



EUROPEAN  
CARBON  
FUND™

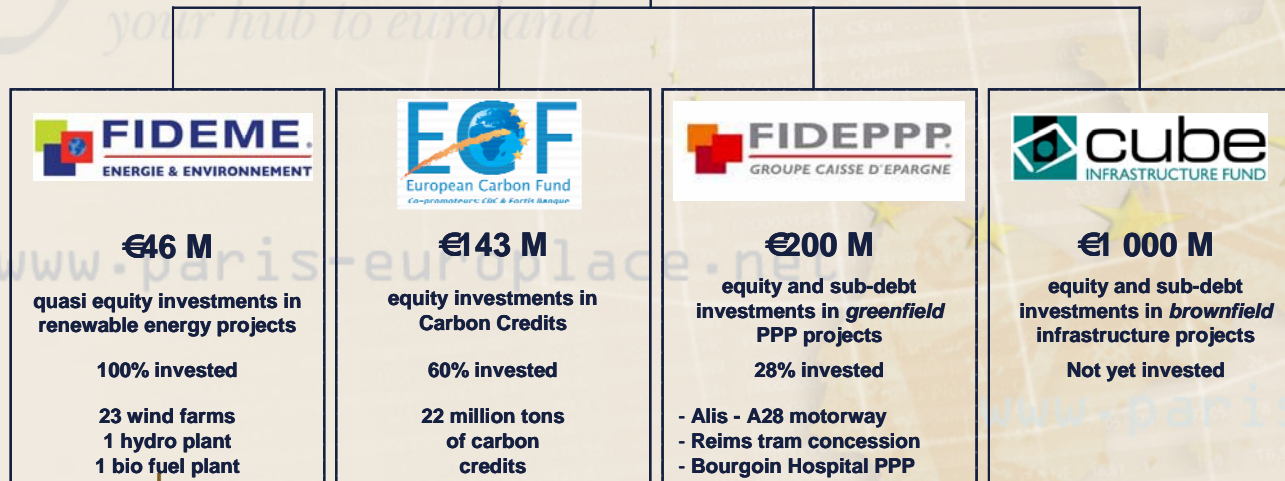
**Philippe GERMA, Executive Director,  
NATIXIS Environnement & Infrastructures**



[www.europeancarbonfund.com](http://www.europeancarbonfund.com)

# Natixis Environnement & Infrastructures

- Management company registered with the Autorité des Marché Financiers (AMF)
- Structuring, placement and management of investment funds
- Sectors: environmental, clean energy and infrastructure projects



## Funds under management

- 2004 45 M€
- 2005 387,7 M€
- 2006 650 M€
- 2007 (objectif) 1500M€

# ECF shareholders: large financial institutions – 142M€

- The European Carbon Fund (ECF) is a financial fund, designed and operated by major EU financial institutions, dedicated to purchase Carbon Credits.
- ECF is managed by Natixis Environnement & Infrastructures (Natixis)



## Foreword on ECF (1/2)

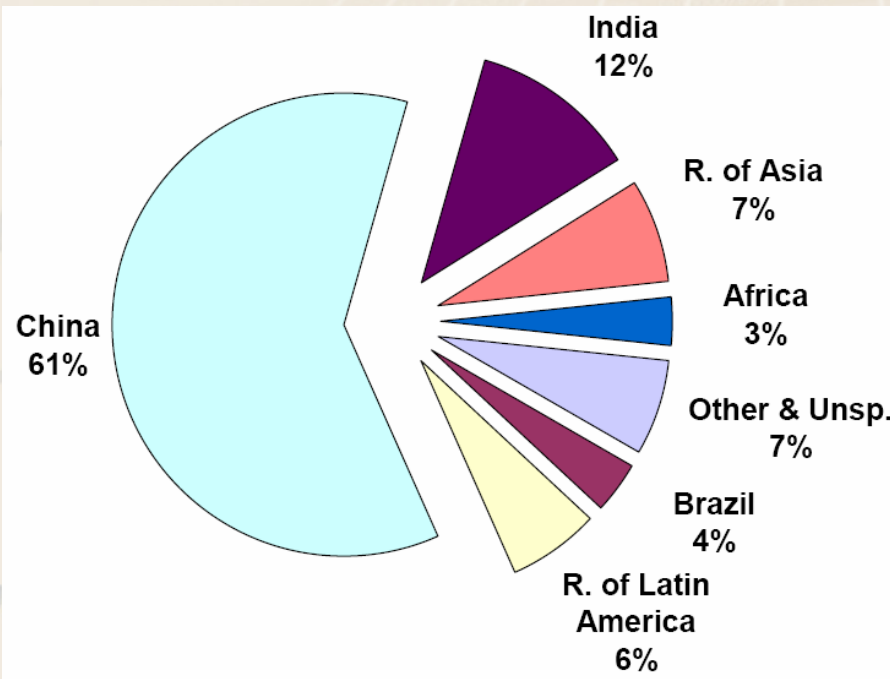
- Shareholders commitments: € 142.7m
- Classic « Private Equity » structure
  - 8 year lock up (until 2012)
  - « Buy/Hold/Sell » strategy
  - Limited hedging
  - Investors accept to have 100% capital at risk
- Distinct administrative and financial managements

[www.paris-euroland.net](http://www.paris-euroland.net)

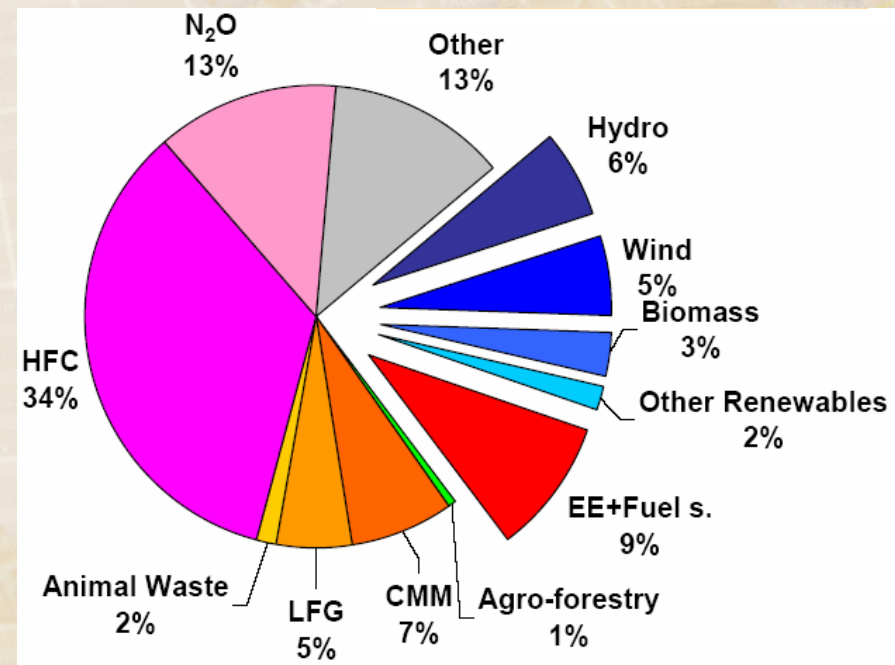
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# Foreword on the CDM: who sells what?

Countries



Technologies

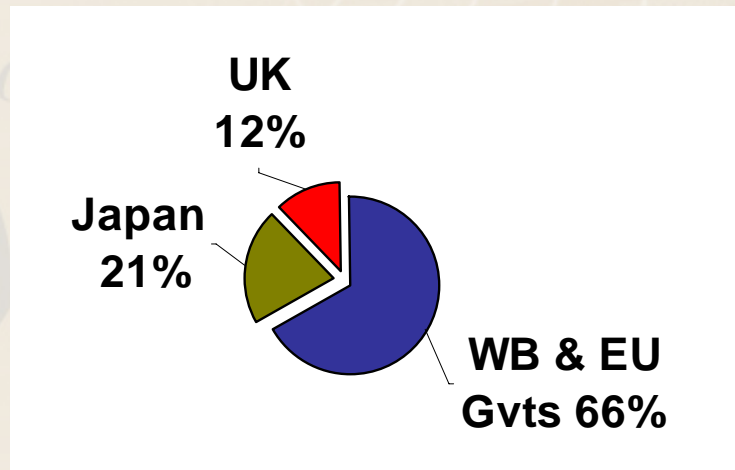


In % of volumes - Transactions in 2006 (450 m CERs)

Source: World Bank

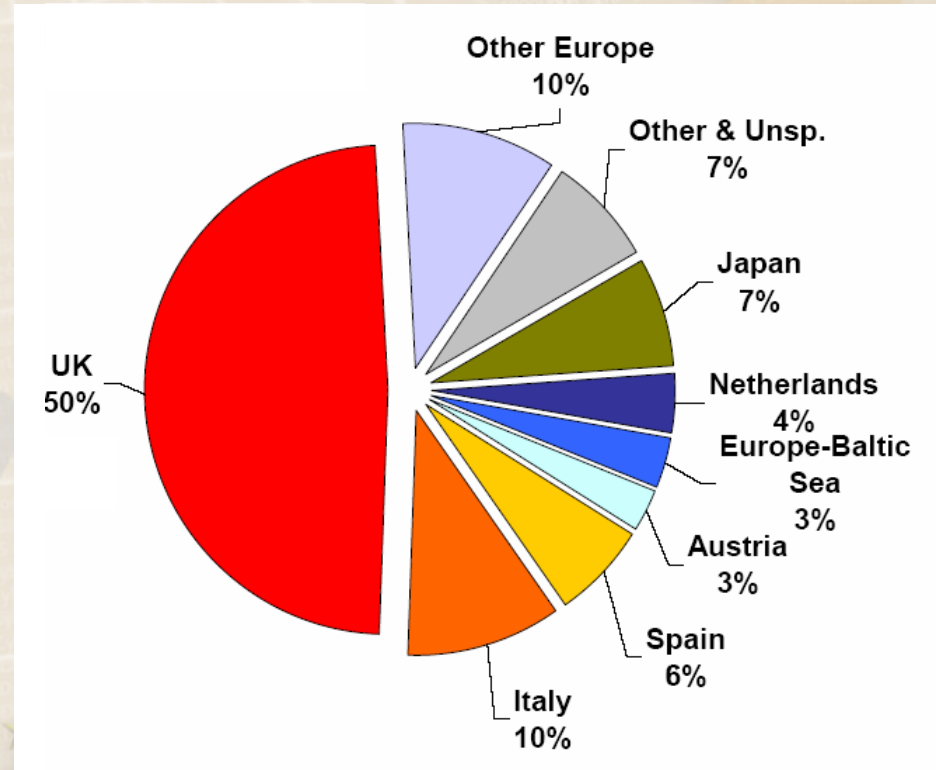
# CDM Market: buy-side x12 in 2 years

Source: World Bank



USD 0.4 bn

In % of volumes - Transactions in 2004



USD 5.5 bn

In % of volumes - Transactions in 2006

USD 3 bn Carbon Funds

# ECF Portfolio

ECF is an active player in the action against climate change with today 21 million units of GHG reduction in a diversified portfolio

## Geographic diversification



- ★ Signed Project
- ★ Project in the pipeline

## Technological diversification

Distribution by technology	By quantity	By number of projects
Agriculture	14,9%	8,3%
Biomass electricity	8,7%	16,7%
Biogas	29,9%	16,7%
Coal mine methane gas	15,5%	8,3%
Hydro	6,9%	16,7%
Chemical energy efficiency	14,3%	16,7%
Wind	9,6%	16,7%
Total	100,0%	100,0%

# Wind Farm Projects



中国水利水电建设集团公司  
SINHYDRO CORPORATION

**Description :** Generation of renewable energy by the construction of a wind farm of 49.5MW

**GHG Reduction :** 540,000 t CO<sub>2</sub>e

**Location :** Changling in Jilin province, in China

**Date:** May 9, 2006

**Price structure:** fixed price



Erection of Changling wind farm



Signature ceremony



**Description :** Generation of renewable energy by the construction of a wind farm of 60 WM

**GHG Reduction :** 1,050,000 t CO<sub>2</sub>e

**Location :** Essaouira, Morocco

**Date :** April 2007

**Price structure:** Fixed and variable price



# Biomass Projects



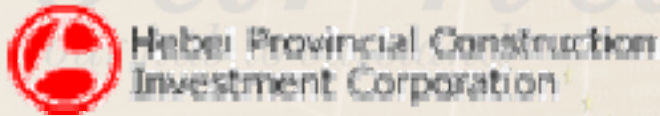
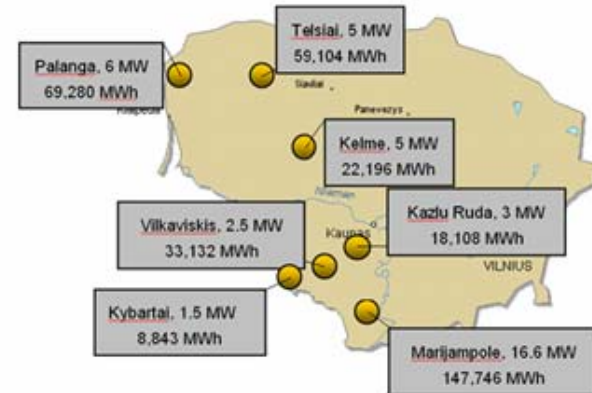
**Description :** Substitution of fossil fuels by wood fuel, production of green power, and energy efficiency improvements of the heating plants and of the heat distribution networks

**GHG Reduction :** 250,000 t CO<sub>2</sub>e

**Location :** Lithuania

**Date:** January 23, 2006

**Price structure:** Fixed price



**Description :** Straw-fired Power Project which produces clean power from crop residues (Corn, Wheat) and prevents them from burning, thus improving Beijing's air quality (400Km north). This plant has obtained the label "Green Olympics".

**GHG Reduction :** 1,300,000 t CO<sub>2</sub>e

**Location :** Jinzhou, in Hebei Province China

**Date :** October 20, 2006

**Price structure:** Fixed price



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# Hydro Power Project



## 广西电力

**Description :** Power generation from 3 hydro power projects on 3 rivers in Guangxi province (South of China). These projects are run-of-river hydropower and hydro with reservoir which will allow the electrification of a rural area.

**GHG Reduction :** 1,091,849 t CO2e

**Location :** Guangxi province, China

**Date:** April 9, 2007

**Price structure:** fixed price



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# Landfill Gas Projects



**Description :** Construction of landfill gas collection systems to capture and flare landfill gas (LFG) generated at two municipal waste landfills

**GHG Reduction :** 3,600,000 t CO2e

**Location :** Area of Buenos Aires, Argentina

**Date:** March 13, 2006

**Price structure:** variable price



**Description :** Construction of a landfill gas collection system and flaring system to avoid methane emissions from the landfill managed by ESTRE

**GHG Reduction :** 1,000,000 t CO2e

**Location :** Paulinia, State of Sao Paulo, Brazil

**Date :** October 9, 2006

**Price structure:** fixed and variable price



# Agriculture Project



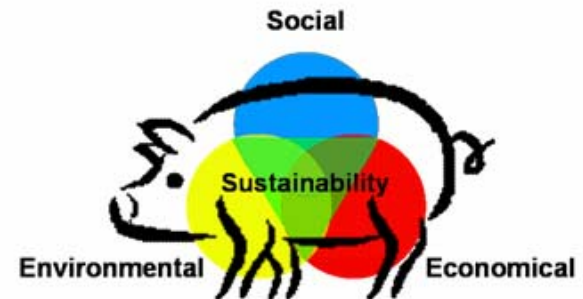
**Description :** GHG reductions by capture and combustion of greenhouse gases (mostly methane) from swine manure management systems at several of Sadia's own swine farms

**GHG Reduction :** 2,750,000 t CO<sub>2</sub>e

**Location :** Sao Paulo area, Brazil

**Date:** May 25, 2006

**Price structure:** variable price



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# Coal Mine Methane Project



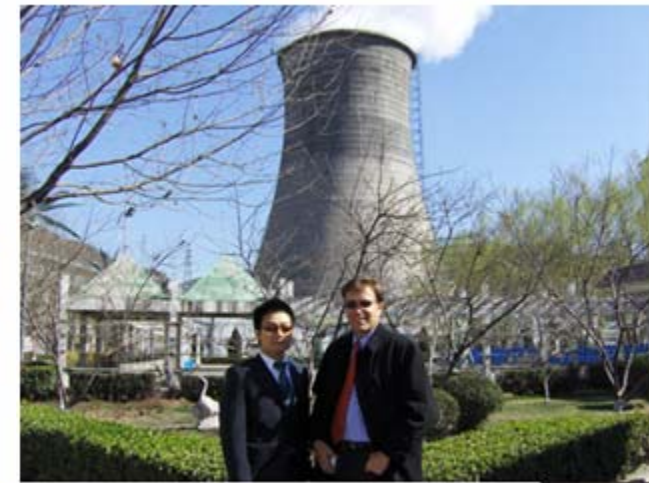
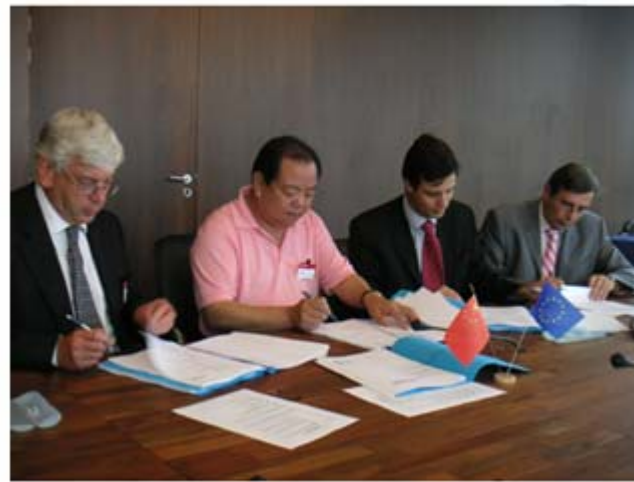
**Description:** Power generation from the construction of a 2 km pipeline and the installation of the coal mine methane gas based furnace system.

**GHG Reduction:** 2,600,000 t CO2e

**Location:** Shanxi Province, China

**Date:** November 29, 2006

**Price structure:** Fixed and variable price



Li Chao and Laurent Segalen visiting the site

www.paris-euro

# Energy efficiency in the chemical industry



## ENERGY GHG

**Description :** Emission reduction of N<sub>2</sub>O in a unit of production of adipic acid by the installation of a dedicated facility to convert at high temperature the nitrous oxide into nitrogen based on the process of thermal decomposition

**GHG Reduction :** 1,210,000 t CO<sub>2</sub>e

**Location :** Onsan, South Korea

**Date:** February 28, 2006

**Price structure:** Fixed and variable



## BRAZIL GHG

**Description :** Emission reduction of N<sub>2</sub>O in a unit of production of adipic acid by the installation of a dedicated facility to convert at high temperature the nitrous oxide into nitrogen based on the process of thermal decomposition

**GHG Reduction :** 1,210,000 t CO<sub>2</sub>e

**Location :** Paulinia, Brazil

**Date:** February 28, 2006

**Price structure:** fixed and variable



## Difficulties encountered during the investment phase

- A very competitive market:
  - Public and private competitors
  - Large transactions requiring large investment capacities
  - Syndication required
- Risk on upfront fees
- Correlation between:
  - EUA / CER
  - Certain assets / Uncertain assets

# Conclusion: a quality portfolio

Compared to other carbon funds:

- ECF portfolio is diversified in terms of:
  - Technologies
  - Geography
- Has a specific focus on Sustainable development
- Transactions concluded 1 year in advance to prospectus time table – 20 Mt purchased and 20 Mt syndicated
- Balanced delivery schedule (portfolio profile)
- Great international recognition

New fund under structuring



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Thank you!

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Pavillon d'Armenonville

Thursday July 5 & Friday 6, 2007

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