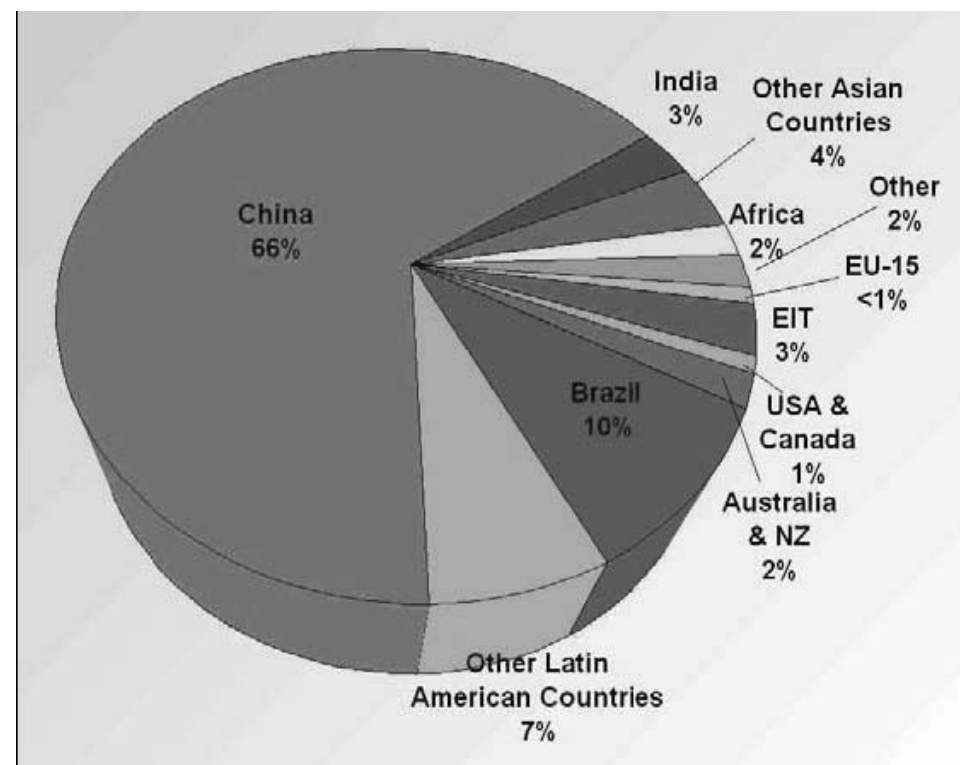
Source: World Bank State and Trends of the Carbon Market Report 2006



# Buyers & Sellers in the CDM/JI Market



**Buyers in 2005**



**Sellers in 2005**

Source: World Bank State and Trends of the Carbon Market Report 2006





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