



Agricultural Opportunities & Challenges

2nd Annual Methane to Markets Partnership Meeting

Buenos Aires, Argentina
November 2005

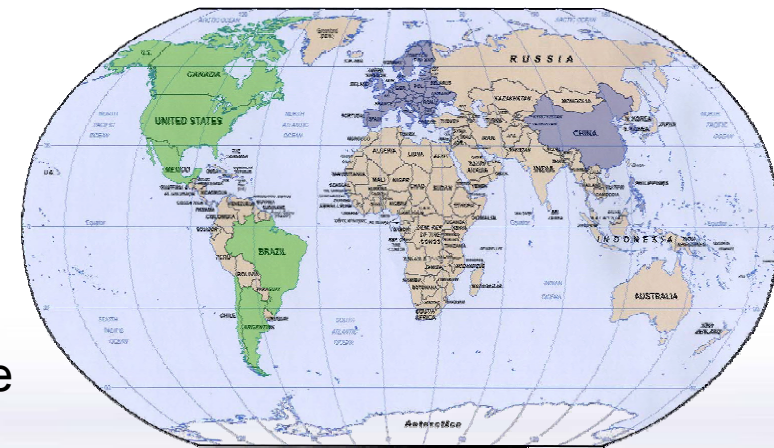
**AgCert produces greenhouse gas
("GHG") emission reductions ("Offsets")
from Agriculture
for sale to industrial emitters,
governments, funds and energy traders**

AgCert Overview



AgCert: an expert at worldwide GHG dynamics

- Established 2001 - 150 employees worldwide
- Operations established in Ireland, Canada, USA, Brazil, Mexico
- Operations pending in Argentina, Chile, and EU
- ASEAN market definition underway in conjunction with IFC
- ~450 CDM projects in Latin America
- >1,000 contracted sites in USA / Canada
- AgCert offers a standardized *process* to produce uniform offsets in agriculture - independent of sourcing location or methodology
- Globally applicable UNFCCC-approved GHG emission reduction methodology (AM0016)
- Science partnerships:
 - USDA CRADA #58-3K95-2-949
 - BNL CRADA #BNL-C-04-08
- Global (emitter) customer base

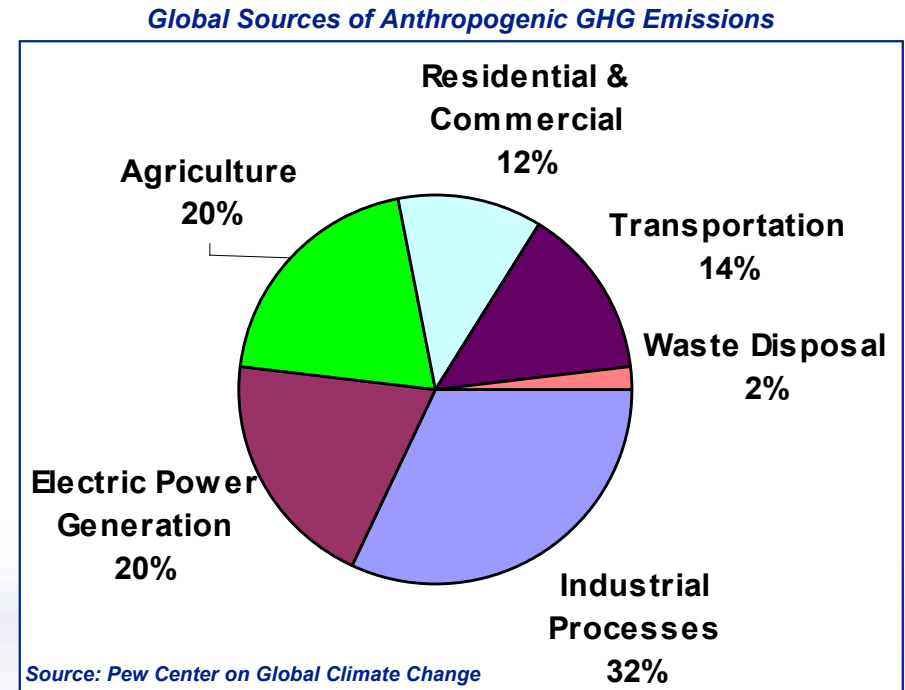


Agriculture – A Rich Potential Source of Offsets!



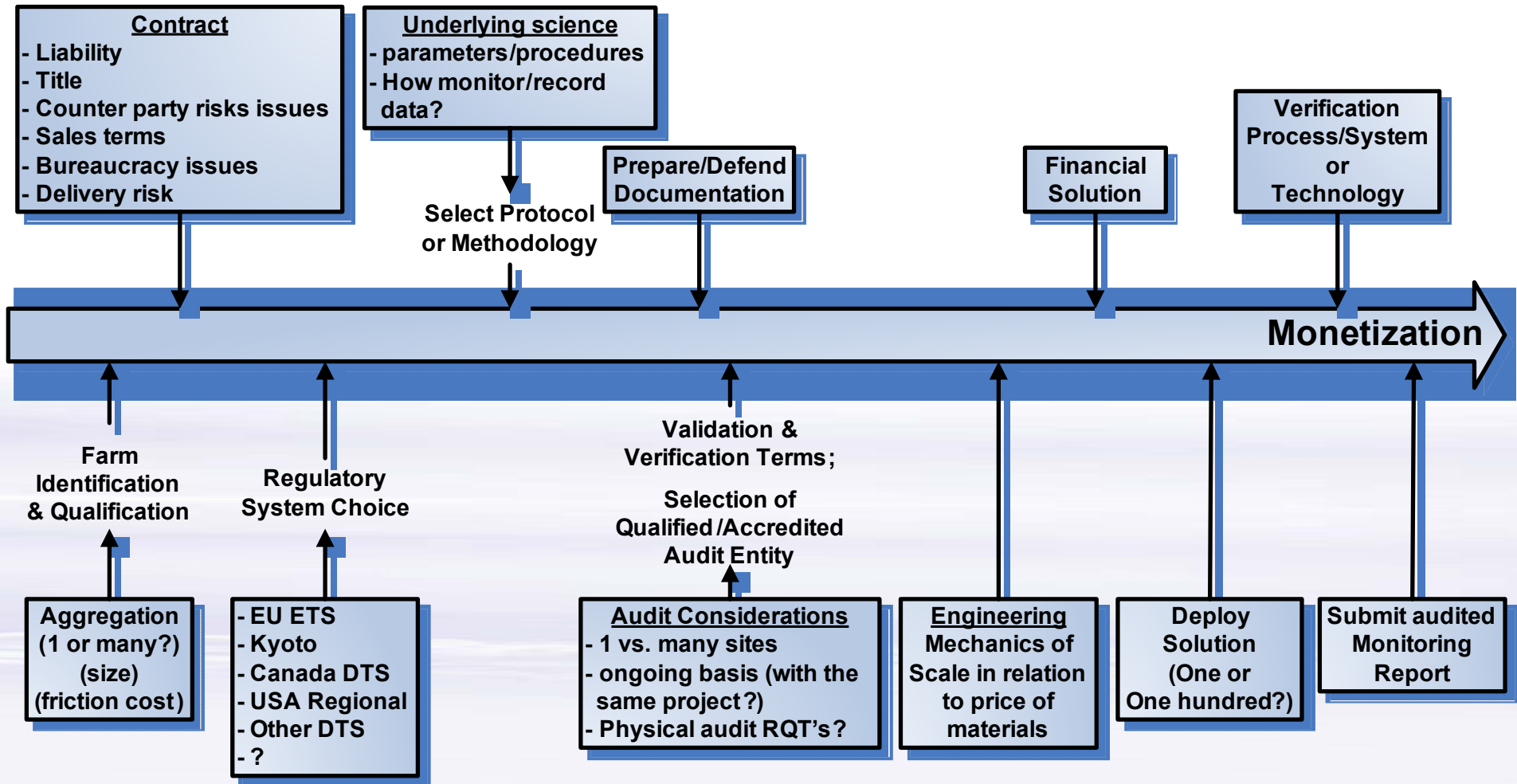
Agricultural GHG offsets can be derived from MANY sources!

1. AWMS – principally CH₄; some N₂O possible
2. Land Application of nutrients: N₂O
3. Land Management Changes (ex: tillage): carbon sequestration
4. Buffer strips; Riparian strips; shelterbelts
5. Alternative fuel use (gas/diesel → methanol; biogas use, etc.)
6. Biomass management



BUT, few farms can produce > 5,000 tonnes of CO₂e / year!

Many Steps to a Successful Transaction



An agricultural producer has to consider

- Core competency issues (to farm or become a project specialist?)
- Enter into an ER contract – or “go it alone”
- Who finances practice change (particularly if technology dependent)

Considerations

- Emitter issues:
 - Friction costs – contract costs similar whether 5,000 or 5 million tonnes
 - Quality Assurance/Control – are all offsets “the same”?
 - Counterparty Risk – publicly listed companies may not be able to purchase direct from small producer
- Delivery liability – who bears it; what penalties?
- Title – what is being delivered? (data?; offset?) Who owns it? (proof?)
- When is payment made? What form? Transaction costs?

Thought

- Individual farms rarely have means to fulfill technical or administrative requirements
- Contract collateralization requires guarantees. Project finance can become a serious consideration...



Regulatory System Choice



Sets the stage for most other choices!

Administrative requirements

- Process (well defined? Too rigid – or flexible?)
- Baseline / Additionality issues?
- Qualifying locations for offset production?
- Registration fees / Timeline
- Is regional/federal government approval required (prerequisite?)

Documentation requirements

- Project documentation
 - Engineering documentation
 - Production data
- Licenses / Permits

Protocol/Methodology choice

- “Proprietary” factors vs. world “recognized” (IPCC; EPA; USDA) science

Verification criteria

- Audit firm accreditation process – and associated costs
- Disclosure issues
- Audit requirements
 - Site Audit?
 - Additional documentation?
 - Compliance risk?
 - Frequency?

What gets delivered? Who owns the ER? (sovereignty issues)

Who determines acceptability? Who arbitrates?

“Solution”



Engineering Considerations

- Production data/practices (# of animals, feed issues, etc.)
- Site layout / Soil type / Drainage
- Climate (does digester require heating or not?)
- Hydraulic retention time (digester “capacity”) & internal design (shape)
- Material/Equipment choices? For instance, “plastic” type & flare capacity/type?
- Control & monitoring hardware

Cost / Financing Considerations

- Contracting / engineering firm or “off the shelf” design (how optimize?)
- Who provides ongoing O&M expertise? Cost?
- Material/Equipment warranty issues. Impact on Offset or biogas production?
- “Up front” cost vs. long term support expenses
- Does Offset or biogas output justify digester expense?
- Self financed vs. project finance

Verification Process & Results Reporting



Regulatory System Choice typically defines the process

- Accredited audit organizations
- Process for Periodic audits/verifications
 - Site audit?
 - Necessary records?
- Public notification requirements

Administrative requirements?

- Self reporting?
- Independent Audit report? } How often?
 - Who pays?
 - What if there's a problem?
- Local government approval required?
- Project qualification: duration?

Who reviews/approves Report?

- Timeline? (What if there are delays?)
- When do results qualify for payment?

Is it Worth it?



- GHG projects bring significant potential value to a producer
 - Environmental co-benefits with no negative environmental consequences
 - Possible Offset revenue stream
 - Possible source of fuel (that is, biogas from digester projects)
 - Heating / hot water
 - Cogeneration
 - Creates better relationship with regional/federal environmental authorities
- Administrative/Legal/Engineering/Financing challenges not insignificant
- Individual farms often lack the “capacity” to appeal to large emitters
- Aggregation can help create “consistent supply” between multiple sources
- Regulatory system standards & Government ‘signaling’ critical to market development

Typical Installations



The Baseline:
Open Lagoon



Excavation



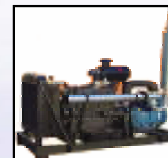
Finished Projects



Combustion Options:



Flare



Co-generation



THANK YOU FOR YOUR TIME!

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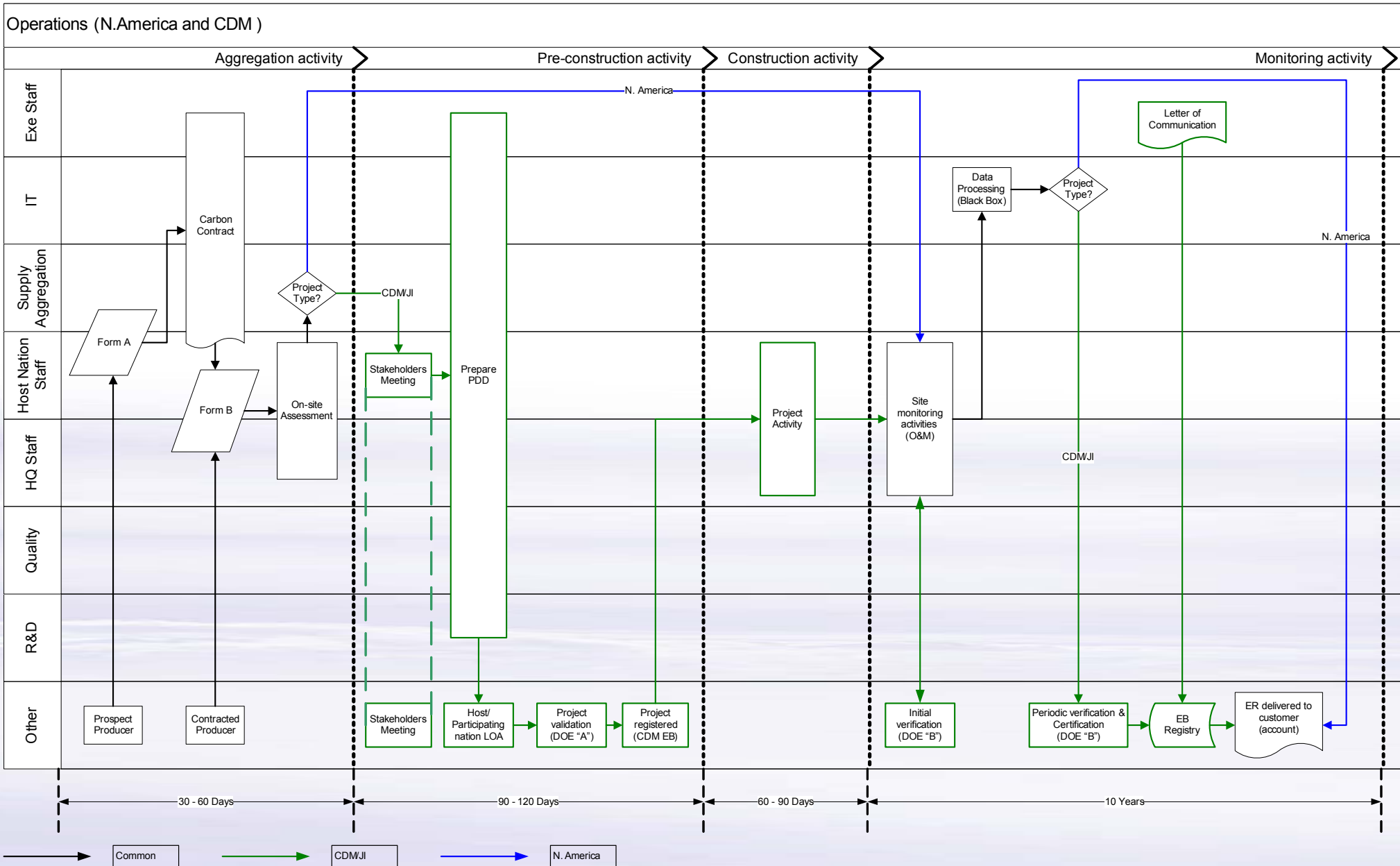
The Solution for Managing Climate Change

The AgCert Process

While administratively complex, AgCert's CDM Process can be likened to a production line:

1. Raw material (farm) is inspected / qualified for use
 - Protocol / factors chosen pursuant to animal vertical, conditions, etc.
 - 10-year contract (with farmer) for "production" of CERs
2. Administrative notifications are made to satisfy regulatory issues
3. Inputs / outputs are measured / characterized to define components
 - Suppliers are chosen to satisfy specific component / pricing needs
4. Qualified vendors perform work under direct supervision
5. Rigorous quality / inspection standards are applied
 - Data records retained for future review & historical records
6. Data / results are Certified via Independent Audit (via DOE in Kyoto countries)
 - Administrative transmittal of Certified data
7. CER final "manufacturing" from Certified data (by Executive Board or other verifier)
8. CERs - final product - sold to emitters, typically via long term contract

Operation Flow



Process

>630 farms; >400 qualify as "Prompt Start"

BR: 250 contracts (+70 pending); MX: 89 LOIs

BR: Scaled to 9 states; MX: Scaled to 3 states

Exclusive contracts where possible

BR: 11 meetings held; MX: 3 meetings held

BR: 9 PDDs complete; MX: 11 PDDs complete
160 farms 116 farms

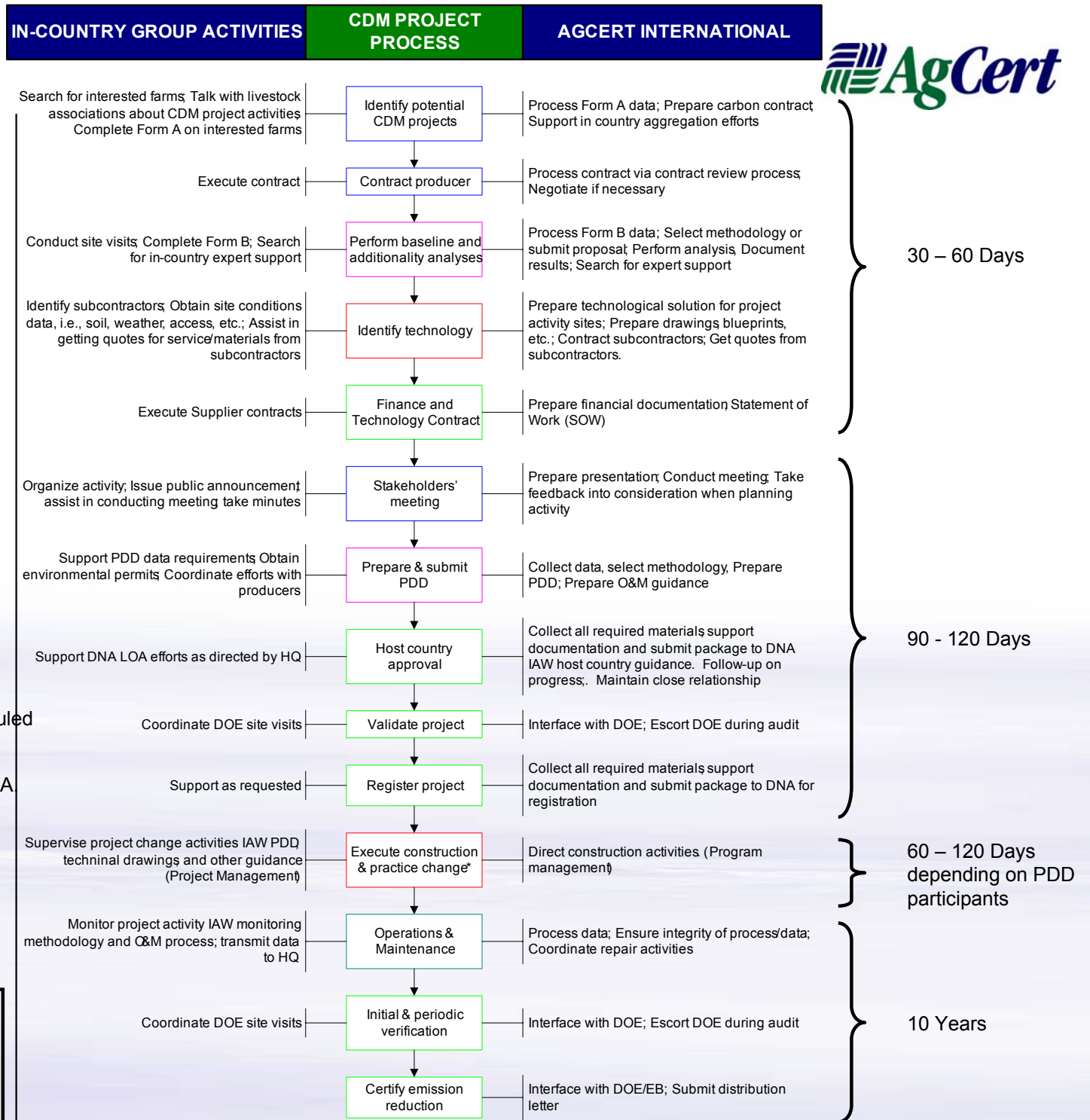
BR: 1 LoA in process MX: 1 LoA received

BR: 51 visits 46 scheduled MX: 6 visits 40 scheduled

Granja Becker Registration will occur after BR LoA

BR: 149 sites under construction
MX: 64 sites under construction

BR: 15 sites being monitored



The AgCert Solution



The AgCert process provides:

- **Scalable CER production** – several million tonnes of CERs annually
- **Global production** – science can be applied across nearly all geographies
- **Multiple animal verticals** (swine, dairy cattle, poultry, buffalo, etc.)
- **Geo-referenced, time/date stamped data; transparent access**
- **ISO processes**
- **Aggregated supply:** simplicity and dependability for buyers and sellers
- Opportunity to produce **co-generated electricity** (for farm or grid) or compressed natural gas (CNG)
- **Opportunity to mitigate risk** on delivery of CERs
- Potential to drive **sustainable GHG change through an entire agricultural sector(s)**

The AgCert process can be utilized in the US to create Verified Emission Reductions (VER's) compliant with ROW processes.

Process Summary



AgCert's processes produce EU ETS / Kyoto / CERs and will be used to create Domestic compliant VERs

Agriculture – with a 20% annual worldwide GHG budget - is huge potential candidate for AgCert's processes

Risk mitigation: AgCert's processes can be applied in multiple countries, verticals, and practices with Pooling

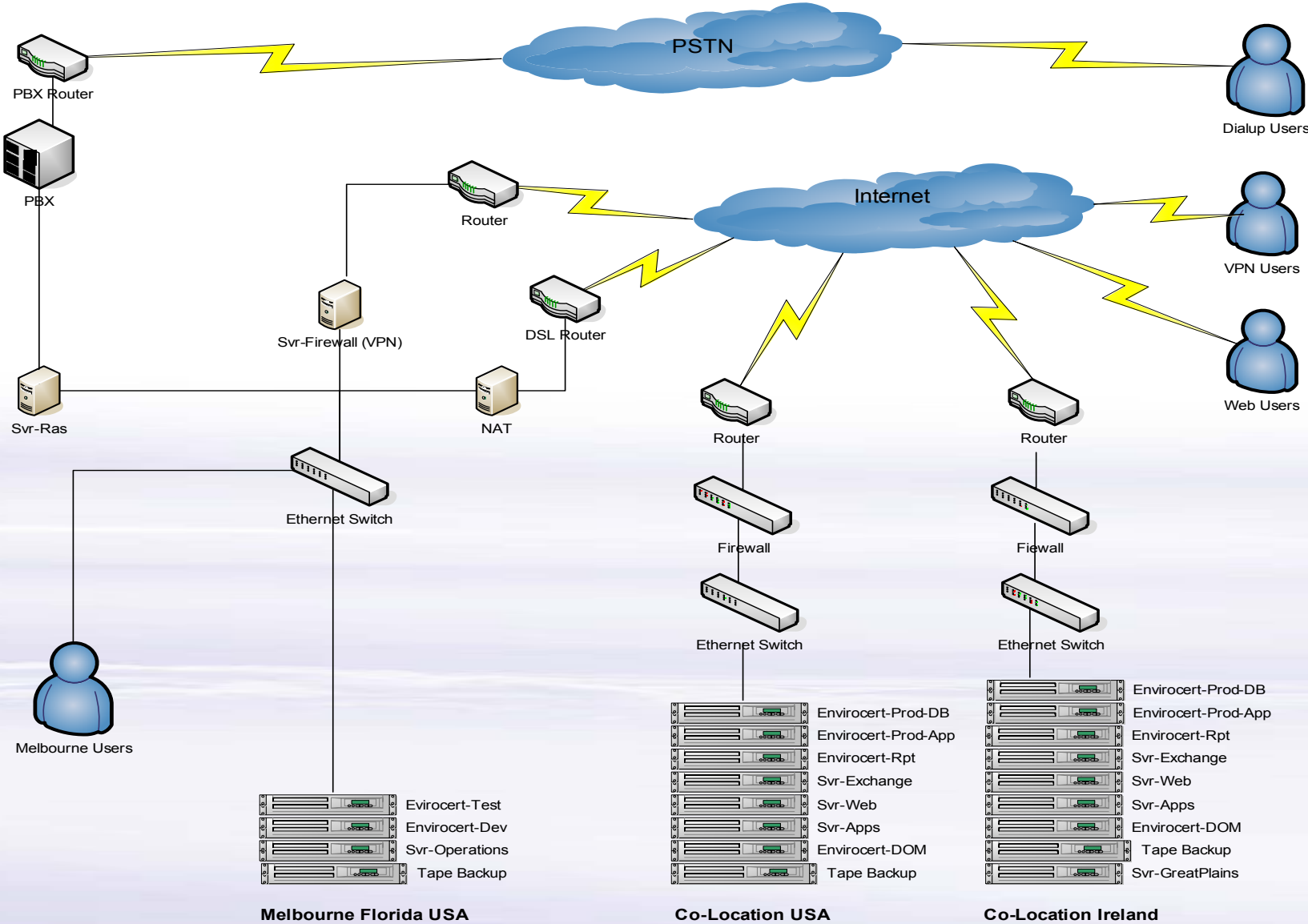
Projects produce

- Millions of tonnes of annually renewable CERs (in aggregate)
- Renewable energy for on farm use or for sale to rural surrounds
- Abundant heat energy from cogeneration – cold climate access
- Savings/Revenue for farmers
- Environmental co-benefits
 - Cleaner air
 - Cleaner water
 - Reduced odors
 - Reduced deforestation
 - Lower fly population



Information Technology and Data Management

Infrastructure



Benefits

- Scalable
- Secure
- Streamlines our Process
- Enforces Quality Controls
- Promotes Standardization
- Provides Real-Time Status
- Establishes One System of Record
- Reduces Cost of Operations

EnviroCert: Supply Management System



Functionality:

- Captures Supplier Lead Information
- Automates Contract Creation
- Implements a Contract Approval Cycle
- Tracks Contract Status
- Stores Imaged Contracts
- Provides Supply Forecasts
- Captures Site Baseline Production Data
- Provides Automated Quality Control Tools
- Provides Portal and Report Access

EnviroCert: Supply Management System



EnviroCert :: Supply Management System
User: Michael Harclerode

Brazil ▾ Create Legal Entity Document

Entity Name	Association	Author	Created
1			
A			
Adelar Carneiro da Silva	Pendigão	Hellen Macedo	22-Jul-2004 10:43:38 PM
Agostino Mansano	Independient	Imported Spreadsheet	22-Sep-2004 01:13:09 PM
Agrícola Yeredinha Ltda.	Sadia	Michael Harclerode	20-Jun-2004 10:25:00 AM
Agropecuária Bom Jardim Ltda.	Independient	Miguel Gastao de Oliveira	30-Nov-2004 07:07:29 AM
Agropecuária Carneiro	Sadia	Miguel Gastao de Oliveira	16-Aug-2004 02:30:05 PM
Agropecuária Selo Léguas S/A	Pendigão	Hellen Macedo	26-Jul-2004 06:44:32 PM
Agrop. Imãdas Torres	Independient	Imported Spreadsheet	22-Sep-2004 01:13:09 PM
Agrop. São Gabriel	Independient	Imported Spreadsheet	22-Sep-2004 01:13:09 PM
Alair Lara Moreira	Independient	Miguel Gastao de Oliveira	15-Jul-2004 08:57:41 AM
Alair Ferreira Rezende	Independient	Miguel Gastao de Oliveira	30-Nov-2004 06:12:22 AM
Alberto Luiz Menegatti	Pendigão	Hellen Macedo	01-Aug-2004 02:01:13 PM
Albino Chupel	Independient	Joseta Garzillo	04-Mar-2005 10:17:55 AM
Alceu Antonio Falchetti	Pendigão	Hellen Macedo	16-Jul-2004 06:24:01 PM
Albino Picoli	Pendigão	Acesso DB	22-Sep-2004 01:13:09 PM
Alexandre Fonseca Morquez	Sadia	Miguel Gastao de Oliveira	08-Sep-2004 09:16:56 AM
Alexandre (Rio Paraíso)	Independient	Imported Spreadsheet	22-Sep-2004 01:13:10 PM
ALBEM Comercial de Alimentos Ltda	Independient	Joseta Garzillo	17-Jan-2005 12:35:10 PM
Alair Ferreira da Cunha Jr.	Independient	Imported Spreadsheet	22-Sep-2004 01:13:10 PM
Alair Olimio de Oliveira	Independient	Miguel Gastao de Oliveira	26-Sep-2004 02:35:22 PM
Aluizio Lanna Moreira	Independient	Imported Spreadsheet	22-Sep-2004 01:13:10 PM
Alvaro de Silva Cunha	Independient	Miguel Gastao de Oliveira	26-Oct-2004 02:49:25 PM
Ana Maria de Souza Ferraz	Pendigão	Hellen Macedo	01-Aug-2004 03:40:58 PM
Anderson de Paula	Independient	Miguel Gastao de Oliveira	21-Oct-2004 03:09:37 PM
Andre Silva Pinto	Pendigão	Hellen Macedo	14-Jul-2004 08:11:49 PM
Anélio Thomazzoni	Independient	Joseta Garzillo	15-Jan-2005 09:55:44 AM
Antonio Cecatto	Independient	Joseta Garzillo	15-Jan-2005 10:36:31 AM
Antonio Ebrik	Independient	Imported Spreadsheet	22-Sep-2004 01:13:11 PM

Data View of Producers by Name

EnviroCert: Supply Management System



EnviroCert interface showing Legal Entity Information for Agricola Veredinha Ltda.

Buttons: Edit Document, Close Document

Document: Producer Information
Author: Michael Harclerode
Created: Tuesday 22 June 2004
Modified: Monday 21 February 2005

Status: 8 Signed Contract

Navigation: Legal Entity | Country Requirements | Association | Lead Animal Information | Farms/Sites | Project | Contract

Legal Entity Type: Company
Legal Entity Name: Agricola Veredinha Ltda.
Date Information Received: 27 February 2004

Location Information

Street Address #1: Rua Jamil Tannus, n.657, Bairro Altamira
Street Address #2:
City: Uberlândia
State/Province: Minas Gerais
Postal Code: 38400-134 Country: Brazil

Representative/Owner Information

Name: Lúcio Roberto Alamy
Title: Owner
Profession:
Street Address #1:
Street Address #2:
City:
State/Province:
Postal Code: Country: Brazil
Telephone: 55 34 32142299
Cell: 55 34 32193472
Fax: 55 34 99712223
email: lucialamy@bol.com.br

Note: Open attachment(s) using the right mouse button and then select Open in New Window. .rtf files represent contract templates while .pdf files represent signed contracts

Attachment: [AgricolaVeredinhaLtda.pdf](#)

Legal Entity Information

EnviroCert: Supply Management System



Edit Document Close Document



Document: Producer Information
Author: Michael Harclerode
Created: Tuesday 22 June 2004
Modified: Monday 21 February 2005

Status: 8. Signed Contract

Legal Entity Country Requirements **Association** **Lead Animal Information** Farms/Sites Project Contract

Species	Animal Type	Yearly Headcount
Swine	Sows	2,900
	Gilts	100
	Boars	30
	Nursery	70,000
	Finisher	0
Dairy Cattle	Farrow to Finish	0
	Heifers	0
	Milking Cows	0
	Dry Cows	0
Poultry	Calves	0
	Broilers	0
	Layers	0
	Turkeys	0

Note: Open attachment(s) using the right mouse button and then select Open in New Window.
.rtf files represent contract templates while .pdf files represent signed contracts


 [AgricolaVeredinhaLtda.pdf](#)

Lead Animal Information

EnviroCert: Supply Management System



Close Document without Saving Save and Close Document

 Document: Producer Information
Author: Miguel Gastao de Oliveira
Created: Thursday 30 September 2004
Modified: Monday 15 November 2004

Status: 1. No Contract

Legal Entity Country Requirements Association Lead Animal Information Farms/Sites Project **Contract**

Step 1 - Contract Creation
Contract Creation Date: * Day: 30 Month: September Year: 2004
Create Contract:
Signed by Shayne Reeb on 01/20/2005 04:01:17 PM

Step 2 - Delivered to Legal Entity Signed by Shayne Reeb on 01/20/2005 04:01:21 PM
Step 3 - Received from Legal Entity Signed by Shayne Reeb on 01/20/2005 04:01:28 PM
Step 4 - Delivered to Corporate Delivered
Step 5 - Received at Corporate
Step 6 - Reviewed by Quality
Step 7 - Signed Contract
Step 8 - Signed Copy Sent to In-country Rep:

Step 9 - Scanned Contract Attached


Step 10 - Signed Copy Sent to Legal Entity:

Contract Information and Creation

EnviroCert: Supply Management System



Close Document without Saving Save and Close Document

 Document: Farm Information
Author: Michael Mirda
Created: Friday 25 June 2004
Modified: Tuesday 10 August 2004

Legal Entity: Antonio Narciso Ribeiro Barbosa
Status:

Site Information Animal Containment Manure Storage Animal Information

Site Name: * Fazenda São Sebastião
Site Identification: * 377471856
Site Type: * Owned Contracted
Date Information Received: * Day: 21 Month: June Year: 2004

Location Information

Street Address #1: * Rodovia BR 452 na Estrada do Pião Km 50
Street Address #2:
City: * Santa Juliana
State/Province: * Minas Gerais
Postal Code: * 38175-000 Country: * Brazil

Contact Information

Name: * Antonio Narciso Ribeiro Barbosa
Title: * Owner
Telephone: Country Code: 55 Area Code: 34 Local: 33541509 Ext:
Cell: Country Code: 55 Area Code: 34 Local: Ext:
Fax: Country Code: 55 Area Code: 34 Local: 33541509 Ext:
email:

Site Information

EnviroCert: Supply Management System



Close Document without Saving Save and Close Document

AgCert Document: Farm Information
 Author: Michael Mirda
 Created: Friday 25 June 2004
 Modified: Tuesday 10 August 2004

Legal Entity: Antonio Narciso Ribeiro Barbosa
 Status:

Site Information Animal Containment Manure Storage **Animal Information**

Sow Gilt Boar Finisher Nursery Wean-to-Finish

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Inventory	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Mortalities	15	12	10	12	12	15	12	15	10	15	12	10
Avg. Weight per Animal (kg)	250	250	250	250	250	250	250	250	250	250	250	250
Days Unpopulated	0	0	0	0	0	0	0	0	0	0	0	0
Average Feed Intake	90	90	90	90	90	90	90	90	90	90	90	90
Crude Protein % of the diet												
Crude Fat % of the ration												

	May - Oct	Nov - Apr
Crude Protein % of the diet	17	16
Crude Fat % of the ration	5	4.35

Site Animal Information

EnviroCert: Assessment Management System



Functionality

- Fully Integrated Security Controls Access to Specific AMS Functions
- Manages All Assessment Templates Utilized Around the Globe
- Manages Assessment Companies and Site Assessors
- Provides Scheduling Functionality for Site Assessments
- Assessment Review Capabilities

EnviroCert: Assessment Management System



Enviro Cert Administration CRM Assessments Templates System

Update Scheduled Engagement
Complete the following to schedule an assessment in the system.

Farm/Site Location
 Legal Entity: Darbi Siero
 Farm/Site: *Site Siero

Assessor
 Assessment Company: AgCert International
 Assessor: gduarte

Assessment
 Template: Brazilian Manure Management - Pre-Construction
 Scheduled For: 3/19/2005 at 9:00 AM

Save Save / Add Another Save / Return

Show Question	Question	Data Type	Default	Preset
<input checked="" type="checkbox"/>	Contents of Site Assessment Toolkit verified per ENV-1003	Boolean	True	Select a Preset Value
<input checked="" type="checkbox"/>	Esnr	Integer		Open Compound
<input checked="" type="checkbox"/>	Manure Storage Structures	Integer		Open Compound
<input checked="" type="checkbox"/>	Digester Type	Text	None	Select a Preset Value
<input type="checkbox"/>	Digester Output	Text	Gray Water	Select a Preset Value
<input type="checkbox"/>	Digester Metered?	Boolean	False	Select a Preset Value
<input type="checkbox"/>	Digester Meter Reading	Positive Decimal		
<input type="checkbox"/>	Digester Flared?	Boolean	False	Select a Preset Value
<input type="checkbox"/>	Flare Metered?	Boolean	False	Select a Preset Value
<input type="checkbox"/>	Flare Meter Reading	Positive Decimal		
<input type="checkbox"/>	Digester Engine Type	Text	None	Select a Preset Value

Save Presets

View of a Scheduled Assessment

EnviroCert: Field Assessment System



Functionality

- Two Way Data Synchronization
- Simple Step-By-Step Execution of Assessments
- Full GPS Integration
- Photo Capture and Assignment
- Electronically Captured Signatures



Inspection Section Listing



Signature Capture

EnviroCert: Assessment Report



AgCert Assessment Status Report			
Template Bredon Manure Management	Protocols BioSecurity DPC Methane Avoidance - GR	Producer Fazenda São Sebastião	Site Armitage
Assessment Company Agcert International, LLC	Assessor Law Smyrnios	Start Date 7/26/2004 2:58 PM	End Date 7/26/2004 2:56 PM
	Question	Answer	
Pre-Inspection	Contents of Site Assessment Toolkit verified per ENV-1003	True	
Bio-Security	All Biosecurity & Safety procedures were followed per ENV-1008	True	
Photography	Obtain photos of all barns	True	
	Obtain photos of composting	False	
	Obtain photos of digesters	False	
	Obtain photos of manure storage (if outside of barn)	True	
Manure Management	Compost Material	N/A	
	Composting Type	None	
	Digester Engine Type	N/A	
	Digester Flared?	N/A	
	Digester Meter Reading	N/A	
	Digester Metered?	N/A	
	Digester Output	N/A	
	Digester Type	None	
	Flare Meter Reading	N/A	

Detailed Inspection Report

EnviroCert: Project Management System



Functionality:

- Web-based and Off-line Application with the following functionality:
- Track Project Information
- Assign Project Participants
- Calculate Cost Projections
- Track Stakeholder Activities
- Automate PDD/PIN Document Content Creation
- Track PDD/PIN Approval

EnviroCert: Operations and Maintenance System

Functionality:

- Organize and Manage Site Projects, Assets, and Equipment
- Manage Assessors and Recurring Post-Construction Site Check Ups
- On-going Post-Construction Data Collection
- Integrated Reporting
- Stand Alone System with Seamless Remote Synchronization

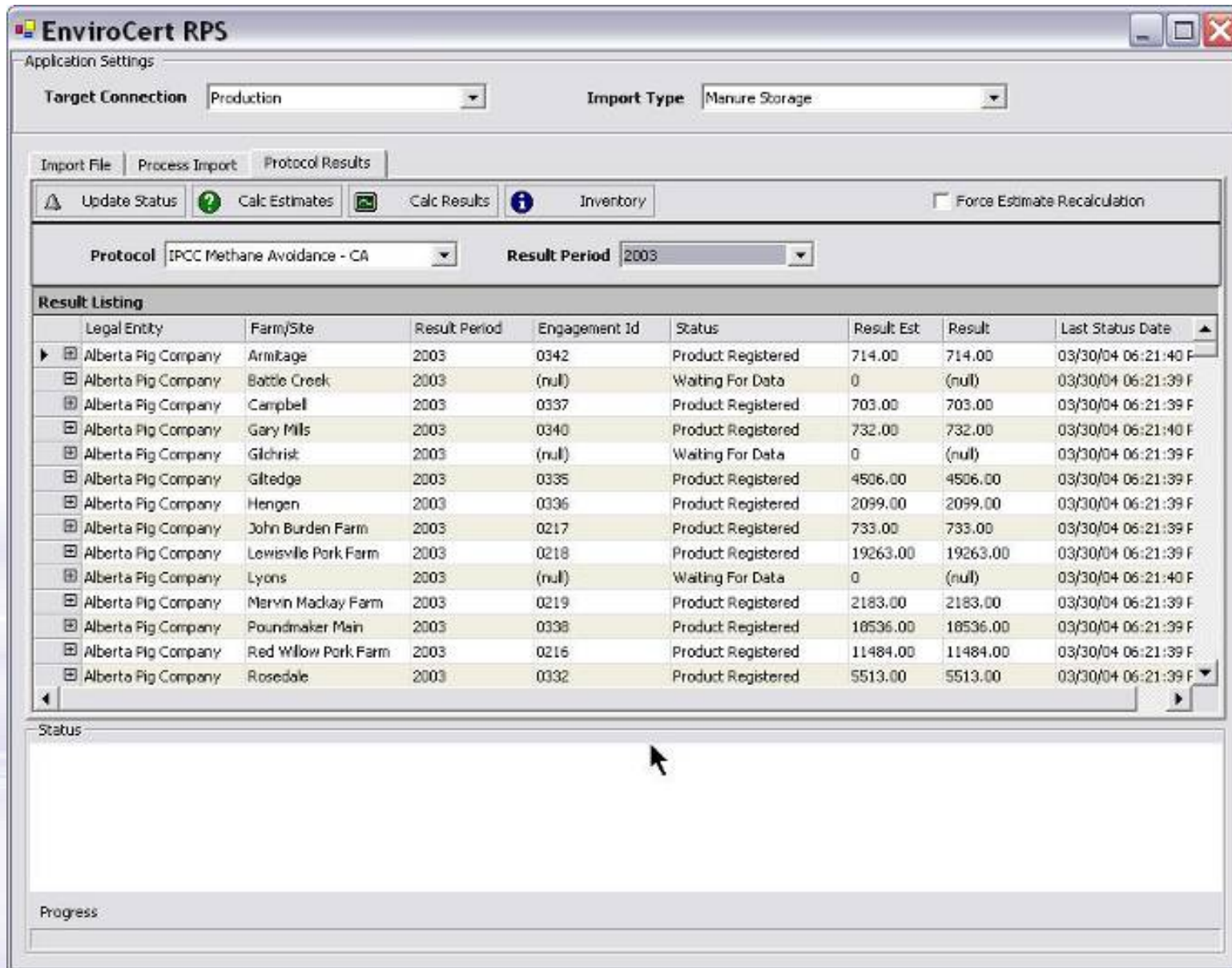
EnviroCert: Result Processing System



Functionality:

- Manages Credit Processing For All Protocols
- Real Time Product Status Information
- Detailed Logging of All Calculations
- Serialization of Product Results
- Integrates to Inventory Management System

EnviroCert: Result Processing System



The screenshot shows the EnviroCert RPS application interface. At the top, there are application settings for 'Target Connection' (Production) and 'Import Type' (Manure Storage). Below this are tabs for 'Import File', 'Process Import', and 'Protocol Results'. A toolbar contains buttons for 'Update Status', 'Calc Estimates', 'Calc Results', and 'Inventory', along with a checkbox for 'Force Estimate Recalculation'. The 'Protocol' is set to 'IPCC Methane Avoidance - CA' and the 'Result Period' is '2003'. The main area displays a 'Result Listing' table with columns for Legal Entity, Farm/Site, Result Period, Engagement Id, Status, Result Est, Result, and Last Status Date. The table lists 15 entries for the Alberta Pig Company, with various farm sites and engagement IDs. The bottom section of the window is labeled 'Status' and 'Progress'.

Legal Entity	Farm/Site	Result Period	Engagement Id	Status	Result Est	Result	Last Status Date
Alberta Pig Company	Armitage	2003	0342	Product Registered	714.00	714.00	03/30/04 06:21:40 F
Alberta Pig Company	Battle Creek	2003	(null)	Waiting For Data	0	(null)	03/30/04 06:21:39 F
Alberta Pig Company	Campbell	2003	0337	Product Registered	703.00	703.00	03/30/04 06:21:39 F
Alberta Pig Company	Gary Mills	2003	0340	Product Registered	732.00	732.00	03/30/04 06:21:40 F
Alberta Pig Company	Gilchrist	2003	(null)	Waiting For Data	0	(null)	03/30/04 06:21:39 F
Alberta Pig Company	Giltedge	2003	0335	Product Registered	4506.00	4506.00	03/30/04 06:21:39 F
Alberta Pig Company	Hengen	2003	0336	Product Registered	2099.00	2099.00	03/30/04 06:21:39 F
Alberta Pig Company	John Burden Farm	2003	0217	Product Registered	733.00	733.00	03/30/04 06:21:39 F
Alberta Pig Company	Lewisville Park Farm	2003	0218	Product Registered	19263.00	19263.00	03/30/04 06:21:39 F
Alberta Pig Company	Lyons	2003	(null)	Waiting For Data	0	(null)	03/30/04 06:21:40 F
Alberta Pig Company	Mervin Mackay Farm	2003	0219	Product Registered	2183.00	2183.00	03/30/04 06:21:39 F
Alberta Pig Company	Poundmaker Main	2003	0338	Product Registered	18536.00	18536.00	03/30/04 06:21:39 F
Alberta Pig Company	Red Willow Pork Farm	2003	0216	Product Registered	11484.00	11484.00	03/30/04 06:21:39 F
Alberta Pig Company	Rosedale	2003	0332	Product Registered	5513.00	5513.00	03/30/04 06:21:39 F

Result Listing View



Intellectual Property Overview

Intellectual Property Overview



AGCERT PATENT FILINGS¹		
Patent Cooperation Treaty (PCT) Number	U.S. Patent Number	Subject
PCT/US03/37428	10/720,797	System and method of creating, aggregating, and transferring environmental emission reductions
PCT/US03/37429	10/720,777	System and method for tracking environmental emission reductions
<Pending Conversion>	60/545.PR	Integrated emission reduction data management system and method (Provisional Filing)

AGCERT TRADEMARKS		
AgCert™	CarbonCert™	EnviroCert™



Operations & Maintenance

Handoff From Construction



- Verifies Project Construction complies with the criteria specified in the Project Design Document & all necessary equipment is installed
- Verifies installed equipment is properly identified and documented for configuration management
- Designs project specific monitoring plan
- Establishes data monitoring requirements pursuant to the AWMS practice changes specified by the project activity
- Confirm project equipment is operating properly and designate that project has transitioned from construction to operation

Maintenance



- Train farm personnel in operation of project equipment
- Establish central point of contact for reporting of maintenance issues
- Farm personnel call a toll free number to report maintenance issues
- Dispatcher records pertinent information into call reporting database
- Dispatcher contacts appropriate Agcert or vendor personnel
- After maintenance issue is resolved, resolution and any equipment change data are entered into database
- Document and manage call resolution escalation procedures
- Establish logistics and part sparing guidelines
- Schedule and or perform preventative maintenance on project equipment
- Assist farm personnel in planning and resolution of issues not under Agcert control but pertaining to the project operations and compliance



Sales

Philosophy, Risk Management & Pricing Trends



Sales and Marketing Philosophy

- Build deep and broad customer relationships
- Aggressively develop a brand based on thought leadership, integrity and customer responsiveness
- Product diversification:
 - Certified Emission Reductions (CERs), created by CDM projects verified by the Kyoto process
 - Emission Reduction Units (ERUs), created by JI projects verified by the Kyoto process
 - Verified Emission Reductions (VERs) created by the AgCert Process verified by independent verification

Philosophy, Risk Management & Pricing Trends

Pricing Trends

- European Union Allowances (EUAs) (2005): Low of Euro 6.30 (mid-January), high of Euro 16.10 (mid-March)
 - Primary drivers: Weather, oil and gas prices, market perception, availability of substitute offsets (CERs, ERUs, etc.)
- CERs (2004 – 2005): Low of Euro 3.50 (early 2004), currently in the Euro 5.10 to Euro 6.25 range
 - Primary drivers: Counter-party credit, methodology approval, volume capacity, risk balance (trade-offs)
- ERUs (2005): Limited information available, however, government funds have purchased 2008 – 2012 ERUs for Euro 6.50

Price Expectations

- General: Due to CER bankability we expect the CER price to converge with the EUA and eventually overtake it

Philosophy, Risk Management & Pricing Trends

Price Expectations (continued)

- General: AgCert does not expect sweeping CER price increases due to:
 - The uncertainty of how Russia and the former Eastern Bloc will treat its “hot air” surplus of reductions
 - Seemingly loose allocations approved by the European Commission for Phase I of the EU ETS
 - The impact the Joint Implementation reductions will have to available volume
 - Potential CER volume exceeding 1 billion for the period 2008 to 2012
 - The Canadian Price Adjustment Mechanism of \$15 (CDN) expected to be implemented in 2008
 - Market liquidity and transparency increasing
- AgCert: We will be able to garner a price premium versus the market because of the validation and verification we provide

Counter-party credit

- Binary
- Walk away – allows us to qualify buyers
- Creative – there are imaginative ways to work around this “hard and fast rule”

Project financing

- Requirement – who provides financing buyer or seller?
- Condition precedent – balance between timing and practical time to receive

Pool vs. project considerations

- Benefit – diversification and scale
- Consideration – backstop for performance

Failure to deliver – penalties

- Trend – becoming more balanced between buyers and sellers
- Trade off – how to balance with price

Delivery – registry account set-up

- FOB – what “port” will the seller deliver
- Counter Party– should the creation of an Emission Reduction (ER) Registry be considered?

ER title transfer – delivery or payment

- Trend – time between delivery and payment shortening
- Consideration – buyer’s credit, letter of credit, other backstop mechanisms

Failure to deliver – drivers

- Trend – getting away from absolute responsibility
- Consideration – best efforts vs. gross negligence
- Balance – strong correlation between delivery failure drivers and price

Delivery – early delivery

- Trend – becoming standardized
- Consideration – seller’s or buyer’s discretion or mutual
- Timing – any time, calendar year, 12 months, etc.
- Volume – above the scheduled delivery