



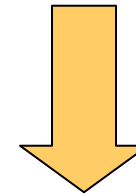
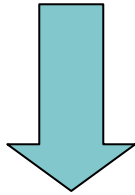
Carbon Units and Hedging

Mac Reiss

- ➔ Founded in 1990
- ➔ Privately owned company
- ➔ 55% of Masefield shares held by Mr. Jim Daley (founder)
45% of Masefield shares held by senior management
- ➔ 120 international staff world wide
- ➔ Offices in Zug, London, Singapore, Houston, South Africa,
Calgary, Sydney, Dubai
- ➔ USD 2 billion turnover in 2007

- ➔ Trading of Crude Oil
 - Condensates
 - Oil products (Fuel Oil and Diesel)
 - Petrochemicals
- ➔ Trading of Natural Gas
 - Coal
- ➔ Trading of Bio Diesel and Vegetable Oil
- ➔ Carbon Credit procurement and trading
- ➔ Credit facilities of USD 1.7 bn with BNP Paribas, ING, Credit Suisse, Standard Chartered, Société Générale and Natixis

Two Groups under Kyoto



Emission Targets

Annex I

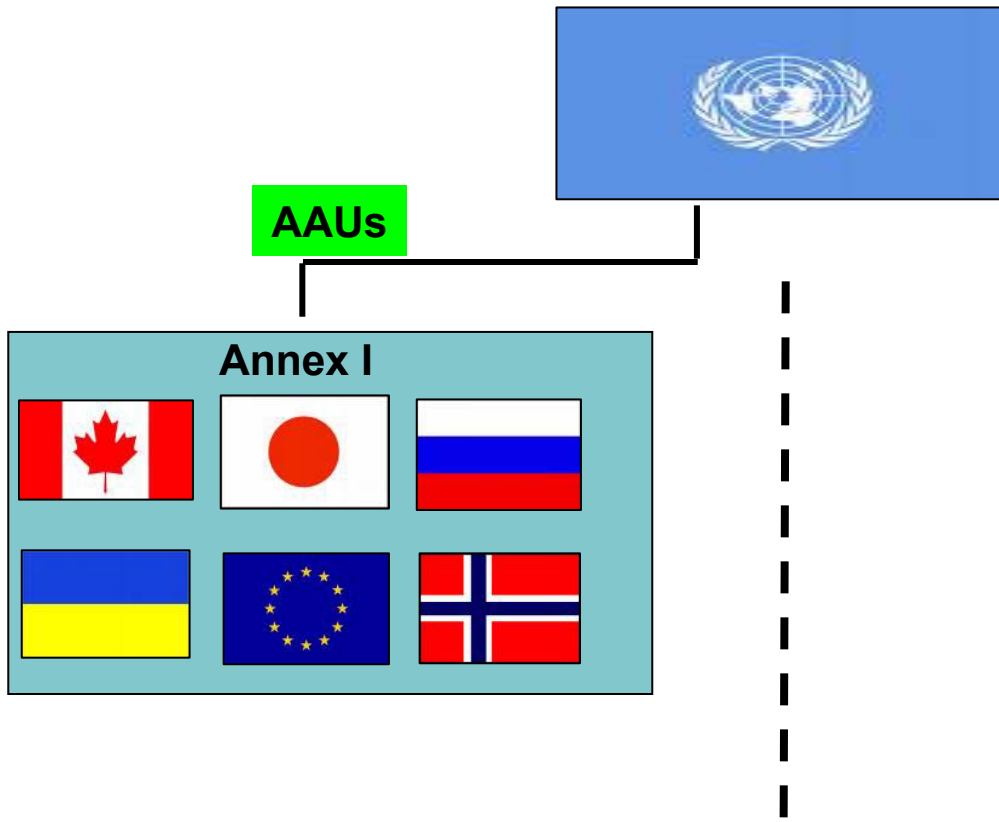


No Emission Targets

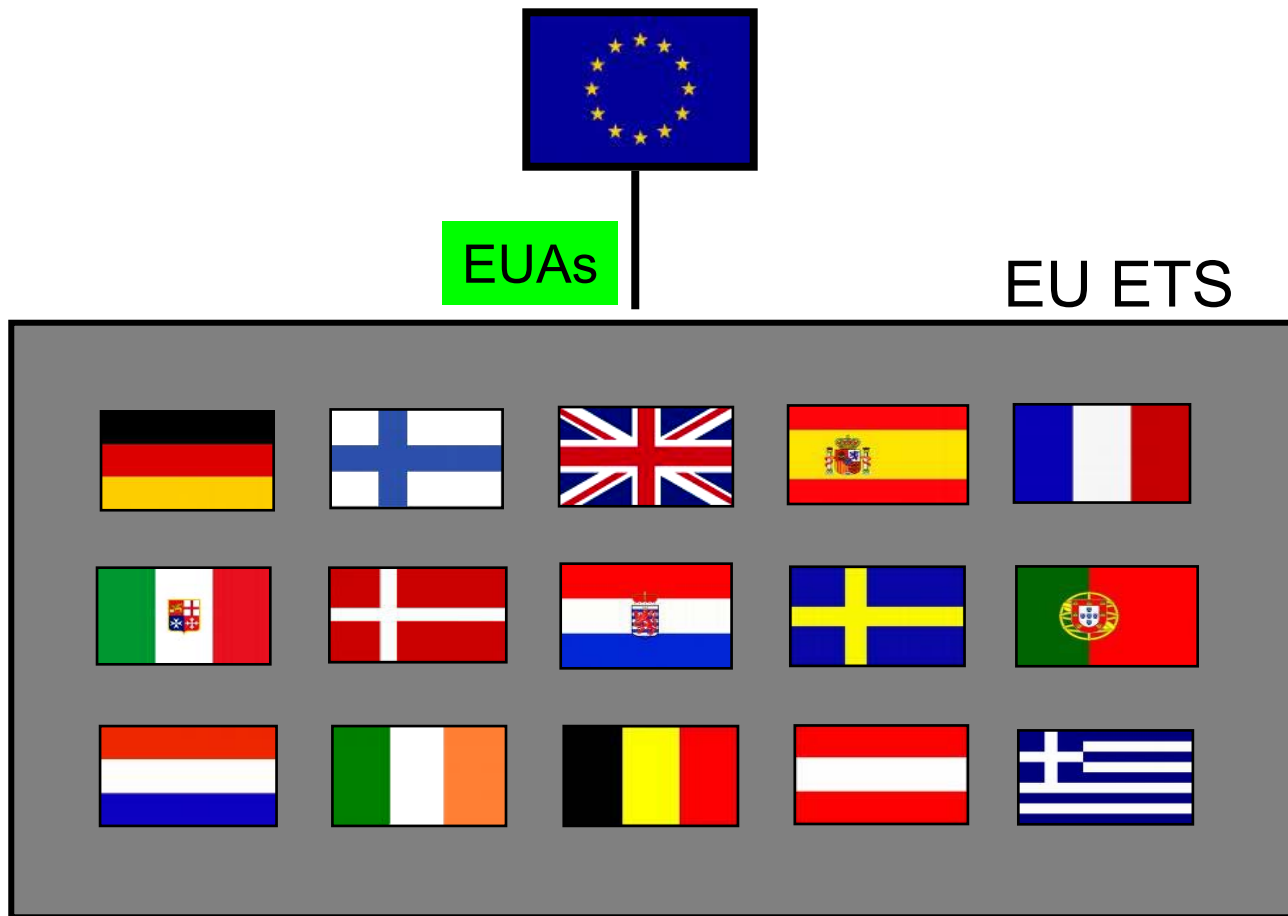
Non-Annex I



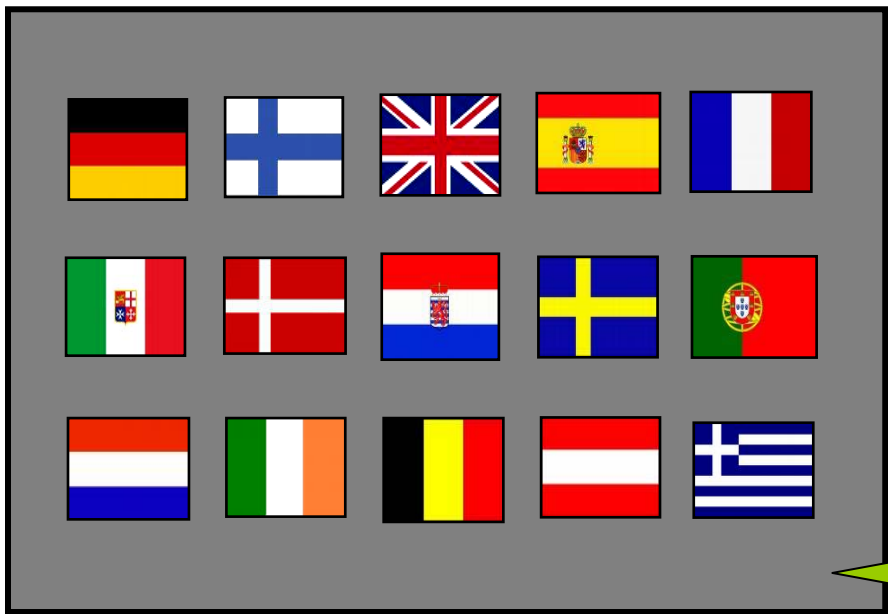
The different Carbon Units



The different Carbon Units



The different Carbon Units



Non-Annex I

CERs



CDM

The different Carbon Units

- **Assigned Amount (AAU)**

is the amount expressed in tons CO₂e of GHG that each ratifying country is allowed to emit during the “first commitment period” 2008-12 of the Kyoto Protocol.

- **European Union Allowance (EUA)**

is the EU ETS unit expressed in tons of CO₂e.

- **Certified Emission Reduction (CER)**

is the unit of GHG reduction in ton CO₂e from CDM projects in non-Annex I countries, issued by the “CDM Executive Board” of the UN.

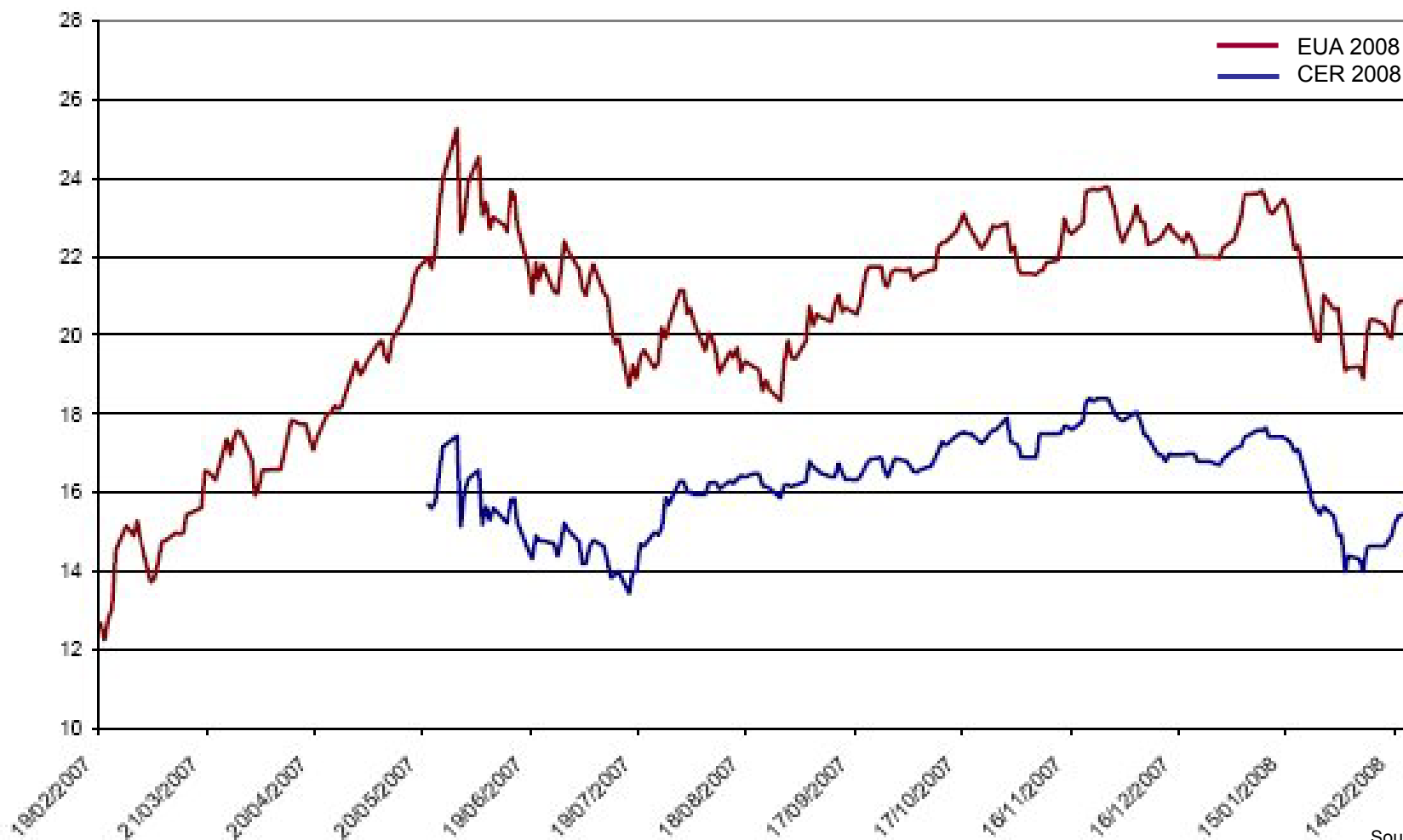
Congratulations!

- ➡ Financing and technology is secured.
- ➡ Your Project is registered under the CDM.
- ➡ Implementation is under way.

- ✓ Your project will generate Carbon Credits.
- ✓ Carbon Credits have a value.

- 🔒 You will make a profit, but you need to protect it.

Historic Prices for EUAs and GCERs



Factors influencing the Price of Carbon

Weather

Fuel Prices

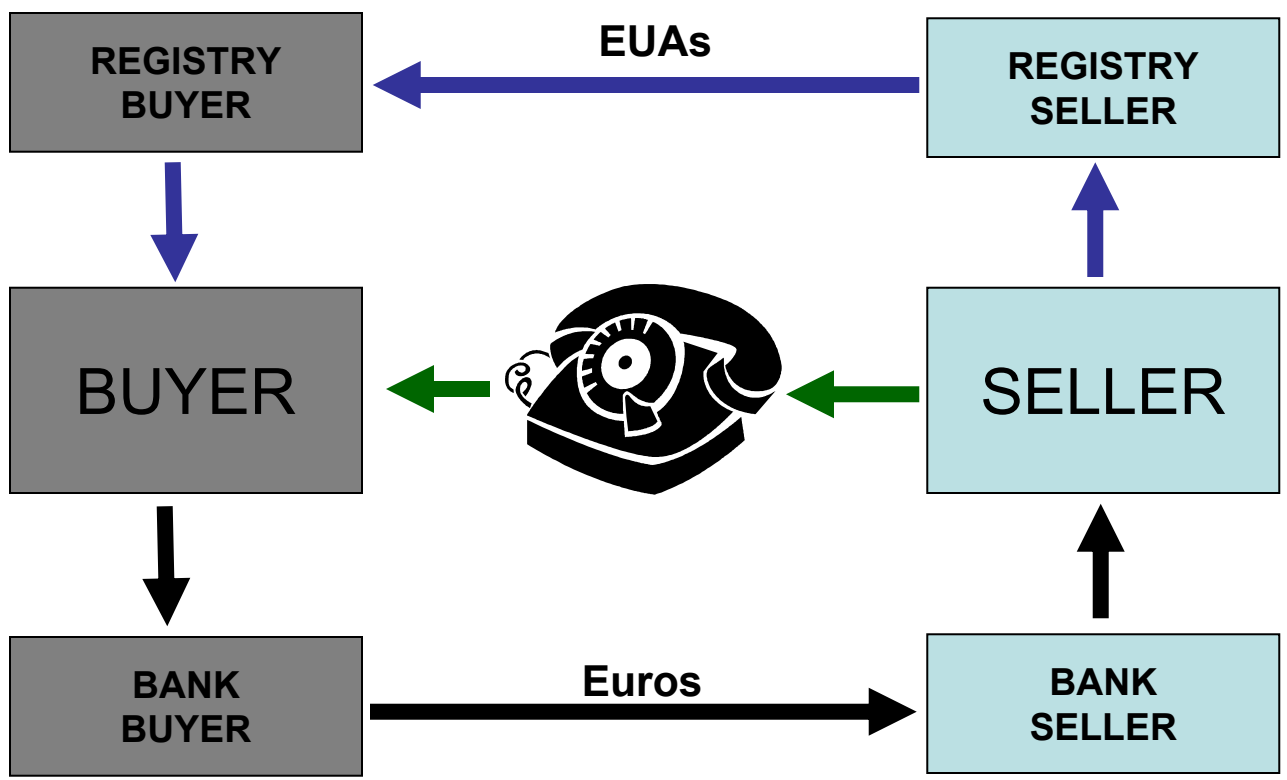
Economy

Politics

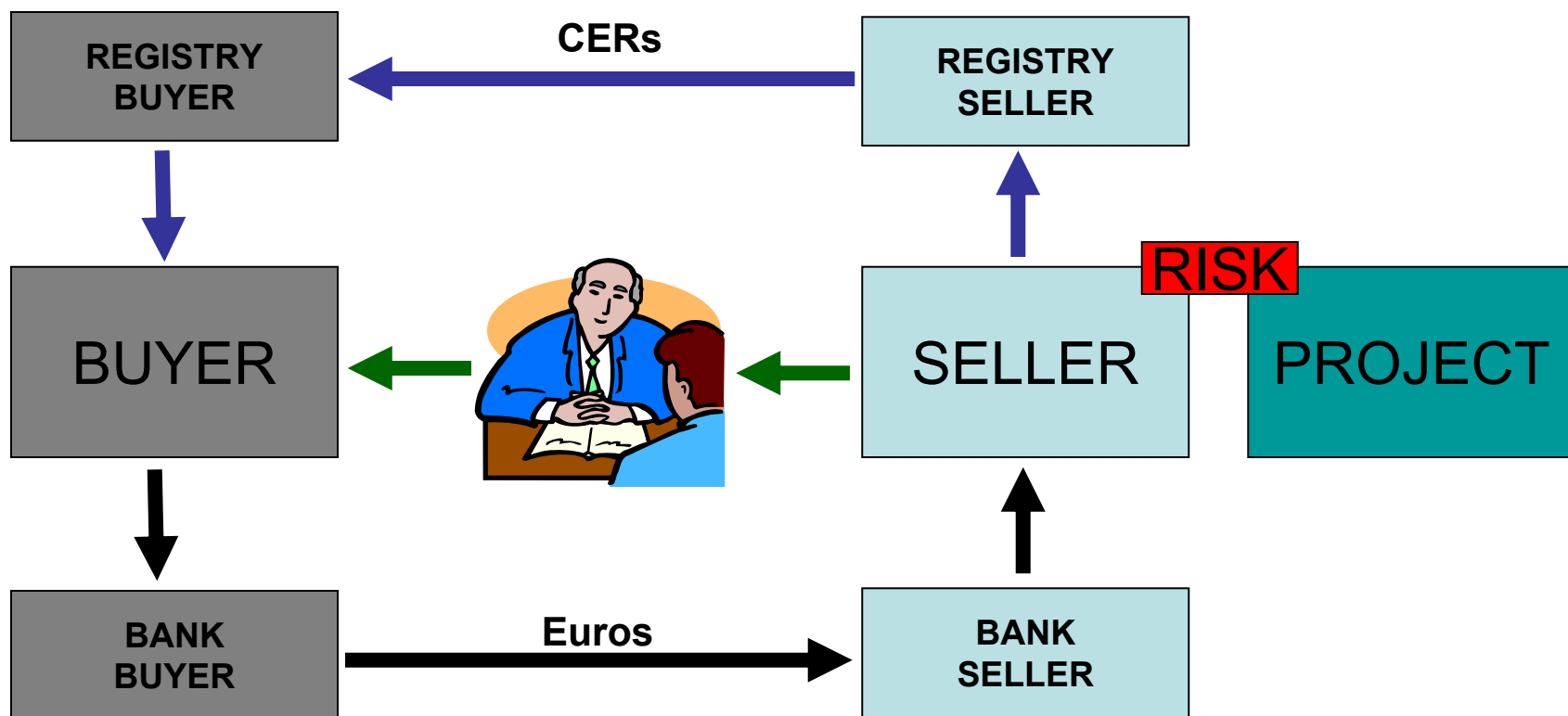
Supply and Demand

Speculation

Trading EUAs



Trading CERs



Speculate or Insure?

Conservative/Risk averse

Part hedged/part speculative

Outright speculative

Basic Requirements for CER Trading

Hire/ assign trader

Market risk/ Credit risk management

New IT and tracking systems

Regulatory clearance to trade

Intra / inter company position

Netting of open registry accounts

Counterparty contracts (ISDA, EFET, or IETA)

Exchange and brokerage access

Hedging

What is a “Hedge”?

Hedging strategies

Risk averse: Lock profit in with a Forward Deal

Part/part: Recover investment

Secure a part-profit

Participate in market volatility

Speculative: Subjected to market volatility

Little possibilities to react quickly

Best Hedge for me

Determine own Hedging and Marketing Strategy

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