



AgCert's CDM Projects

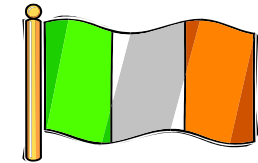
From a project idea to the market

Leo Perkowski, Director Climate Change Programs

Outline

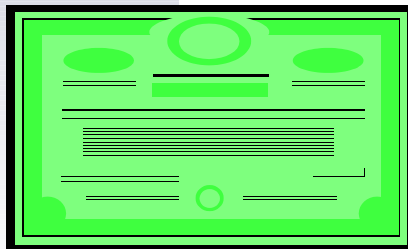
- ◆ **Company Profile**
- ◆ **Project**
 - ◆ **Idea**
 - ◆ **Financing**
 - ◆ **Execution**
 - ◆ **Steps in the Process**
 - ◆ **Example Project Activity**
 - ◆ **CER Production and Delivery**
- ◆ **Lessons Learned**
- ◆ **Next Steps**

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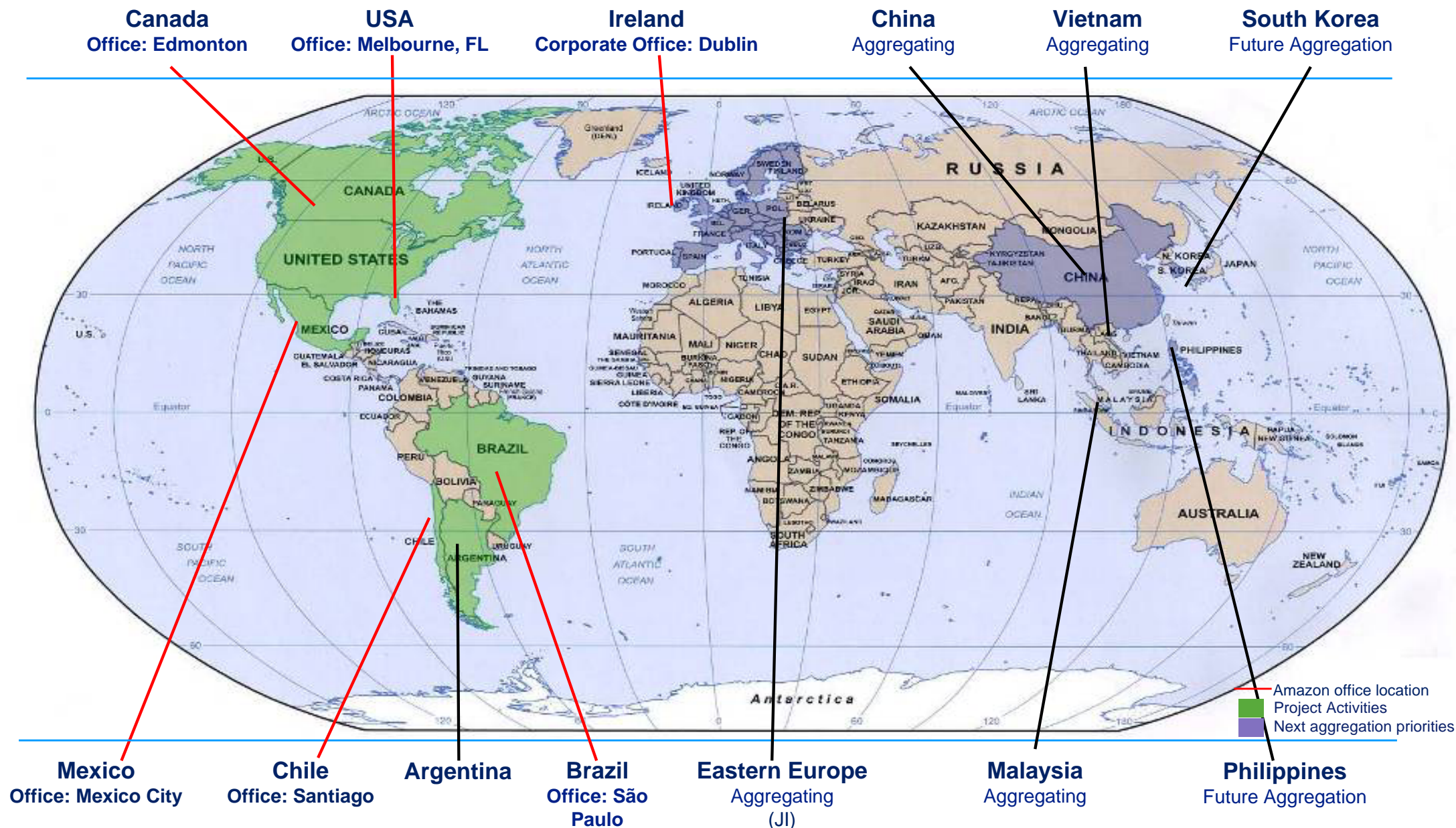


Leader in the production and sale of agriculturally derived greenhouse gas (GHG) emission reduction offsets

- ◆ Headquartered in Dublin, Ireland
- ◆ Founded to generate emission reductions from livestock farms to reduce the adverse impacts of GHG emissions related to global warming and climate change and at the same time provide environmental co-benefits



AgCert Global Operations



Project Idea



- ◆ **Provide** intensive livestock farmers with manure management solutions to:
 - ◆ Volatilize solids, capture and destroy (combust) methane
 - ◆ Qualify/quantify GHG emissions and create offsets
- ◆ **Standardized process** to produce offsets on large scale (multi site PDD)
 - ◆ GHG emission reductions are pooled and sold to industrial emitters, governments, funds & energy traders
- ◆ **“Mass producer”** of Certified Emission Reductions (CERs)
 - ◆ Through consistent application of science, produce a large, consistent and permanent source of GHG ERs

Project Financing

Initial

Company Start-up, Pilot and Follow-on Projects

Private Equity Investment
& IFC

ANDLINGER & COMPANY, INC.

XL
TECHGROUP



Mid-stage

Project Expansion

Initial Public Offering
LSE – June 2, 2005



Growth

New Market Verticals & Geographies

AES Equity Investment
Negotiating Joint Ventures



Project Execution – How Did We Do It?

We Do It All!!

***“Cradle
to
Grave”***

- ◆ **Market assessment/qualification**
- ◆ **Planning**
 - ◆ Candidate site selection
 - ◆ Stakeholder’s meeting
 - ◆ PDD development
 - ◆ Host Country Approval
 - ◆ Validation
- ◆ **Registration**
- ◆ **Project Implementation**
 - ◆ Construction
 - ◆ Monitoring
 - ◆ O&M
- ◆ **Reporting of Results**
 - ◆ Monitoring Report
 - ◆ Verification/Certification
 - ◆ RFI
 - ◆ Request for review
- ◆ **CER Sales and Transfer**

Typical Installations

Baseline
Open Lagoon



Typical Installations

Project Activity Excavation



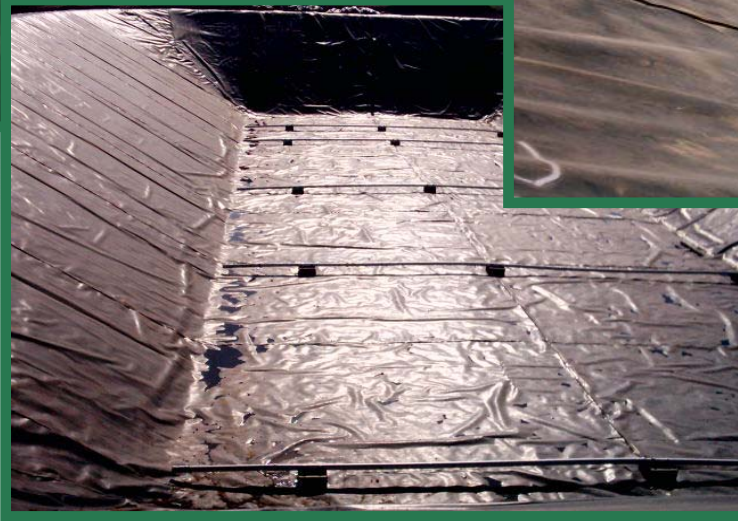
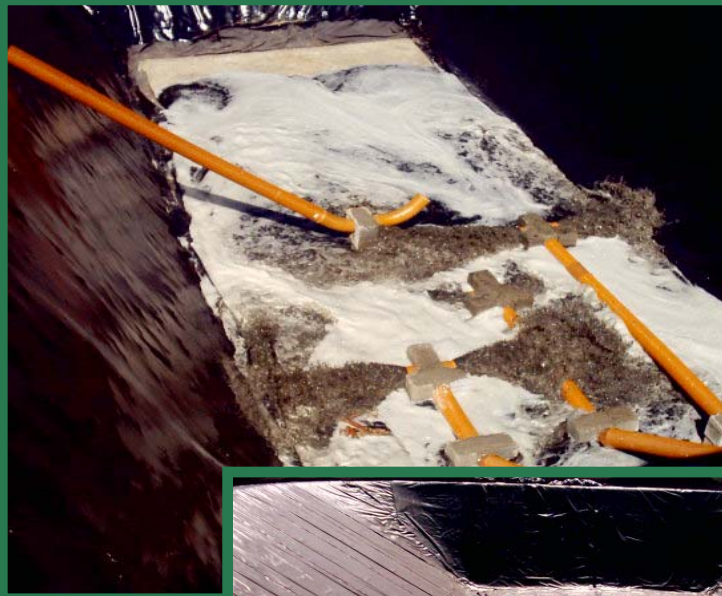
Typical Installations

Project Activity Geomembrane (HDPE/PVC) Liner Installation



Typical Installations

Project Activity Seeding



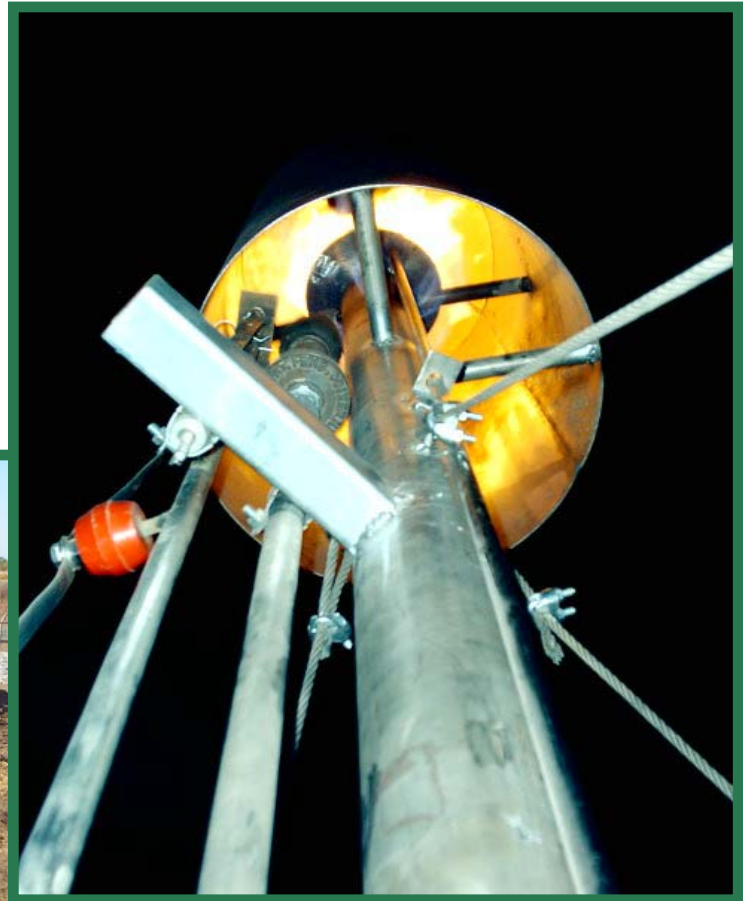
Typical Installations

Project Activity Cover Installation



Typical Installations

Project Activity Gas Handling System Installation



Typical Installations

Project Activity
Finished Product -- Mexico

**Anaerobic
Digester**



**Biogas
Handling
System**



**Combustion
System**



Typical Installations

Project Activity Finished Product Brazil

Anaerobic
Digester

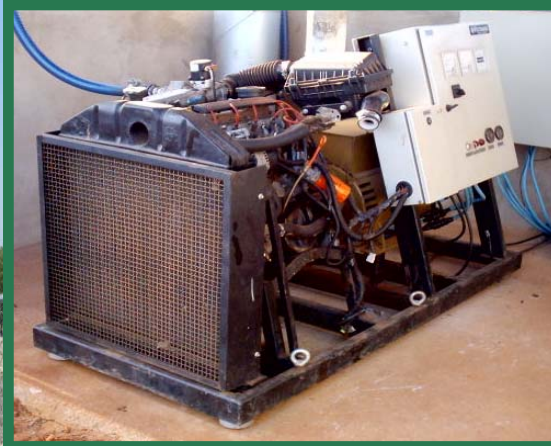
Biogas
Combustion
System

Generator



Typical Combustion Options

Flare, Co-generation and Water Boilers:



Project Development, Production and Delivery

PDDs	Projects/Sites*
◆ Overall	74 / 788
Of PDDs Planned or Submitted:	
◆ In Planning/Development	≈ 15 / 75
◆ In Validation	28 / 224
◆ Submitted for Registration	12 / 198
◆ Registered (as of 18:00 today)	19 / 291
Of Projects Registered:	
◆ Verified	5
◆ Request For Issuance	1
◆ Produced CERs	4

*As of May 15, 2006

Lessons Learned: System Successes/Challenges

◆ Validation/Verification

◆ Success

- ◆ Process Drives Precision & Internal Excellence
- ◆ Transparent process reduces PP risk
- ◆ VVM; Increased authority to DOE; decisions made at the level most familiar with the situation

◆ Challenge

- ◆ Consistency: Process, implementation & audits

◆ Methodologies

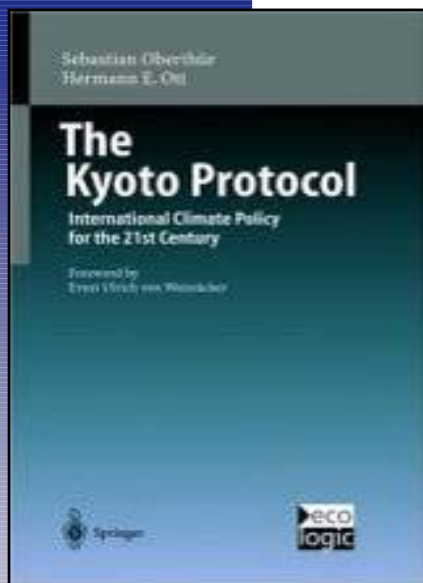
◆ Success

- ◆ Tremendous increase in number of methodologies and, in case of SSM, ease of use

◆ Challenge

- ◆ Limited consultation with domain experts
- ◆ At times results in controversial/incorrect guidance

CDM Lessons Learned: Tough Issues



◆ Regulatory

- ◆ Interpreting Ms&Ps, EB guidance
- ◆ Understanding documentation requirements, scope of validation and verification audits
- ◆ Realizing resource requirements to support entire regulatory process
 - ◆ Logistic
 - ◆ Communication
 - ◆ Documentation (Objective Evidence)



◆ Operational

- ◆ Handling of proprietary information
- ◆ Insufficient guidance on data requirements
- ◆ Differing host party requirements (inconsistency)
- ◆ Changes in key guidance, methodologies, guidelines, etc.

CDM Lessons Learned: Areas of Improvement

◆ Project Developer Should:

- ◆ Establish dedicated point of contact
 - ◆ Primary and secondary trained individuals
 - ◆ Assign contacts at both host and participating nations
- ◆ Communicate! Communicate! Communicate!
 - ◆ Project developer -- DOE -- project developer
 - ◆ Use your DOE -- Most effective link to the EB and panels/work groups
 - ◆ Keep open lines of communication to discuss:
 - ◆ Project activity status
 - ◆ Changes in Guidance – Interpretation
 - ◆ EB does review comments
- ◆ Review EB, Meth Panel, SSC, etc. Meeting Minutes
 - ◆ Remain abreast of changes which can affect your projects



What's Next?

- ◆ **Adaptation to changes in science and technology**
 - ◆ We will closely monitor the methodology consolidation process and hope to participate in the review process
 - ◆ We will also remain attentive to anticipated changes in SSM applicable to methane capture projects
- ◆ **Methane combustion concerns**
 - ◆ Extensive discussion at EB meeting regarding fugitive emissions
 - ◆ As noted in Verification reports issued on five project activities, controls are in place to ensure methane gas not released directly to atmosphere
 - ◆ Preparation and submittal of monitoring recommendations

Conclusion

Winning value proposition for all stakeholders:

- ◆ **Emitters**
- ◆ **Farmers**
- ◆ **Investors**
- ◆ **The Earth**



For additional information
on AgCert GHG Projects visit our website - www.agcert.com