



# **Charting the Path Forward: Accounting for Renewables and the Environment**

## **User Demand for Renewable Energy Benefit Calculations**

World Resources Institute  
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# Evolution Markets Overview

- Evolution Markets LLC was founded in 2000
- Offices in New York – San Francisco – London – Prague – Bratislava

## ➤ Markets

- GHG Credits/Allowances
- SO<sub>2</sub> Emissions Allowances
- NO<sub>x</sub> Emissions Allowances
- OTC Coal Markets
- Emissions Reduction Credits
- Houston/Galveston NO<sub>x</sub> Allowances
- RECLAIM (Los Angeles NO<sub>x</sub> & SO<sub>x</sub>)
- Discrete Emissions Reductions
- Renewable Energy Credits
- Weather Derivatives
- Natural Gas

## ➤ Services

- Introductory Brokerage Services
- Structured Transactions
- Expert Advisory Services

## ➤ Joint Ventures

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CARBON INTERNATIONAL  
A STARSUPPLY/EVOLUTION PARTNERSHIP

  
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MARKETS LLC

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# Evolution Markets LLC: *Market Leader*

- Highest Volume Emissions Broker
- Highest Volume U.S. REC Broker
  - More than \$6.5 billion in brokered environmental transactions

Environmental  
Finance

Voted “Best Broker:  
EU Emissions Trading  
Scheme”

“Best Broker: RECs  
(North America)”



Named “House of the Year:  
Weather/Emissions”

  
**evolution**  
MARKETS LLC

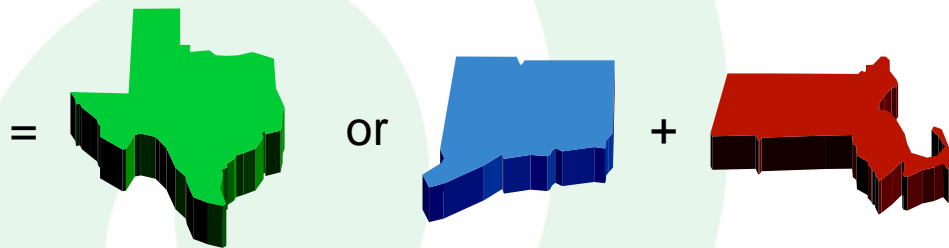
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# Market Demand

- Market dominated by compliance RECs

Voluntary REC Market 2003:

**1.8 million RECs\***



Benefit calculations not relevant to the compliance market.

\*Source: CRS  
unaudited report for  
2003

# Message from the Market

- Customers buy RECs for Renewable Energy – not the environmental attributes
  - GHG benefits on radar screen (barely)
  - No knowledge of SO<sub>2</sub>/NO<sub>x</sub> benefits
- Unclear what they own (i.e. SO<sub>2</sub>/NO<sub>x</sub>) emissions
- Understanding benefits would assist end user marketing, but not in selling RECs

# Opportunity in Climate Change

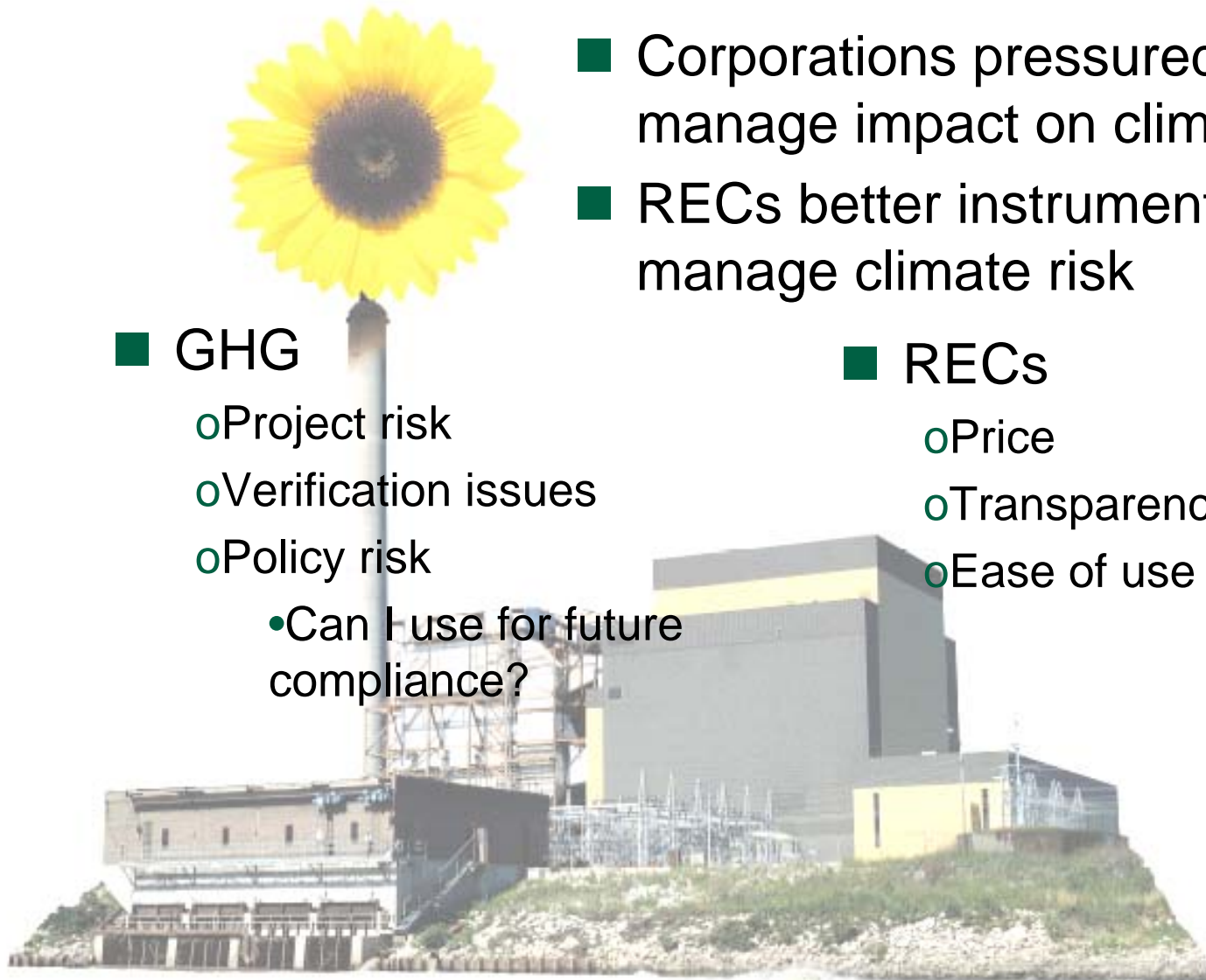
- Corporations pressured to manage impact on climate
- RECs better instrument to manage climate risk

## ■ GHG

- Project risk
- Verification issues
- Policy risk
  - Can I use for future compliance?

## ■ RECs

- Price
- Transparency
- Ease of use



# Recommendations

- Support growth of renewable energy
- Focus on GHG benefits
- Make the system:
  - Clear/Consistent
  - Available to public
  - Low cost/free

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