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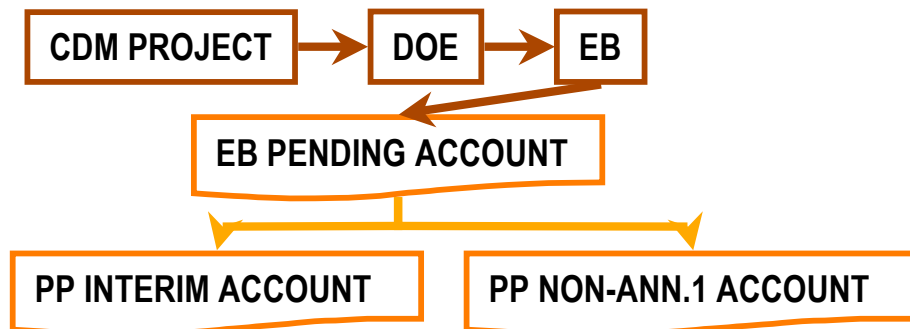
International Transaction Log, ITL

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Copenhagen, March 1st 2006
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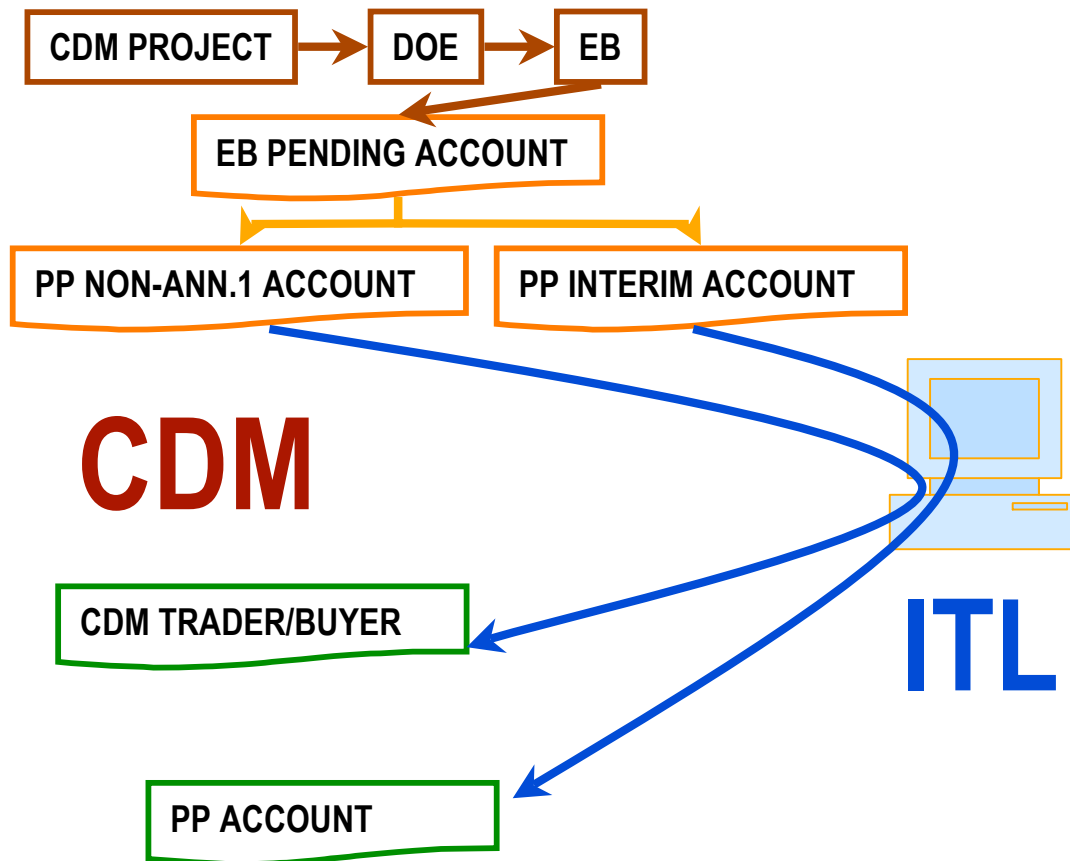
The ITL in CDM and JI



CDM



The ITL in CDM and JI

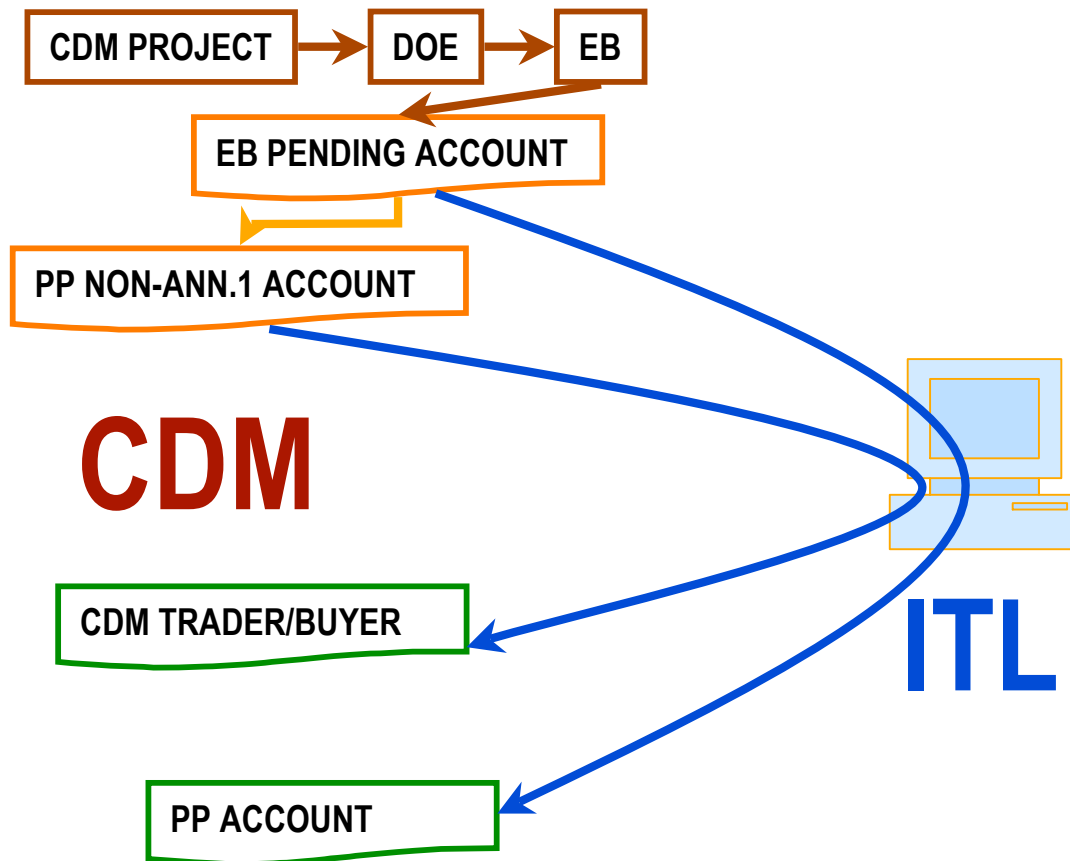


CDM

ITL



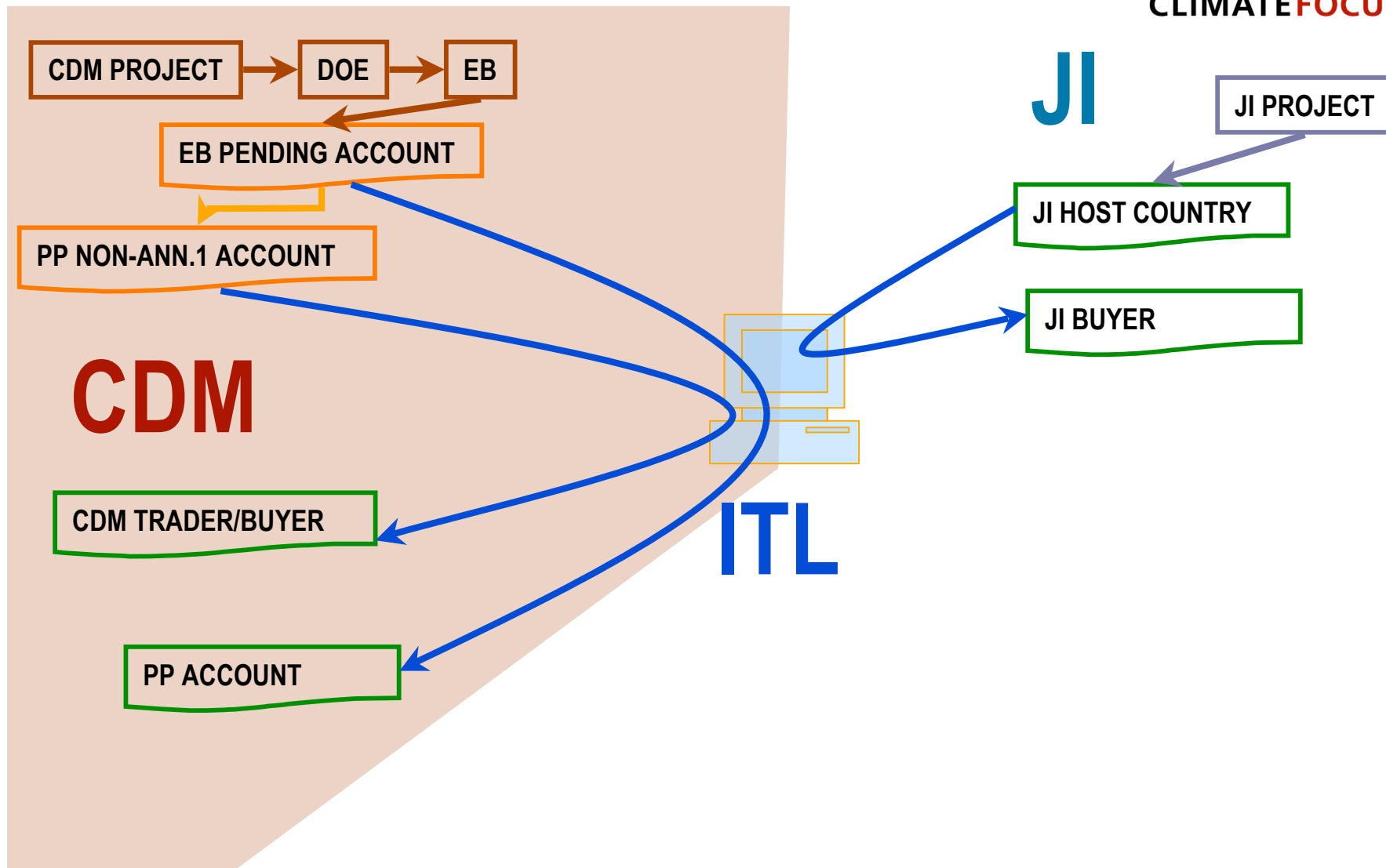
The ITL in CDM and JI





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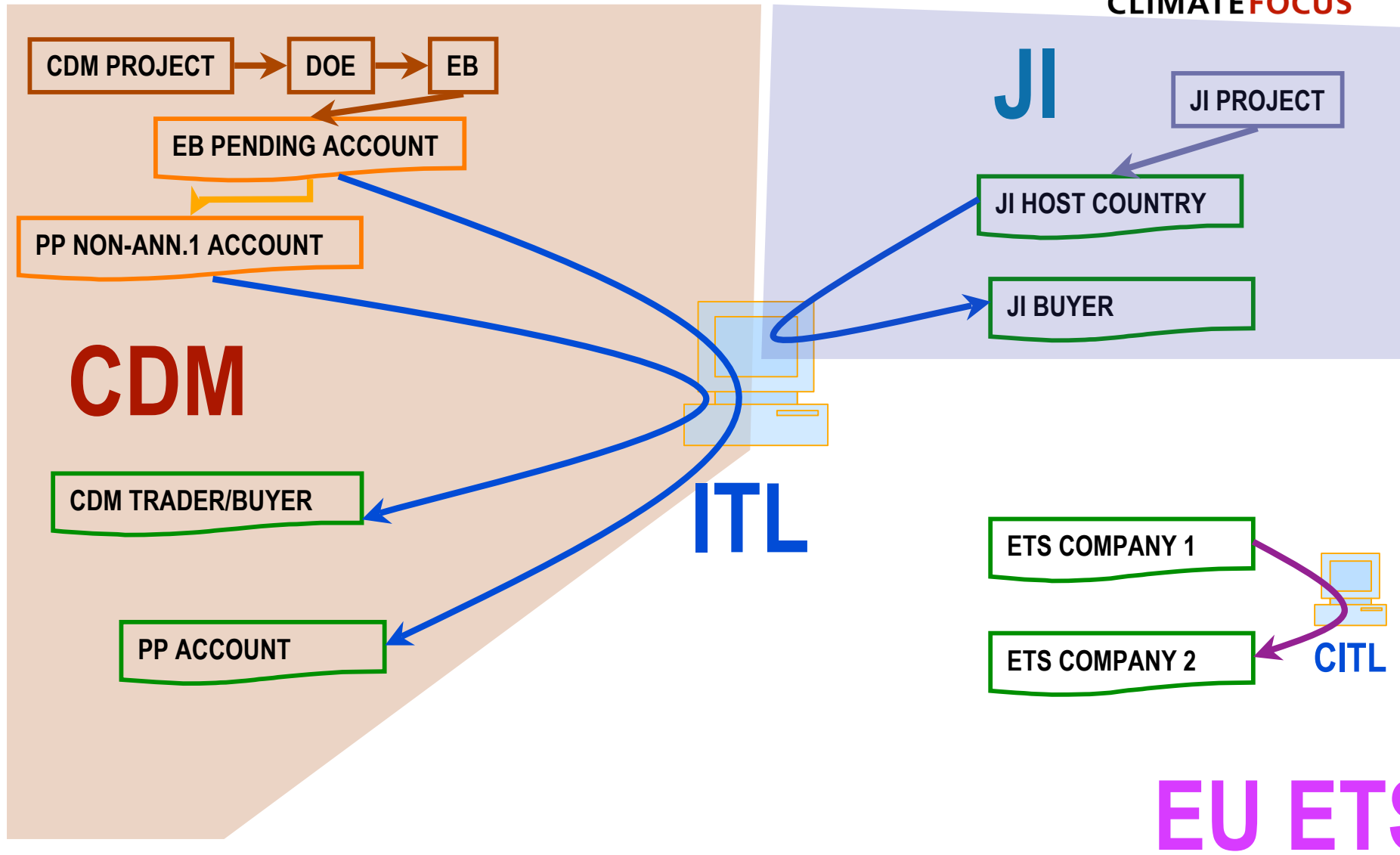
The ITL in CDM and JI





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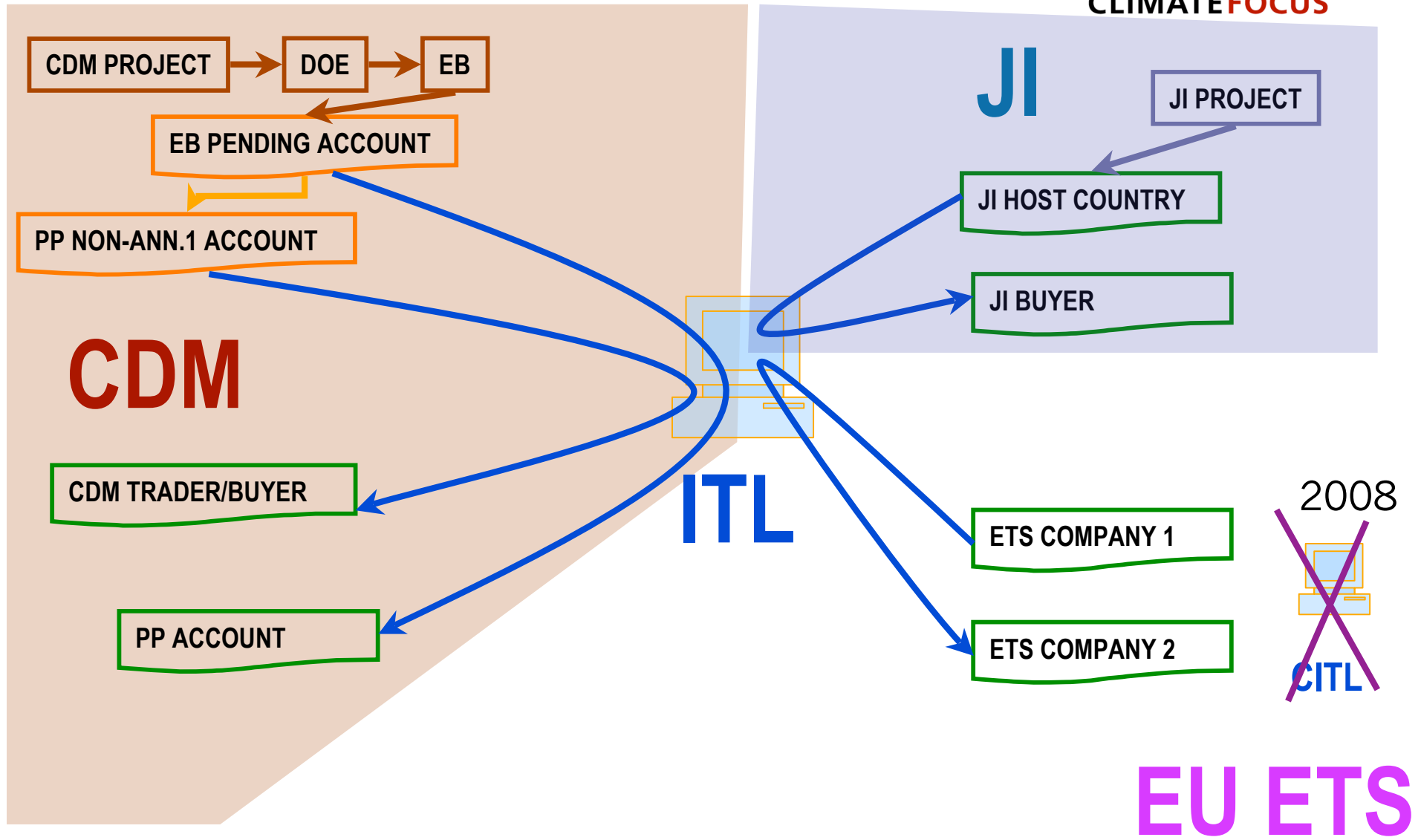
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The ITL in CDM and JI

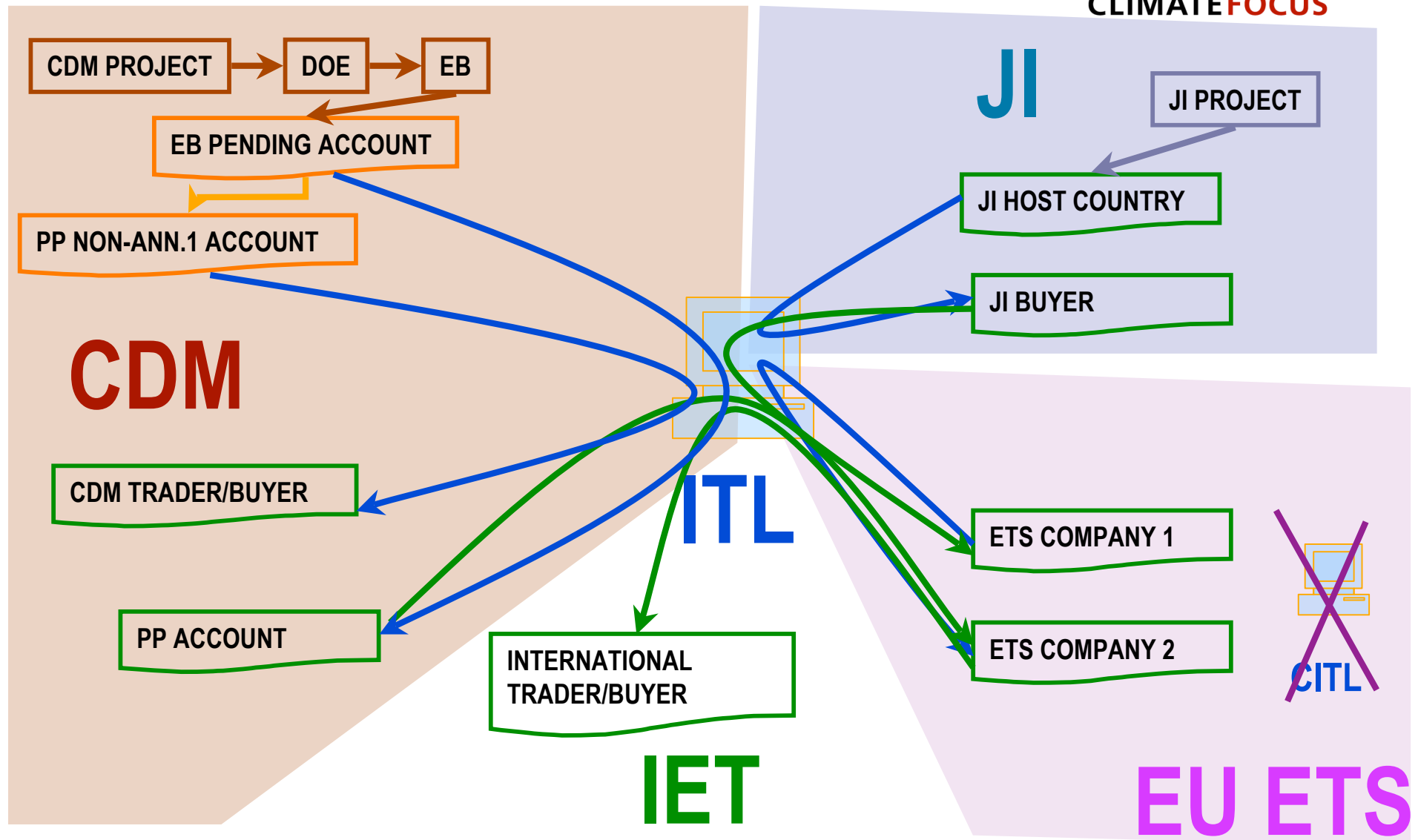
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EU ETS



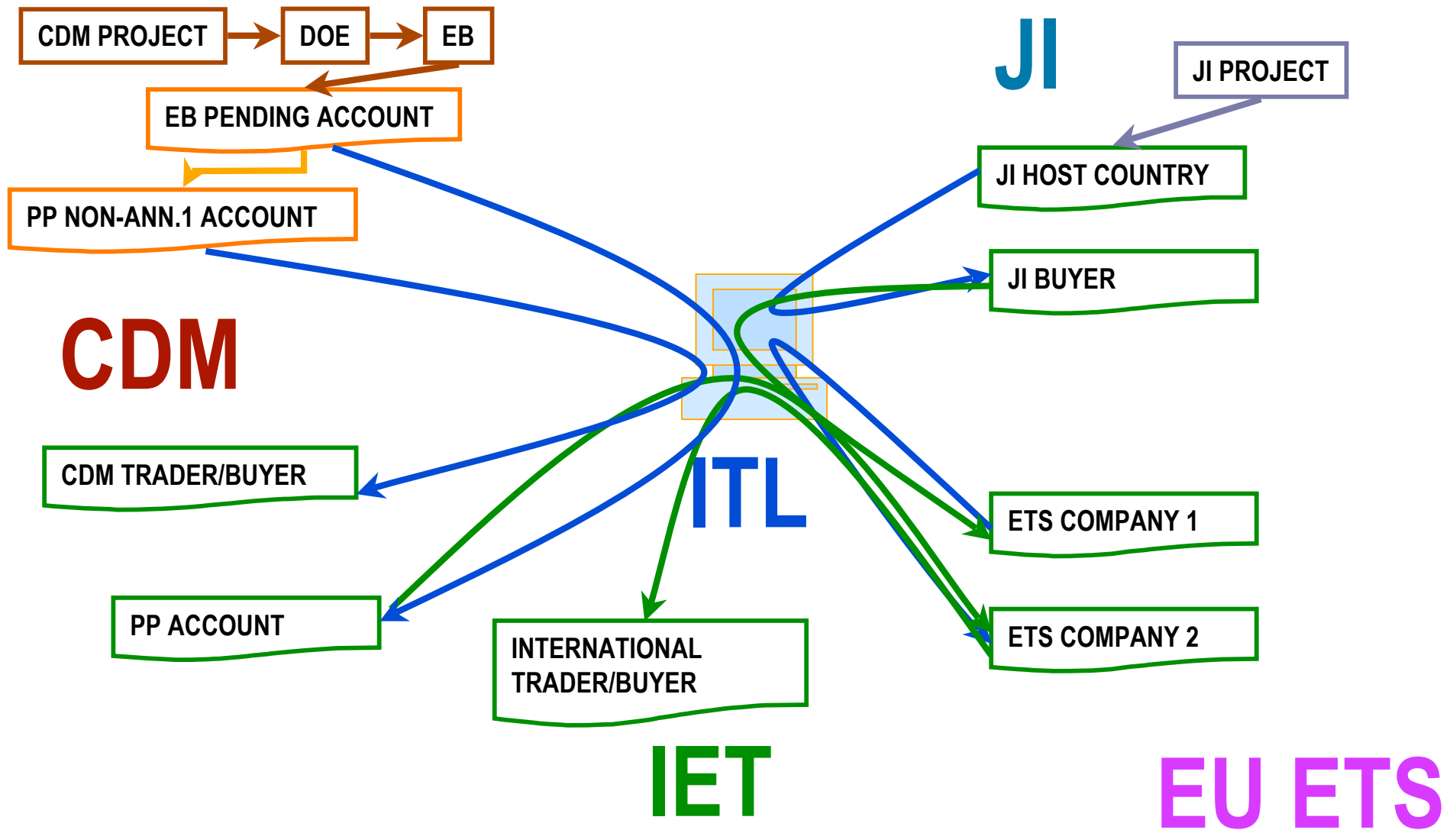
The ITL in CDM and JI





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The ITL in CDM and JI



With and without ITL



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Without ITL

- CDM:
 - make projects
 - issue CERs
 - sell CERs
- JI
 - make projects
 - sell ERUs
- EU ETS
 - trade Allowances through CITL

With ITL

- CDM:
 - deliver CERs (and get paid)
 - sell them on and deliver
 - get more liquidity
- JI:
 - transfer ERUs
 - sell them on and deliver
- EU ETS
 - use CERs and ERUs

Effects of the absence of the ITL for the seller



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- The ITL is paramount for the use of early CER vintages in the EU ETS
- The current shortness of the market would justify an increase of early vintage CER prices
- This bonus does not materialise because buyers may not be able to use the CERs
- Delayed cash flow from payment on delivery

Status



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- UNFCCC Secretariat is in charge and has announced to award a contract by end of March
- Internal deadline of October 2006
- Agreed implementation April 2007

- Practical deadline: end of 2007
 - delivery of CERs into the EU ETS



What if ITL not ready in 2007?

- No delivery of CERs into first phase EU ETS
- Huge destruction of value of CERs
- Sharp price increase of Allowances
- Many CDM sales and purchase contracts become void
- CDM projects will suffer from lack of cashflow
- etc
- etc

Suggestion: EU Member States arrange recognition of issued CERs in interim accounts