

The EVI Newsletter

Volume 1, Issue 2

October 15

Carbon Advisory Business

Is Financial Slowdown, a Carbon Slowdown ?



The world economy is decelerating quickly by an extraordinary financial shock and by still high energy and commodity prices. This has led to recession of many advanced economies and also weakening of growth in emerging economies after years of strong growth.

Amidst the hubbub in global financial markets, there is growing consensus that a prolonged economic slowdown would hamper the demand and supply for carbon credits.

For example a decrease in manufacturing would mean lower GHG emissions and a decrease in demand for carbon credits. Eyeing this, companies,

not sure what their manufacturing output will be in coming years, would only be interested in meeting their immediate compliance needs and not like to maintain a portfolio for future further decreasing the demand for carbon credits.

At the same time it may also result in continuing older, less efficient operations owing to drop in investments for emissions cutting projects in developing countries resulting in less supply of carbon credits. This would help in stabilizing the price going by the low demand.

The demand supply flux would definitely affect the growth and size of carbon market.

On other front, the slowdown may also affect the coal and oil prices as the demand fluctuates which would actually cause carbon prices to rise. Moreover, the stringency in registration of projects by the UNFCCC-EB will

check the supply and further stabilize the prices.

However, Liquidation of carbon funds and portfolio held by financial institutions may cause unpredictable changes in the carbon market.

At the same time, lack of investments in clean technology or green energy may pose a big challenge for climate change negotiations as the financial crisis will influence the availability of capital and the willingness to spend

Though we may not see a drastic change in carbon market or prices but it would definitely restrict its growth. Also, lack of green investments may pose huge challenge for policy makers and climate change negotiators as the damage caused now would be irreversible.

Inside this Issue:

Way Forward: Indian State to go Carbon Neutral	2
Is Climate Change a Business Agenda ?	2
EVI in News	2
Few Reasons for businesses to take Climate Action	3
10 Steps Towards Low Carbon Lifestyle	3
Carbon Market Updates	4

Way Forward: Indian State to go Carbon Neutral

Himachal Pradesh Government has claimed to emerge as the first Asian Carbon Neutral State recently. The government said they were cautiously moving ahead on the path of development to ensure environment sustainability. The state has already won the 'Diamond State Award' for Environment Protection by implementing regulations such as preventing the use of recycled polythene bags, indiscriminate felling

of green trees, increasing the green cover. But, surprisingly there is no roadmap yet available of how the state is planning to become carbon neutral and by when. Apparently, it is banking on carbon credits earned by the plantation and forests in the Himalayan States. Moreover, by exploiting it's huge hydro power potential and keeping a check on it's industries.

But does that mean the state would not allow polluting industrial units at all and encourage only eco-friendly units. And if it is true, would the state then depend upon other states for import of goods? It might be too early to predict economic implications in such situations but let us hope these questions are well addressed when the government comes up with a concrete plan for future.

Becoming carbon neutral is only the beginning. The climate problem will not be solved by one company reducing its emissions to zero, and it won't be solved by one government acting alone. The climate problem will not be solved without mass participation by the general public in countries around the globe

- [Rupert Murdoch](#)

Is Climate Change a Business Agenda ?

Climate change has moved to the top of society's agenda with consumers, investors, policymakers and corporations concerned about the issue. Businesses all over the world are considering how to best manage the transition to a low carbon economy amidst growing regulatory, investor, physical and reputational risks and indispensable growth challenges. Leading companies have been analyzing climate change across their lines of business, reducing risks, increasing value and realizing positive bottom line results.



EVI and Financial Express gets together to study their strategies, successes and challenges in the Green Business Survey 2008. The survey study also aims at framing environmental goals for corporate. As a result of this study, EVI intends to set the stage for an increased and informed understanding of all the avenues available to businesses in all sectors to timely respond to climate change by adopting cleaner technology implementation, increasing reliance on renewable sources of energy, & instituting systems in place to move toward carbon neutrality thus setting firm foot on the road to sustainable development, growth and profitability.

EVI News

Mr. Vinod K. Kala, Founder Managing Director, Emergent Ventures India, to be conferred with the **Udyog Rattan Award** and Emergent Ventures India to be honored with the **Excellence Award**.



The Udyog Rattan Award and Award for Excellence is conferred by the **Institute of Economic Studies** every year. The Institute of Economic Studies was established in 1980 by a group of economists, parliamentarians and industrialists. The organization works on studying various aspects of economy and economic development.

Few Reasons for businesses to take Climate Action

Aloke Barnwal

Indian government has been maintaining its words for long that it won't allow to increase the per capita emission greater than the developed countries. With current trend of increasing emission it may be difficult to maintain this and efforts are needed urgently. Also, big trade partners like the US and EU are continuously pressurizing India to commit for emission reduction. Moreover, the realization of economic losses due to extreme weather events in India like the Mumbai floods has further triggered the government to take actions. All these reasons prompted India to come up with its own climate change action plan that may impact the pollution intensive industries significantly.

International regulations are also increasingly targeting businesses of developing countries to reduce emissions. In a recent announcement, EU declared that they are planning to implement a carbon permit system for all international carriers flying in their zone. Apart from this, United States is also planning to come up with some strict environmental regulations and the likelihood of a carbon tax or similar enforcement mechanism for Indian exporters is very high.

With increasing awareness about the climate change issues, the consumer behavior of the developed world has changed significantly. A study conducted by National Marketing Institute found that almost 80% of US population looks for the environmental information of a product before buying it. With glob-

alization and westernization of Indian society it is seeping into the Indian consumers also. The rapid expansion of Indian industries in the international and national market makes it essential for them to think green.

Businesses are highly dependent on investors, mainly foreign, through the FDI in India. Also, the role of insurance companies in financial performance of companies is vital. For both of them climate change issue is serious concern as they have suffered huge losses from the physical damages caused by recent extreme weather events like the Katrina in the United States. In India, due the Mumbai flood in 2005, General Insurance Corporation alone suffered a loss of around Rs. 650 Crores. Therefore, it is evident now that investors and insurers will

take necessary actions to mitigate climate change related risks and will transfer their burden to the industries.

The recently formed Investor Network on Climate Risk by the Ceres (Coalition for environmental responsible economies) is a live example of this. Their latest publication has ranked top 100 companies of the world in the context of climate change mitigation plans and initiatives. This group is planning to mandate all the companies working in US to disclose their risk mitigation plan along with their security filings in Stock Exchange Commission. Its extension to companies of exporting countries like India is also likely in near future.

*"Be the change
you want to see in
the world"*
- Mahatma Gandhi

10 Steps Towards Low Carbon Lifestyle

1. Avoid the car when you can walk
2. Save upto 25% of fuel by using fully inflated tires and driving within speed limits, smoothly accelerating
3. Switch off the lights when you leave your work place
4. Encourage use of energy efficient lights and save upto 75 % less energy
5. Maintain an optimum room temperature at 23 degrees to save energy
6. Unplug chargers for your Laptop, mobile when not in use. Approx 95% of the energy used by a gadget is wasted this way
7. Reduce Paper consumption by taking double sided print outs and paying your bills online and getting the receipts, statements online
8. Reduce, reuse and recycle whenever possible
9. Plant a tree and go green
10. Commit to the change

Sustainable Solutions for Environment



Emergent Ventures India

Plot No. 19, Sector 33
Gurgaon 122001
Haryana, India

Phone: +91-124-4353100/4266269
Fax: +91-124-4102980
E-mail: contact@emergent-ventures.com

For more info log on to:
www.emergent-ventures.com

Emergent Ventures India (EVI) is one of the leading Carbon Advisory firms in India. EVI is a network of professionals with Expertise in CDM, Technology and Finance with a portfolio of > 75 million Carbon Credits (130+ projects; 22 already registered; 40+ Received HCA). EVI is amongst the largest VER sellers in the world. Also, we are the first firm to offer Carbon Neutrality services in India to various organizations and events. We are now spread across more than eight countries/regions i.e. India, Pakistan, Thailand, Indonesia, Malaysia, Bangladesh, Sri Lanka, and Europe.

Team :

Aloke Barnwal
Aseem Chaturvedi
Neha Pahuja

Carbon Market Updates

Aseem Chaturvedi

Compliance Market

EUA Prices remained fairly stable this month, after a small drop at the beginning. An average of about 9 million EUAs were traded each day. The fall in price over last month was due to the impact of the financial crisis on world commodity markets, specifically the drop in oil price. The spot market also came to a halt at the end of the month due to closure of EU emission registries for linking with the ITL.

CER prices took a hit at the beginning of the month, also due to the fall in oil price. However, there has been no significant impact so far of the global finan-

cial crisis. In an environmental vote for post-2013, the EU voted to reduce the number of CERs allowed while placing stricter norms on heavy polluters. The bearish signal from the vote was offset by an expected supply shortage of CERs due to the financial crisis, and prices re-

mained relatively stable. It is expected however that CER "quality" would be an issue in the post-2012 scenario, with only CERs from high-quality projects with co-benefits would be allowed for compliance.

Voluntary Market

CCX prices continued to fall over the month, with extremely thin trading being seen over the last two weeks. Much of this has been attributed to the upcoming presidential election, as well as distraction of focus due to the global crisis, which has had a particular effect in the US.

VER demand continues to become more and more particular, with companies now choosing only the latest vintages, and projects with high degrees of social and sustainable benefits, with some project types such as Indian Wind having almost no demand due to oversupply currently. Prices for most projects continue in the range of US\$ 4-7.

Commodity	10/09/08 Close	13/10/08 Close
EUA Dec08 (ECX)	€22.77	€22.84
CER Dec08 (ECX)	€19.05	€19.71
CCX CFI 2008	US\$ 2.50	US\$ 1.75