



Challenges in Meeting Your Target

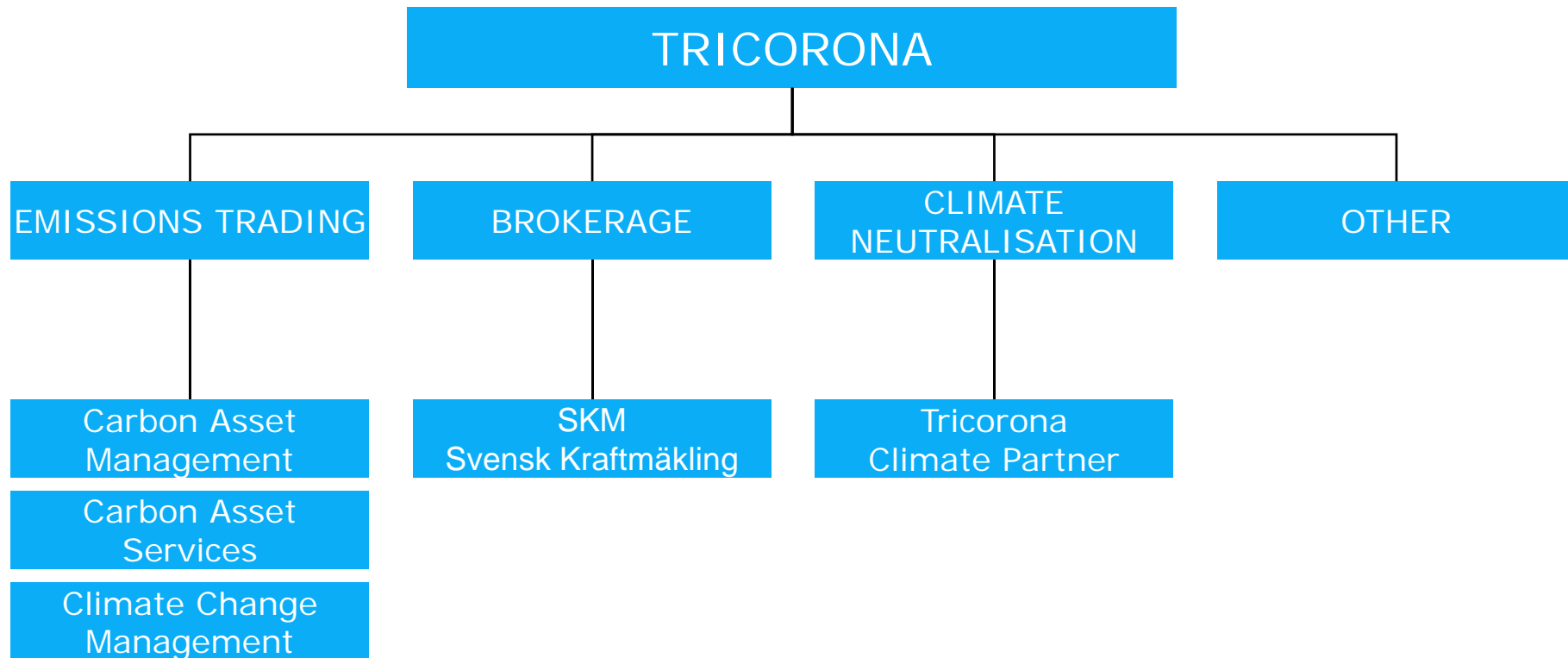
# Will CDM Deliver?

3 May 2007  
Helge Zink

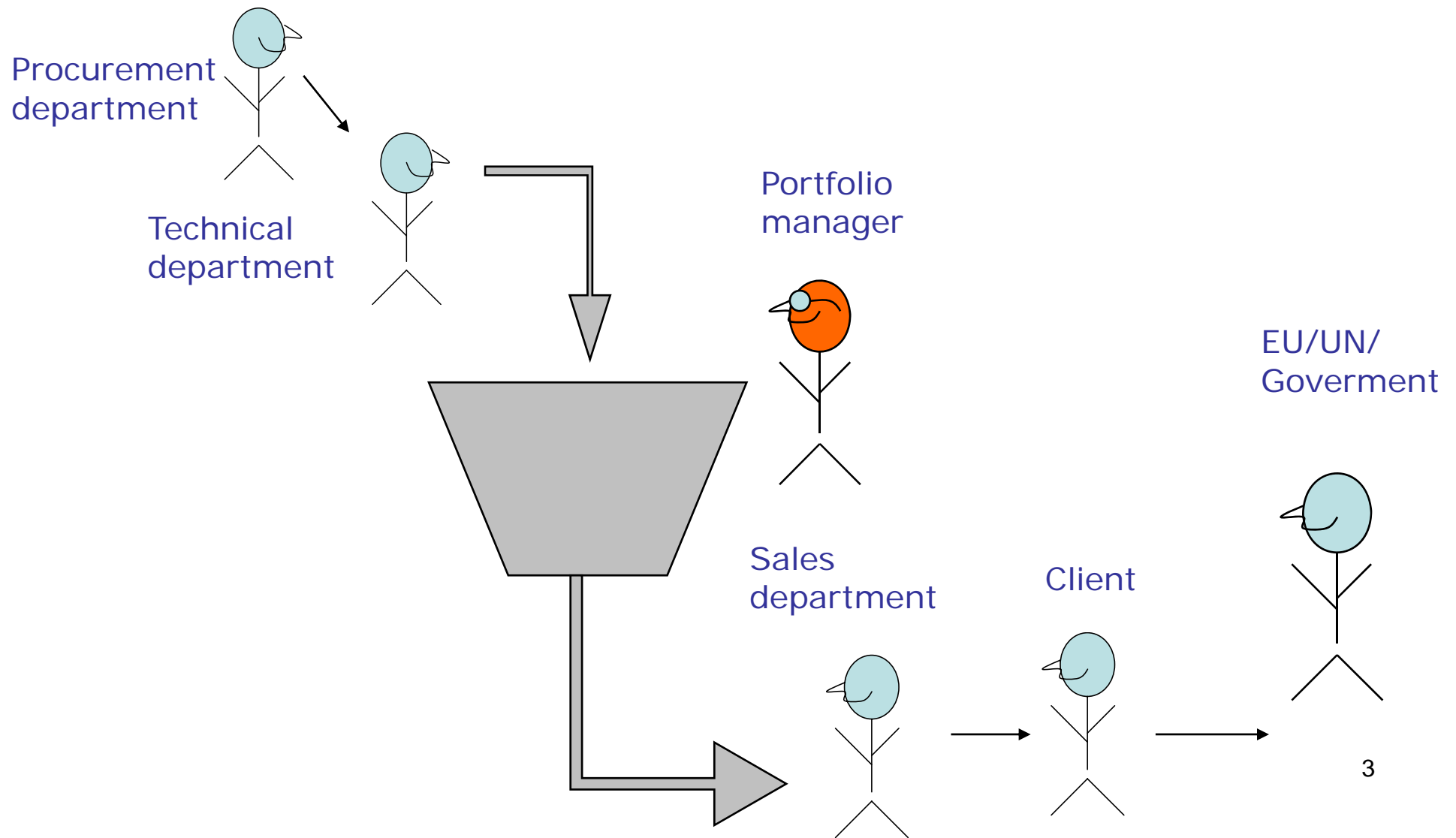
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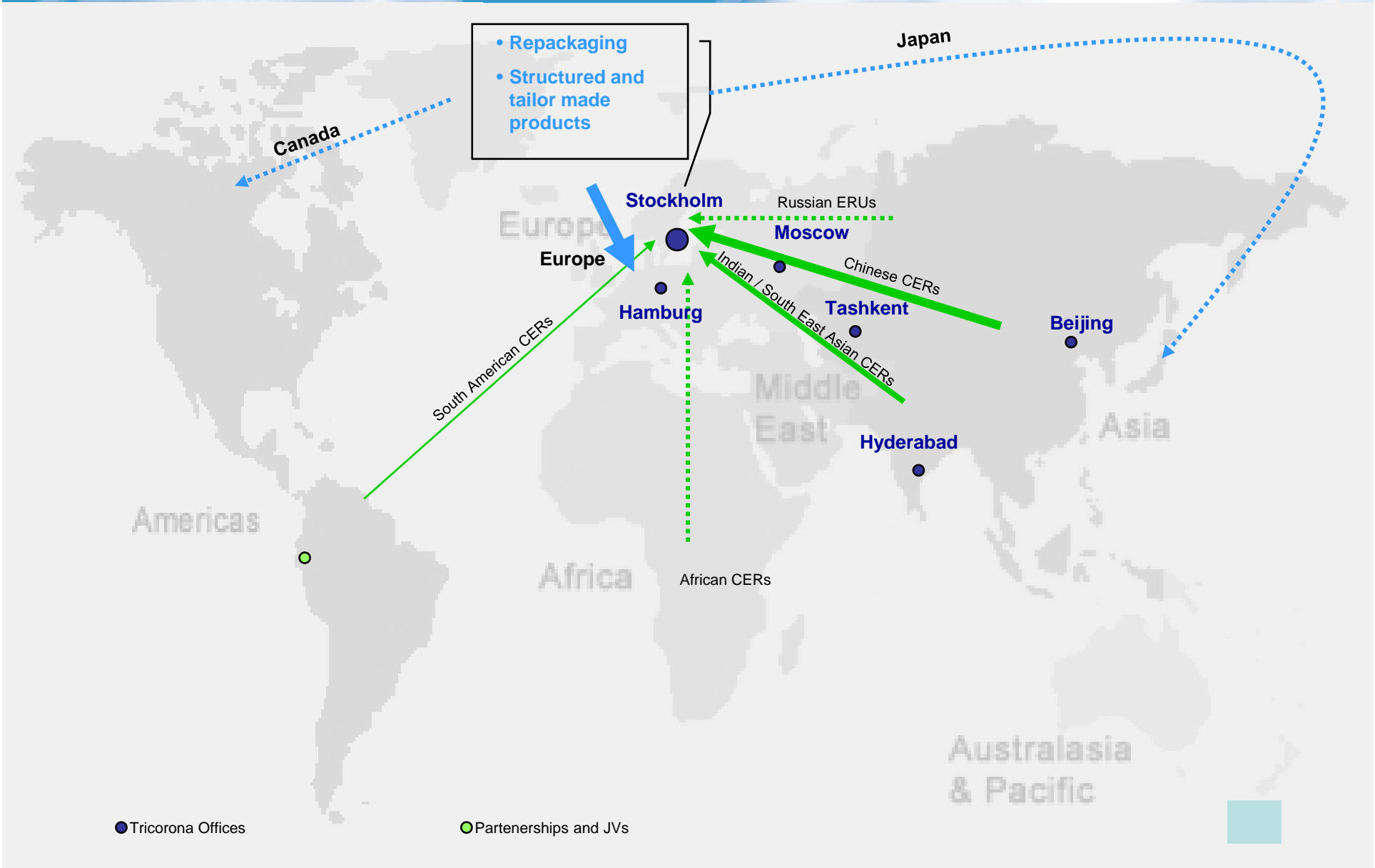
*”Tricorona invests and trades  
in environment-related market instruments”*



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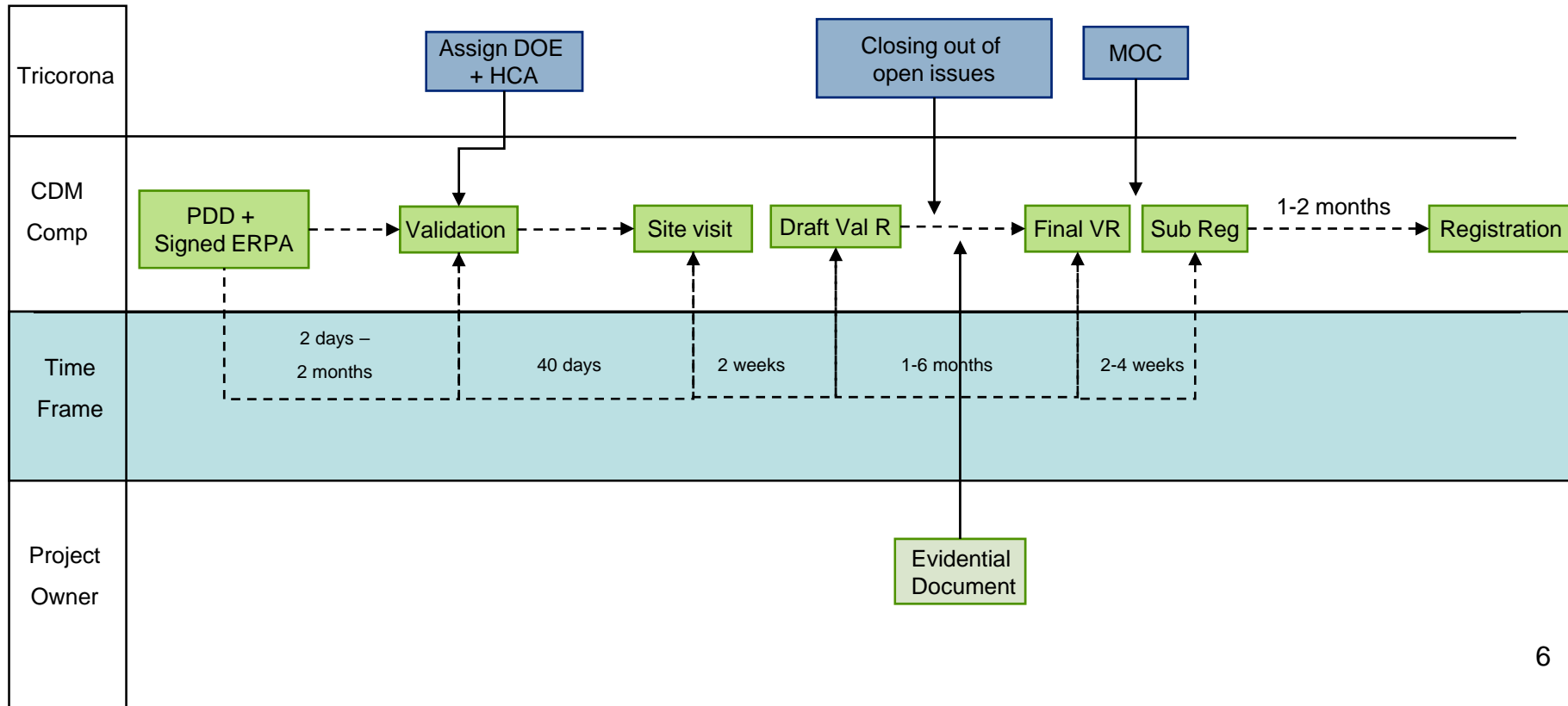


## A Compliance Buyer's Carbon Exposure

- Emission credit price risk
- Uncertainties with the legal framework
  - Germany ex-post adjustment of allocations
  - Trading position 2008 – 2012
  - Post 2012
- Short position for most companies
- CDM/JI project risks
  - Development of CDM component
  - Performance & failure
  - Delivery schedule

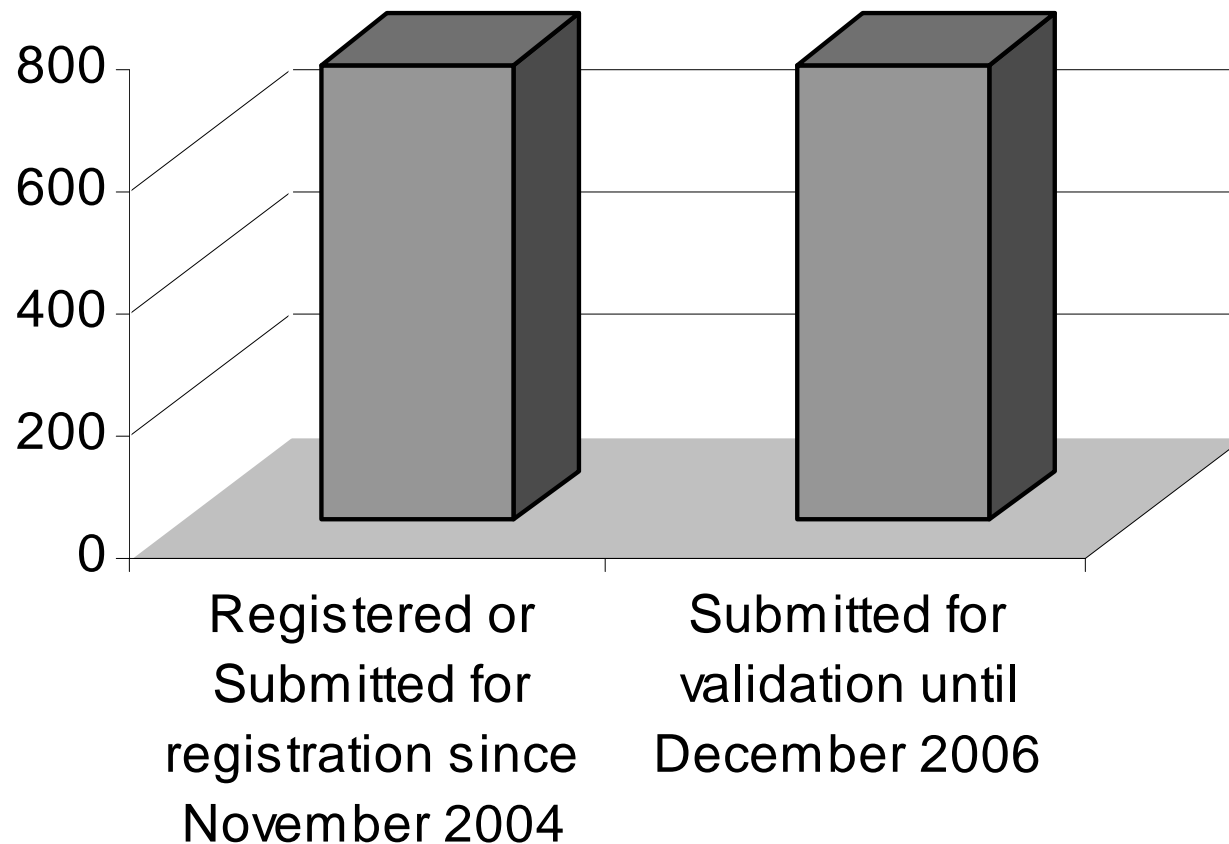
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## Good Management of the Registration Process...



## Project Risks

Average time until submission for registration: 7 months...  
For those projects who finally make it through



## Can the Flexible Mechanisms Deliver?

Very uncertain for most single projects due to:

1. Registration risk
2. Mismatch of demand and supply:
  - Project size
  - Delivery guarantee vs. project failure
  - Volume uncertainty
  - Delivery date

→ Solution: Portfolio approach

## Conclusions

1. Build a sufficiently large portfolio
  - Strong Due Diligence and long experience with the CDM is saving costs and frustrations further down the road
  - Managing the process needs a lot of resources in terms of finance, time and commitment
  
2. Turn to an expert already active in CDM/JI



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Thank you for listening

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