

'Play' the Carbon Market

Invitation to the 5th Climex Master Class

Thursday 1 October 2009

Location:

Pakhuis de Zwijger¹

Piet Heinkade 181 B, Amsterdam, The Netherlands

Objectives

The Carbon Trading Market is a fast growing market. Slowly but surely companies become actively involved either in the compliance and/or the voluntary market. The 2009 Climex Master Class aims to contribute to further active participation of an increasing number of organisations by providing the information needed to be well-informed and prepared. You will be updated on the latest developments in the compliance and voluntary markets and given the opportunity to learn from companies in similar situations and by participating in trading simulations yourself.

Theme

This year's theme is:



¹ 15 minutes walk from Central Station

The central issues will be:

- How to deal with current and future (un)certainities in the existing and evolving carbon markets!
- What is the current position of the various markets?
- What are the most important developments and issues?
- Why have so many compliance companies refrained from active involvement so far and why do they need to become active?
- Are the prices interesting enough for further stimulation of trading activities? Will current prices lead to an increase in trading activities of small and medium enterprises? Will the price lead to the desired CO₂ reductions?
- How will the Voluntary Market, volumes and prices develop? Will Compliance and Voluntary Markets be linked?

Perspectives

The 2009 Climex Master Class will help you to be prepared for the upcoming period. It will update you on most recent developments and key challenges, analysed from different perspectives. There will be an opportunity to attend practical workshops on topics which you are faced to deal with as compliance and/or voluntary market trader.

This year's theme '*Play* the Carbon Market' will be presented from different perspectives:

- **The political perspective:** Is the political framework adequate enough to create a successful carbon market? What to expect from Copenhagen?
In what way does the second phase of the European Carbon Market (EU ETS) differ from the first phase? Which changes have been implemented so far and which changes can still be expected? How will these changes affect volumes and prices? What are the most important issues still under discussion?
- **The evolving markets perspective:** What will be the role and impact of other emissions trading schemes? What will be the major success factors for such schemes? Will linking be an option and when can this be expected?
- **The industrial perspective:** Why are so many industries not yet involved in trading? What challenges and difficulties is an industry faced with, which has no prior trading history, to become involved and develop a carbon strategy? What are the benefits? How will the right price be determined? How do industries look upon the Carbon Market? What has changed and how will this influence the market? Is it still worthwhile to engage in trading? What are the expectations for the second and third period?
- **The analytical perspective:** To what extent are players active on the market? Are compliance companies really reducing emissions and is the EU ETS leading to long term emission reductions? Is there a shortage or has the current crisis made sure of this? What about price levels, price developments and price expectations? What will be the effect of evolving trading schemes both for the EU ETS and the voluntary market?
- **The Climex perspective.** What are the latest developments on the Climex exchange? How do we see the future and what can the market expect from Climex?

Programme Elements

Below you will find the programme and speakers. The programme consists of four sections:

- Pre Master Class Dinner the night before.
- Plenary presentations in the morning; speakers covering all perspectives.
- The moderator, who will ensure interaction between participants and speakers.
- Workshops in the afternoon offering you the opportunity to learn more about specific elements of the carbon market and Climex services.

Laptop

We kindly request all participants to bring their own laptops to be able to participate in trading simulations.

Costs & Registration

The Climex Master Class is free of charge to Climex Members and EU ETS and RGGI compliance companies (companies with an Operator Holding Account). Other participants pay a contribution of € 129.- for the Master Class and € 49.- for dinner on Wednesday night. The capacity however is limited. Please visit www.climex.com for registration; the sooner, the better.

Hotels

Hotel accommodation is available nearby. We recommend The Mövenpick Hotel, where we have a discount arrangement (<http://www.moevenpick-hotels.com>). Just mention you are there for the Climex Master Class.

Programme

Time	Subject
Wednesday 30 September 2009	
19.00	<p>Pre Master Class Dinner</p> <p>All participants for the Master Class arriving the night before are invited to join us for an informal dinner at the Amrath, preceded by a tour of this monumental building.</p> <p>The <u>Amrath</u> has been established in the Shipping House, located across from Central Station, with splendid views over the Amsterdam canals and the river IJ. It was the first building fully constructed in Amsterdam School Style and it was from here explorer Henry Hudson went to America 400 years ago and was the first to lay claim to Manna-Hata, today's Manhattan, on behalf of his employer, the Dutch East India Company.</p> <p>Please register for dinner at www.climex.com.</p>

Time	Subject
Thursday 1 October 2009	
08.45 – 09.15	Registration
09.15 – 09.30	<p>Welcome</p> <p><i>Axel Posthumus, Climex</i></p> <p>Opening and introduction Moderator for the day: <i>Frank Sprenger, Sustainable</i></p>
09.30 – 09.55	<p>The Rules of the Game... What Is Clear and What Is Under Discussion?</p> <p><i>Franz Josef Schafhausen, German Environmental Ministry</i></p> <p>There are many uncertainties in the Kyoto Framework regarding post-2012 developments (reduction goals, the use of CERs, percentage of auctioning, linking, etc.) This session focuses on what is clear and certain in the existing Emissions Trading Scheme and provides a summary of the rules, market growth and (international) developments. Moreover, you are offered a glimpse into the EU's largest Carbon Members State's outlook.</p>
09.55 – 10.20	<p>Extending the Game?</p> <p><i>Tim Juliani, Senior Fellow, Pew Centre on Global Climate Change</i></p> <p>RGGI started in the US, Australia has decided on an ETS as of 2011, the Waxman-Markey Climate Bill is currently reviewed by the Senate in the US, important climate talks will be held in Copenhagen in December, the public interest is focussed on climate change and the position and views of companies regarding climate change are changing rapidly.</p> <p>It is a common view that the US can learn from Europe's experiences, but much has already been achieved and is happening already in the US as well. What is happening internationally? How will this influence Europe and vice versa? What is the perspective on how markets will develop? Will they be connected and how will they influence each other? What will be the effect on prices?</p>
10.20 – 10.45	<p>Mastering the Game...</p> <p><i>Pieter Verberne, General Manager Energy & EVP Industrial Chemicals, Akzo Nobel</i></p> <p>Recently Akzo Nobel has started to be active both on the compliance and the voluntary market. It has taken them a while to develop and integrate their carbon strategy. How has the introduction of the EU ETS changed Akzo Nobel? Which difficulties did they face? What measures have they taken and what strategy and activities will be followed for the coming period?</p>

Time	Subject
10.45 – 11.15	Coffee and Tea Break
11.15 – 11.40	<p>An Overview of Players, Results and Scores</p> <p><i>Michael Szabo, Reuters</i></p> <p>Price developments on both the compliance and the voluntary market; are the trading schemes contributing to actual emission reductions?</p> <p>To what extent are players active on the market? Are compliance companies really reducing emissions and is the EU ETS leading to long term emission reductions? Is the created shortage effective enough or has the current crisis minimised the effect? What about price levels, price developments and price expectations? Which effect will the evolving trading schemes have on both the EU ETS and the voluntary market?</p>
11.40 – 12.05	<p>'Play' the Game... Features and Services to Support your Strategy</p> <p><i>Axel Posthumus, Climex</i></p> <p>In what way has the Climex Exchange developed and what are the new features on the platform? How does Climex anticipate the future and what can be expected from Climex?</p>
12.05 – 12.30	<p>Panel Discussion</p> <p>How to 'play' the carbon market during the present Kyoto phase, with the current rules of the game applying.</p>
12.30– 13.45	Lunch

WORKSHOPS

Both the afternoon workshops will give the opportunity to learn more about a specific topic not only by exchanging information with experts and colleagues but also by actively participating in trading simulations.

Topic of Workshop 1: The Voluntary Carbon Market

Topic of Workshop 2 The Allocation Auctions

13.45 – 14.45: Before the coffee break, the first part of both the workshops focuses on practical examples brought forward by market experts.

14.45 – 15.15: Coffee & Tea Break

15.15 – 16.15: During the second part of the workshops you can participate in a demo auction to learn how an auction in a specific market works, in reality

We kindly request all participants to bring their own laptops to be able to participate in the auction simulations.

Workshop 1: The Voluntary Market: A game with different rules

How the rules changed

Lisa Ashford, Ecosecurities

The Voluntary VER Market is a 'buyers beware' or a 'buyers be informed' market. This workshop will tell you everything you need to know about the Voluntary Market in order to be able to buy your own credits. This workshop will provide you with insights in and a summary of the following aspects:

- Market overview. Who moves the pieces in the Voluntary Market and how does the Voluntary market interact with the CDM/JI market?
- Verification Credibility and Traceability
- Voluntary Carbon Standards
- Registries, Transferability, Retirement
- Additionally and Double-Counting

How the game can be played

Greger Flodin, Rabobank

Rabobank will share its experiences and lessons learnt on buying VERs over the years. What are the improvements in the voluntary market? Why has it become easier to buy VERs? Why has Rabobank bought VERs through an auction and what is their opinion?

Now, play the game - Participate in an Voluntary Carbon Auction

Sascha Bloemhoff and Jan Marten Krebs, Climex

You will have to opportunity to test the information of each speaker in a real life Purchase Auction.

Workshop 2: Allocation Auctions, a different game to play

Maurits Blanson Henkemans, Dutch Ministry of Economic Affairs

How will the Dutch Government organise the Allocation Auctions and what do the models under discussion look like.

Gain experience by Participating in Allocation Auctions

Axel Posthumus and Sander de Block, Climex

For many companies the free allocations will end. Get a full overview of the Allocation Auction Models under discussion for 2013 – 2020 and have the opportunity to participate in these auctions in order to be fully informed and prepared and ready to design your companies auction strategy.

16.30 – 17.00

Summary of the Day, Announcing 'the Simulation Winners', What's Next and Closing

Frank Sprenger, Sustainable

Axel Posthumus, Climex