EnBW Trading GmbH, Germany

CDM / JI Projects

www.enbw.com

The Power Pioneers

-Who is EnBW?

- Some Topics on the European ETS

- EnBW‘s Role in CDM Projects

- Approach to Pricing & Risk

- EnBW‘s Interest & Strength

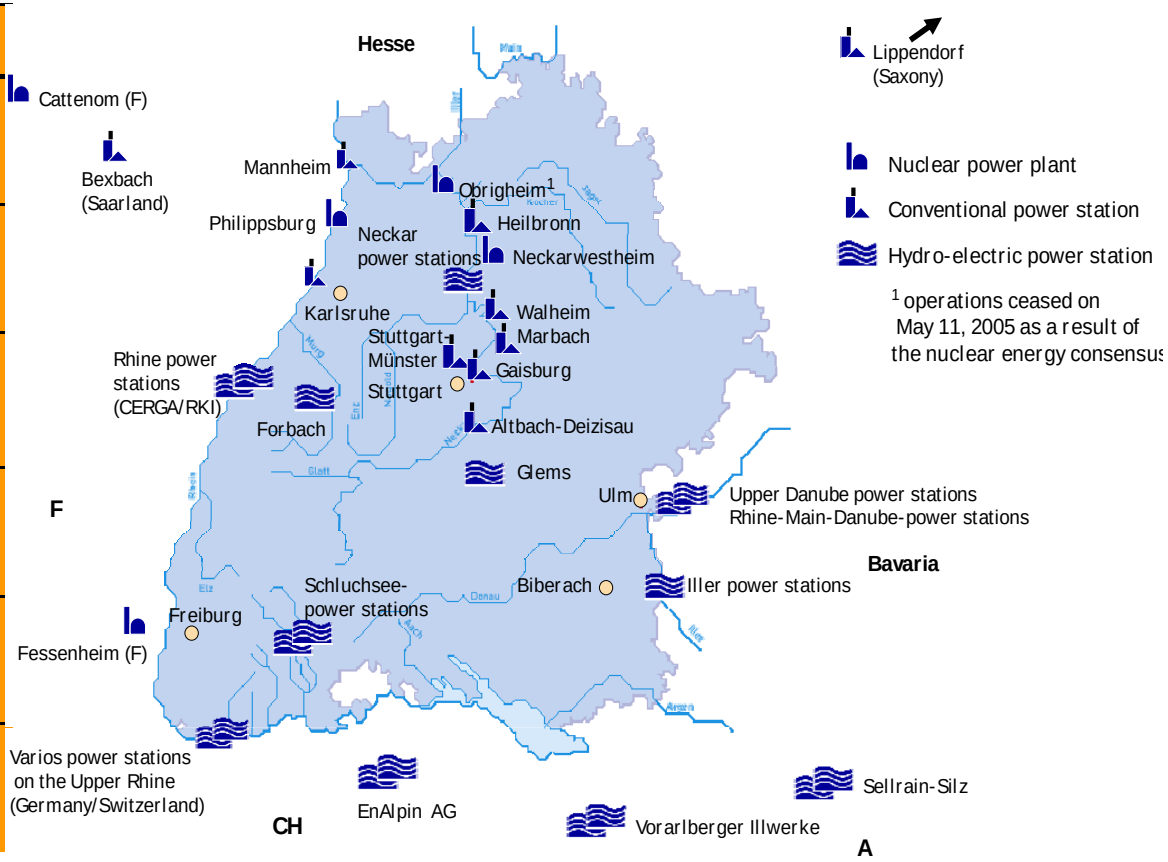
- EnBW‘s Expectations

EnBW

The Power
Pioneers

EnBW Group, Located in South-West Germany

		2007
External revenue, total	m €	14,712.2
EBITDA	m €	2,336.4
Result of continuing operations	m €	1,416.1
Operating cash flow	m €	1,558.7
Capital expenditures	m €	816.1
Employees (annual avg.)		20,499

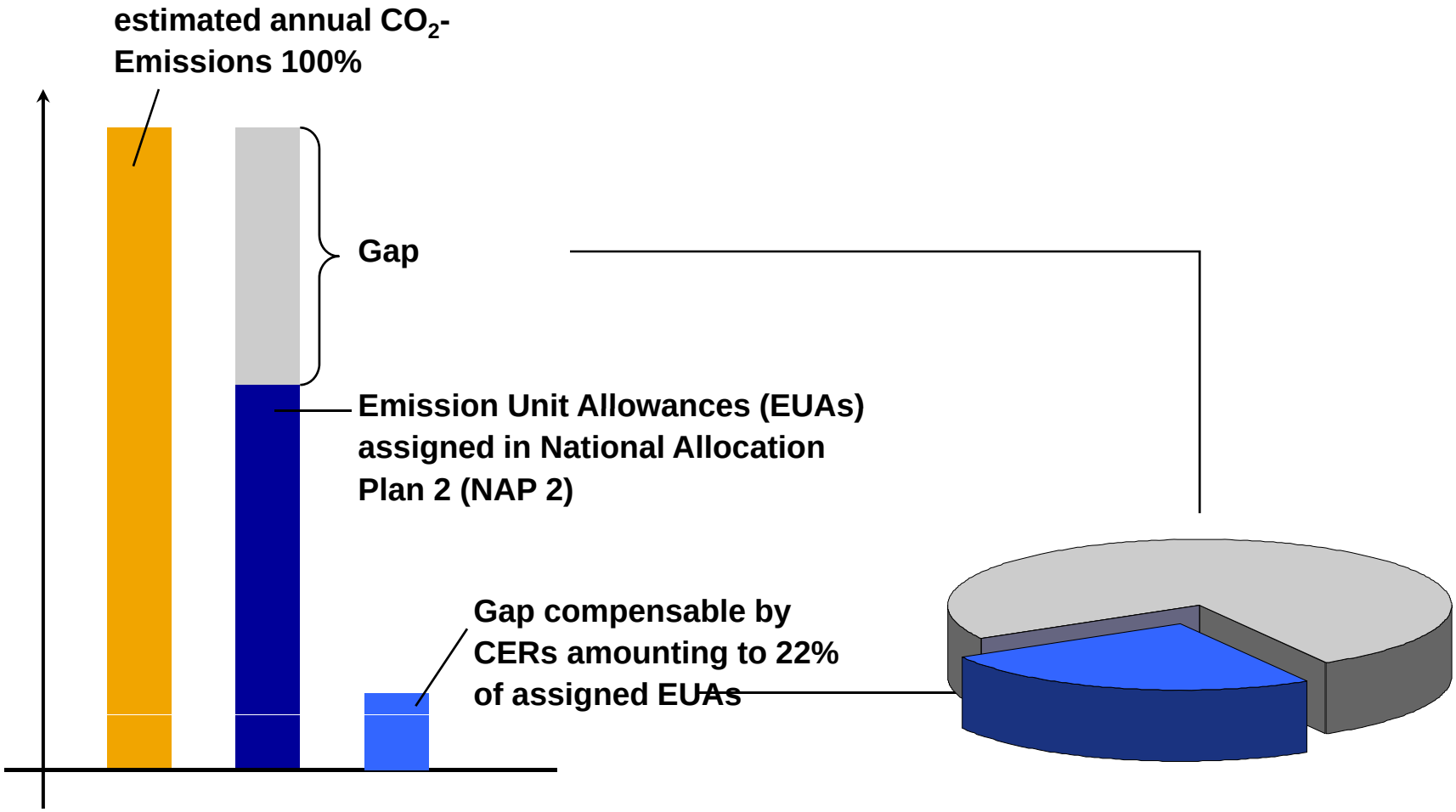


EnBW Energy Mix
Installed Capacity (net)

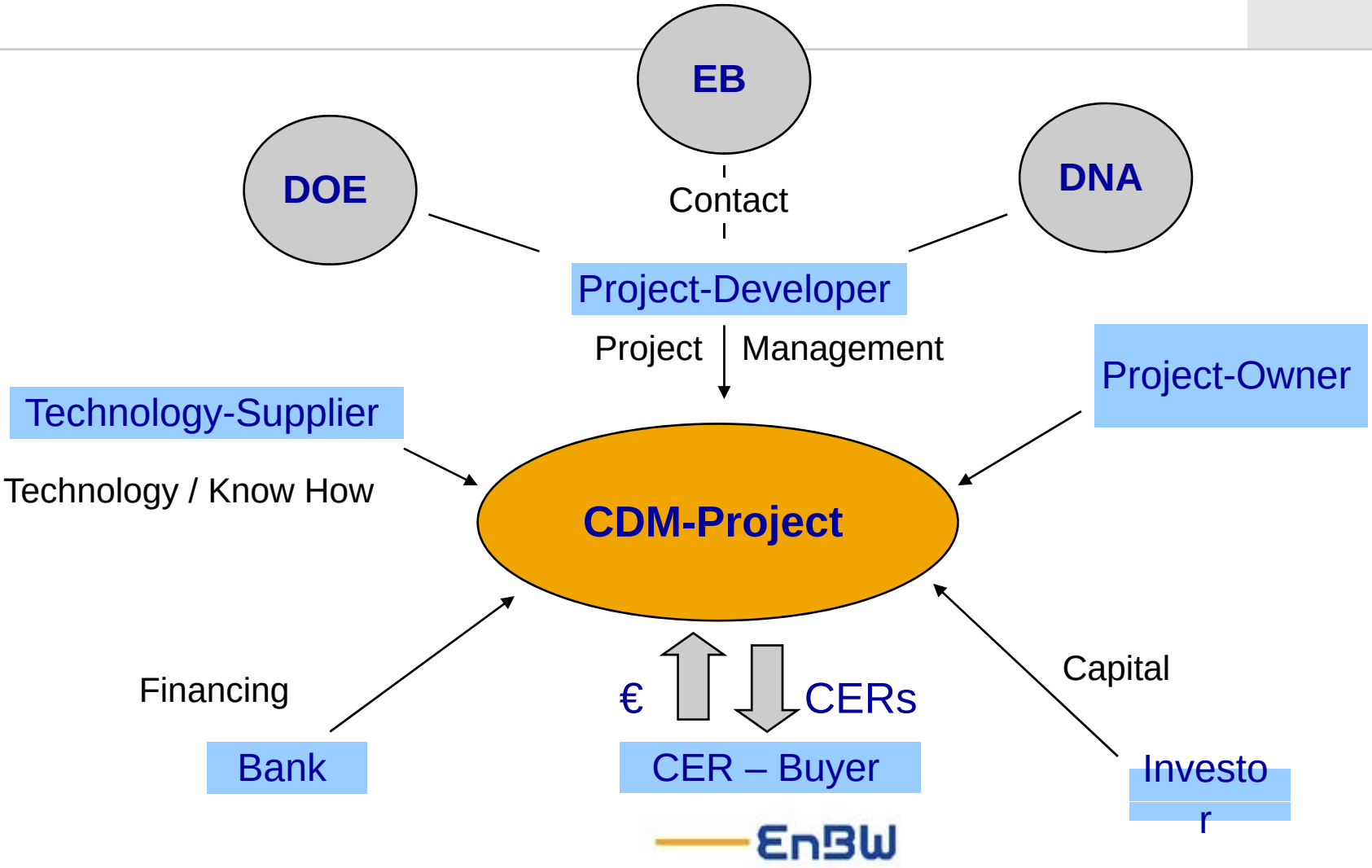
EnBW group		**2007**	**2006**
Nuclear power plants (incl. EDF contracts)	MW	4,842	4,843
Conventional power stations	MW	6,620	6,579
Run-of-the-river and storage power stations	MW	3,415	3,354
Other renewable energies	MW	86	35
Total	**MW**	**14,963**	**14,811**

March 2008

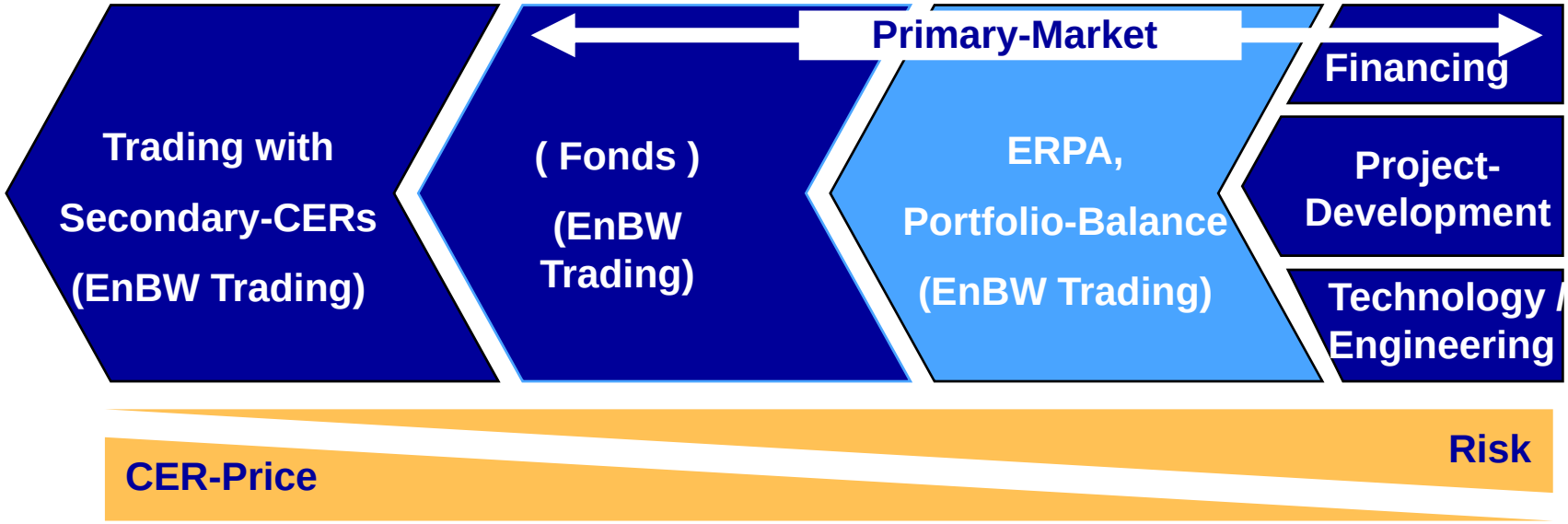
European Union Emission Trading Scheme (EU ETS), NAP 2 – 2008 to 2012



EnBW Trading's Role in CDM Projects



Value Added Chain of the CDM/JI-Process



ERPA: contracting, diversification of risk, etc.

Fonds: set-up and management of product-portfolios / fonds

Secondary-CER Trading

Financing: project finance, debt or equity to minimize risk of delivery (ERPA)

Project-Development: development of the PDD, participation in all stages of the project cycle

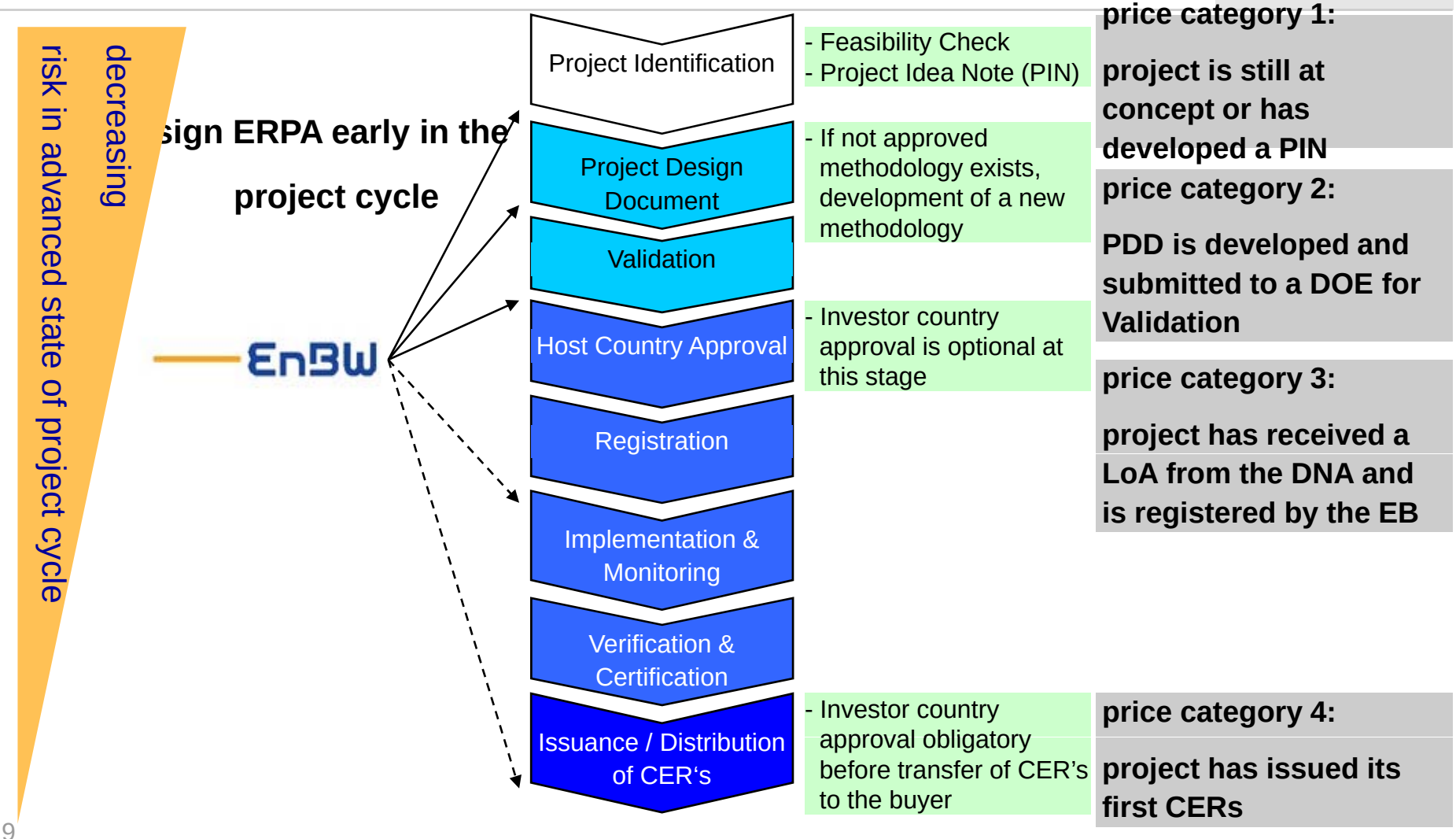
Technology / Engineering

Participation of EnBW Trading GmbH in CDM Projects – Project Risks

CDM – Risks:

- **post-Kyoto uncertainty**
- **price risk**
- **volume of delivery**
  - **market risk**
    - **country**
    - **technology**
    - **project specific risk**
      - **non-specific CDM-risks**
      - **approval of DNA**
      - **approval of methodology / technology**
      - **validation risk**
      - **registration risk**
      - **monitoring risk**
      - **verification risk**

The CDM Project Cycle



Source: German CDM Manual – Guidance for Applicants, Umwelt Bundes Amt DEHSt

Participation of EnBW Trading GmbH in CDM Projects

EnBW's interests:

- Partnership with a project owner in developing a project (goal: sign ERPA)
- Long term commitment to a CDM project with a start early in the project cycle
- Focus on projects related to EnBW core-activities
- project size: approx. 20,000 < x < 150,000 CERs/year
- Small scale projects are also of interest

How we approach a CDM project:

- First discussions about a CDM project opportunity on basis of PIN, PDD
- Sign non-disclosure agreement (NDA), letter of intent
- Exchange information such as feasibility study, financial, contractual, etc.
- Term-sheet negotiations (preliminary)
- Sign term-sheet
- Phase of exclusivity (own due diligence) followed by signing an ERPA

Participation of EnBW Trading GmbH in CDM Projects – Project Types

- Focus on energy efficiency, fuel switch, cogeneration, renewable power generation
- Other sectoral scopes / methods accepted that are supported by external assessment
- Sustainability according to the current requirements of the UNFCCC and Linking Directive of the EU
- Project types of interest:
  - Biogas
  - Biomass energy
  - Cement
  - Energy distribution
  - Energy efficiency
  - Cogeneration
  - Fossil Fuel Switch
  - Hydro Power
  - Solar Power
  - Wind Power

Participation of EnBW Trading GmbH in CDM Projects

EnBW's strength as CER buyer:

- Compliance buyer as power plant operator under the EU Emissions Trading Scheme (EU ETS)
- Strong credit rating
- Possibility to arrange flexible pricing models
- Professional trading partner in commodities
- In-depth technical expertise in electricity and heat generation – technology and knowledge transfer
- Technical & financial support in CDM project development

Participation of EnBW Trading GmbH in CDM Projects

EnBW's expectations on a seller of CER's:

- Reliable business partner
- Technology of the CDM project is acceptable to EnBW
- Project activity has been planned and documented under CDM (additionality)
- EnBW intents to be:
  - named as buyer of CER's in the PDD
  - named and registered as focal point in "Modalities of Communication" at UN
  - has the right to initiate monitoring at any time
  - wants to be closely involved in the monitoring process

Thank You!

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