

The Voluntary Carbon Markets



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The Chicago Climate Exchange (CCX)

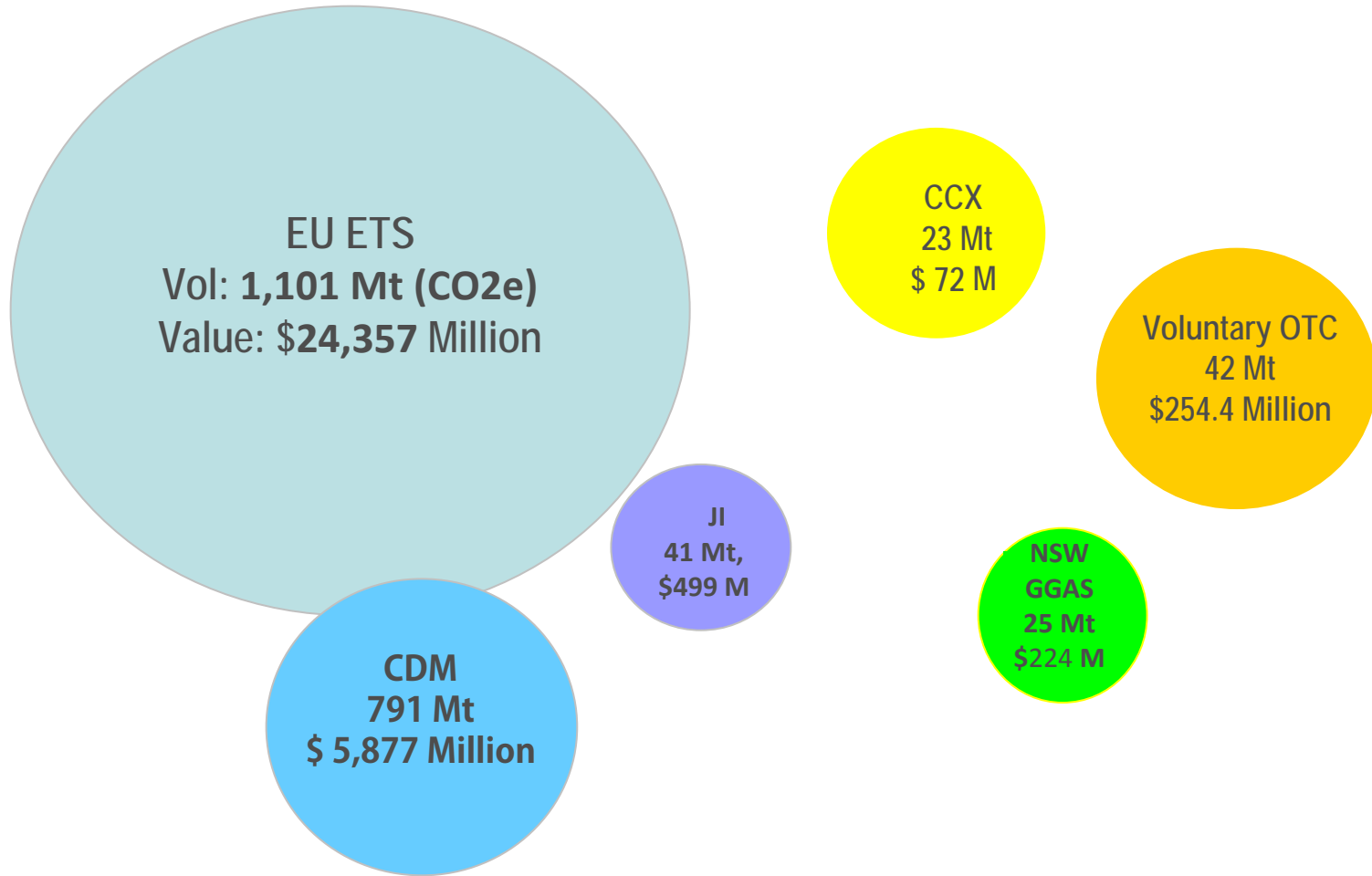
- **Voluntary, but legally binding U.S. based Cap & Trade system**
- **Membership based**
- **Internal standards**
- **Includes offset credits but also allowance based credits**

“Over the Counter” Voluntary Carbon Markets

- **Operating outside of any formal exchange**
- **Scattered transactions**
- **Almost completely offset based credits**
- **Represents consumer demand for carbon offsets**
- **Wild West/ Buyer beware**



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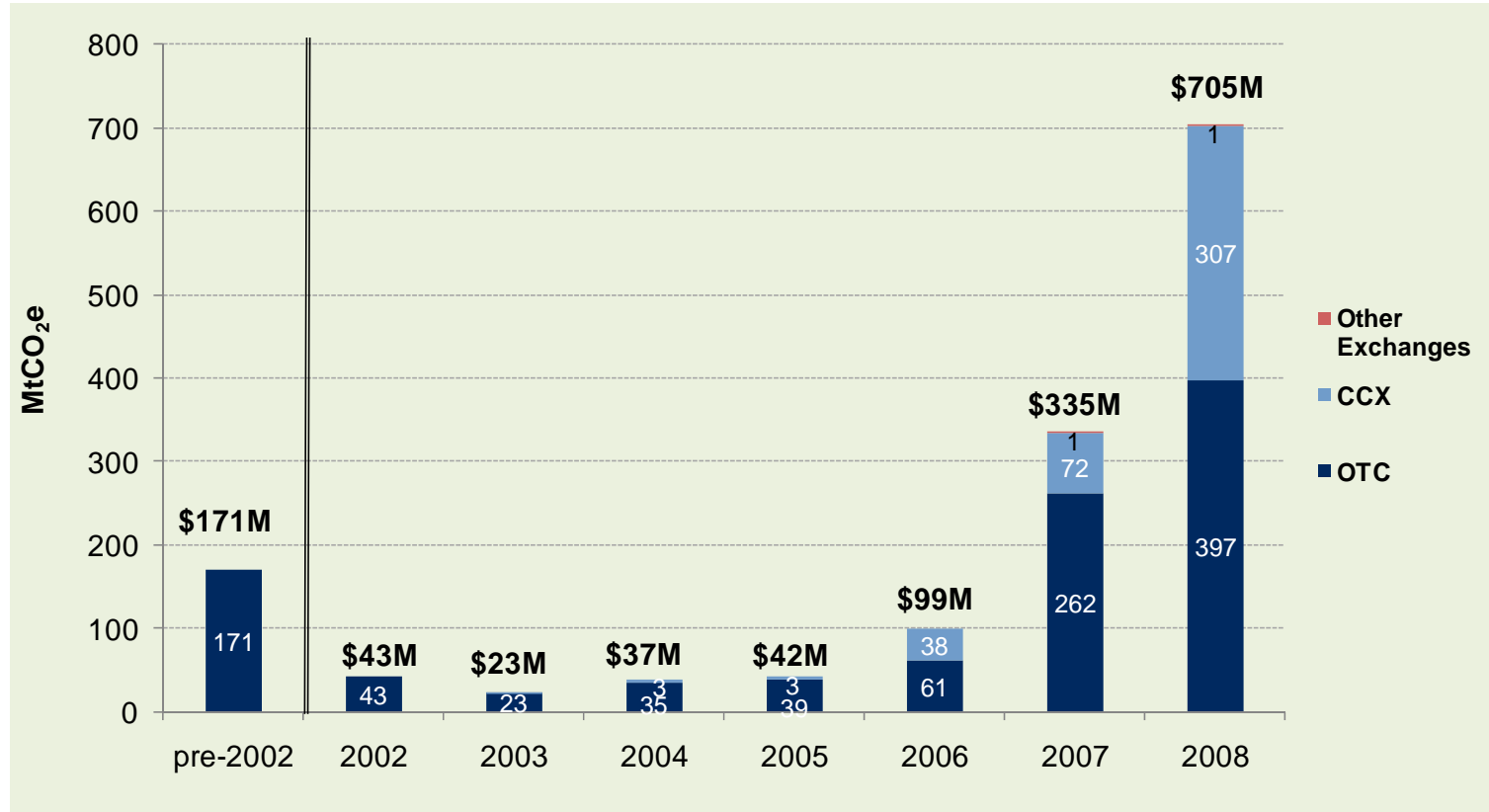


Source: New Forests/Ecosystem Marketplace, World Bank



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Voluntary Markets Size and Growth

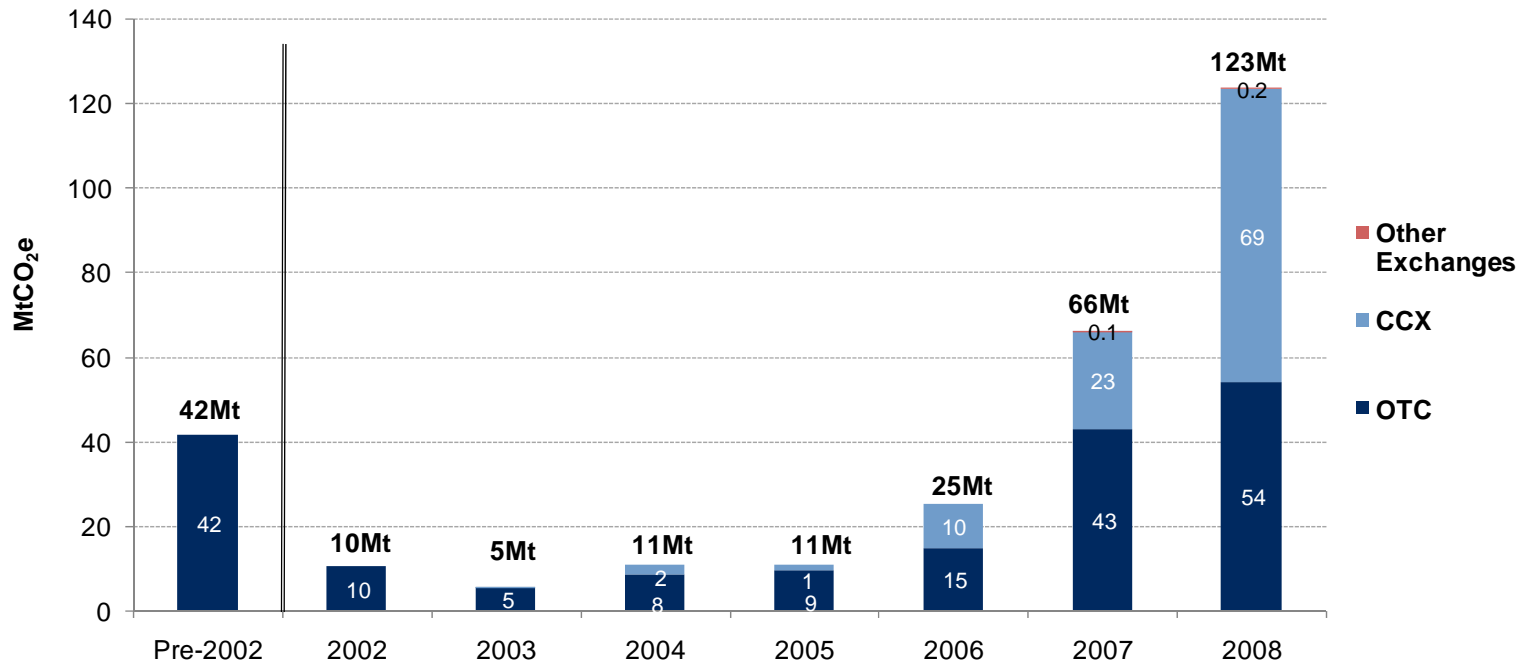


Source: Ecosystem Marketplace & NCF



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Strong volume growth in the CCX contributes to a near doubling of voluntary carbon markets



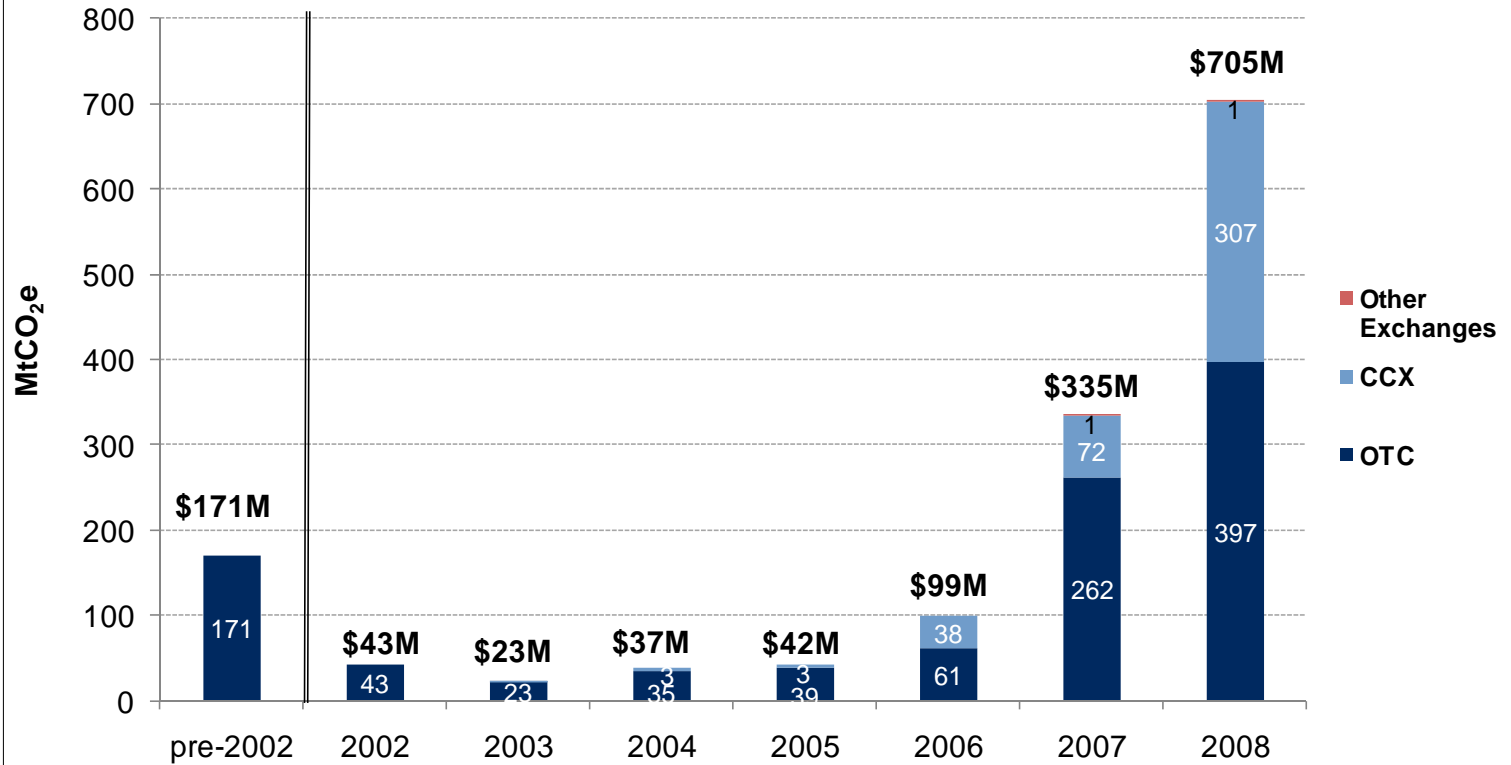
Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance



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However, the OTC market still makes up 56% of the market's value due to its price premium

Average price:
OTC = \$7.34/t
CCX = \$4.43/t



Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance

The voluntary market has grown faster than the compliance market, but is still marginal



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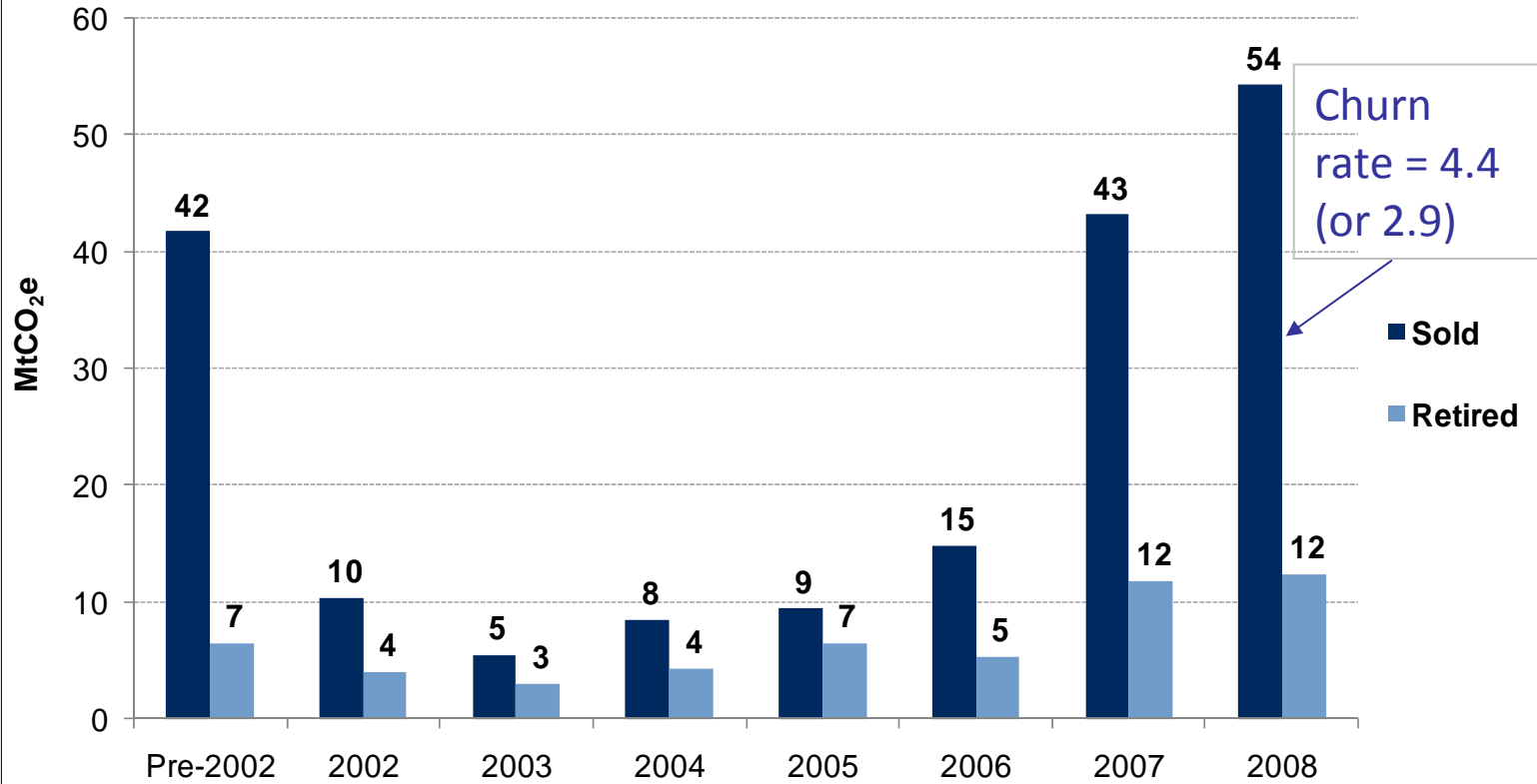
Markets	Volume (MtCO ₂ e)		Value (US\$ million)	
	2007	2008	2007	2008
Voluntary OTC	43.1	54.0	262.9	396.7
CCX	22.9	69.2	72.4	306.7
Other exchanges	0	0.2	0	1.3
Total Voluntary Markets	66.0	123.4	335.3	704.8
EU ETS	2,061.0	2,982.0	50,097.0	94,971.7
Primary CDM	551.0	400.3	7,426.0	6,118.2
Secondary CDM	240.0	622.4	5,451.0	15,584.5
Joint Implementation	41.0	20.0	499.0	294.0
Kyoto [AAU]	0.0	16.0	0.0	177.1
New South Wales	25.0	30.6	224.0	151.9
RGGI	-	71.5	-	253.5
Alberta's SGER ^(a)	1.5	3.3	13.7	31.3
Total Regulated Markets	2,919.5	4,146.1	63,710.7	117,582.2
Total Global Markets	2,985.5	4,269.5	64,046.0	118,287.0

Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance



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The main goal is credit retirement though, which has stayed level since 2007



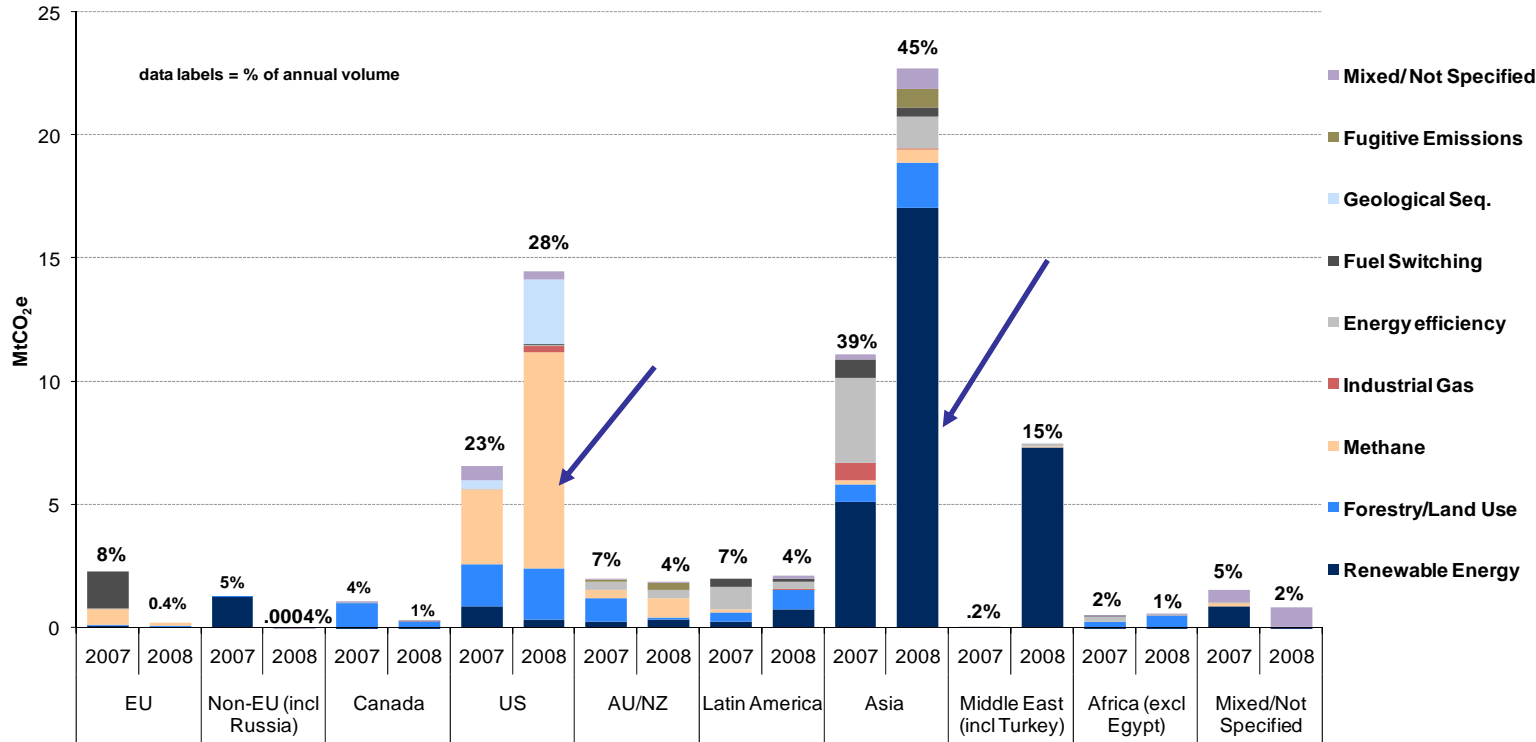
Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance

Asia and the US dominate supply



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Transaction Volume by Location and Project Type

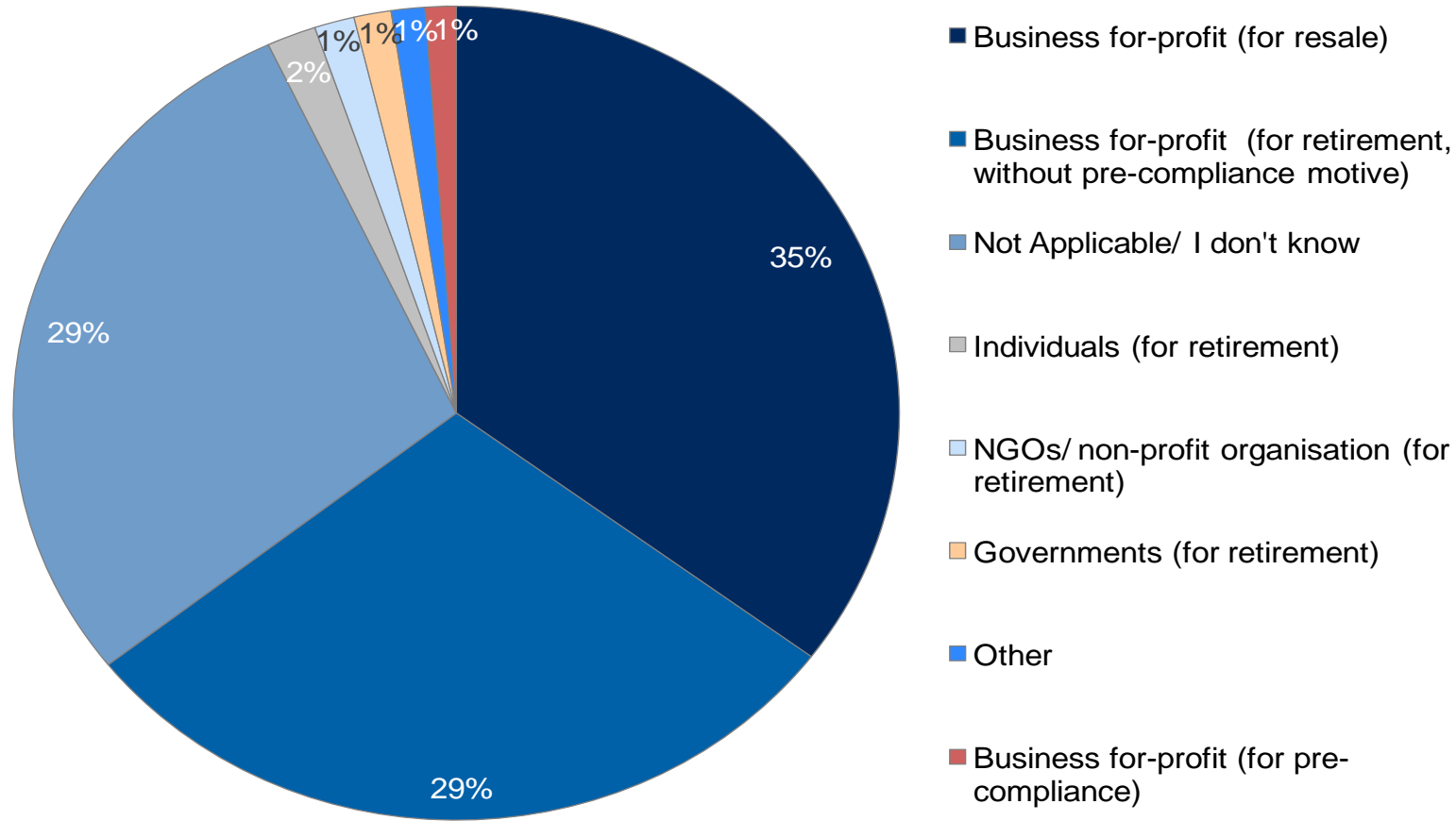


Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance



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Type of Buyer



Source: "State of the Voluntary Carbon Markets 2009", Ecosystem Marketplace and New Carbon Finance

Key Themes for the Voluntary Markets



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- Headlines down (the good & the ugly) but credibility still a focus
- The market is maturing rapidly with expanding infrastructure and third party standards
- The voluntary carbon markets remain a source of innovation
- The markets will likely exist (and even over the next several years grow) in the face of U.S. Regulation
- CSR and PR remain core motivations, but intermediaries are scaling up and the pre-compliance market is gaining
- Increasingly savvy buyers