

Supply in the Global Carbon Market

Latin American Carbon Forum

5 September 2007

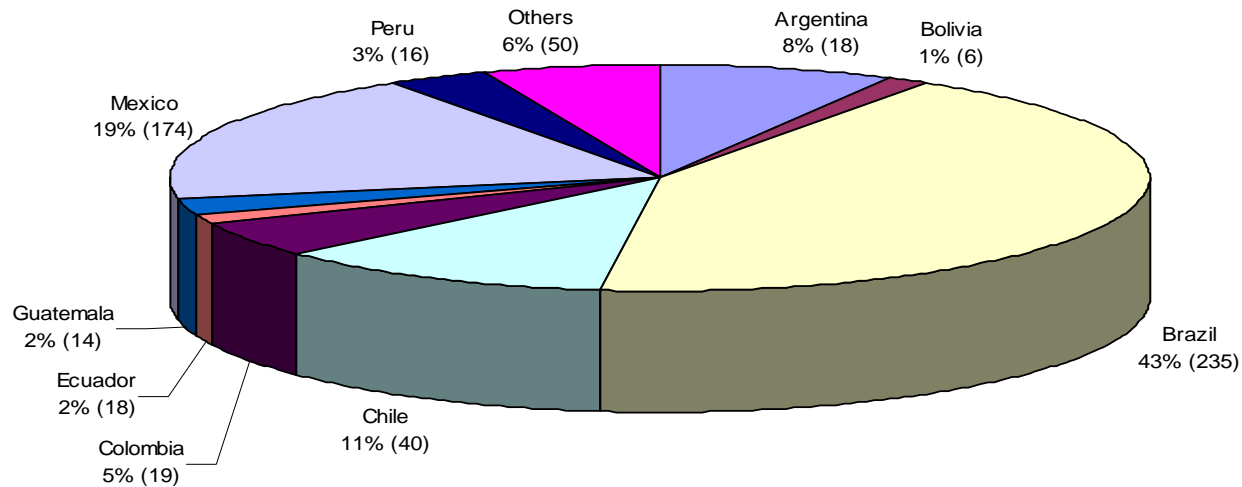
ICECAP



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- **Supply of CERs has increased to 2.4 billion in a short period of time**
 - **ERU market is taking shape**
 - **No AAUs in the market but first trade expected in 2007**
 - **Drivers of CER & ERU supply are price, liquidity, capacity and finance**
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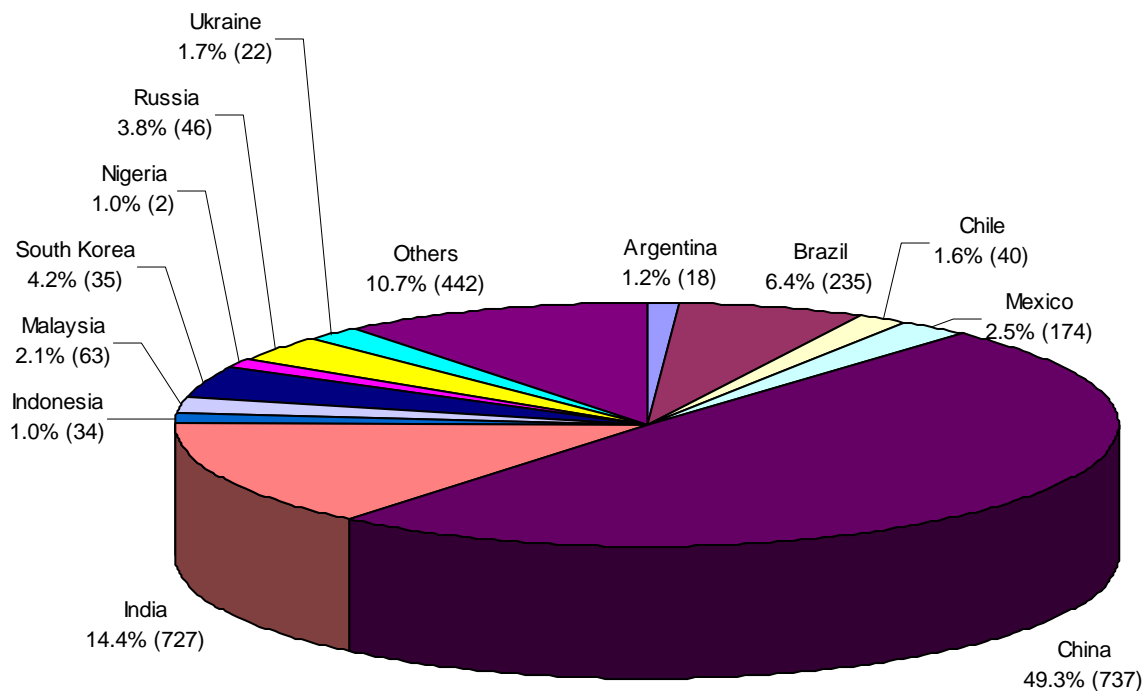
Projected share of CER Supply by Latin American Countries



Expected supply of 345m CERs from 590 Projects



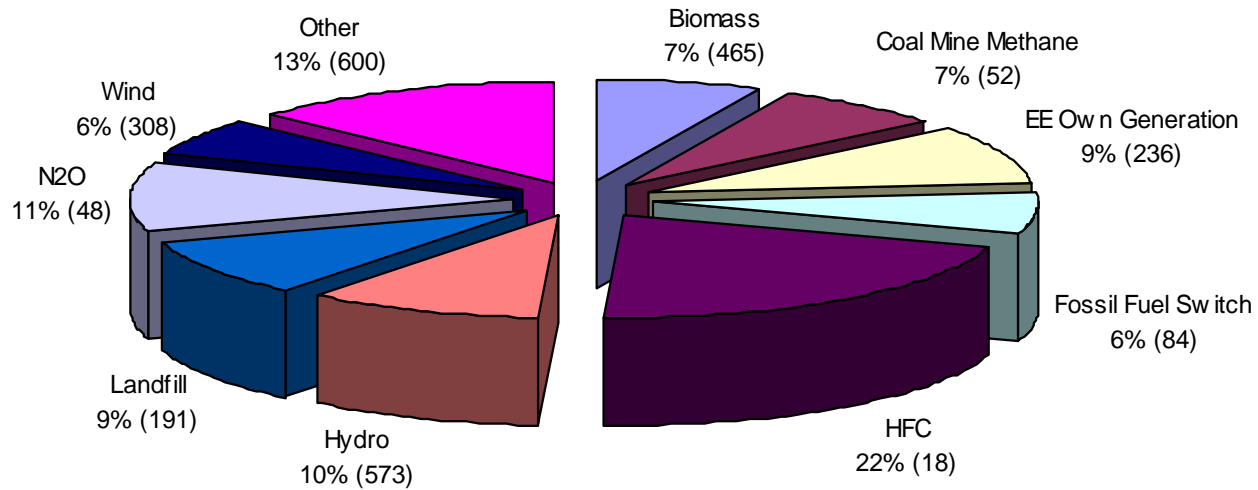
Global CER/ ERU Supply by Country



Expected supply of 2,408m CERs / ERUs from 2,575 Projects

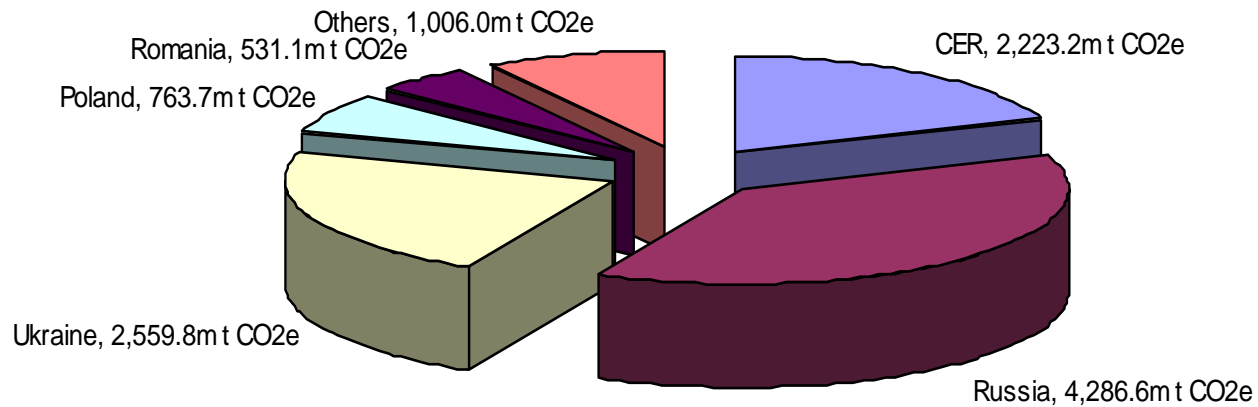


Global CER/ ERU Supply by Project Type





Potential Global Supply of CER / AAUs



Total Potential Supply of AAUs: 7.5 – 8.7 billion



Conclusions

- **On fundamentals, the CER & ERU market is oversupplied & prices are stable or falling**
 - **Most buying is speculative or artificial**
 - **Key variables are project performance and the capacity of the stakeholders to deliver the pipeline**
 - **IF CERs & ERUs can be banked post 2012, the supply / demand imbalance will be corrected and prices should rise. If not, the market may collapse**
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