

Shell Energy North America
Environmental Products Group

Reducing Carbon Footprint

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*Experience Commitment*SM

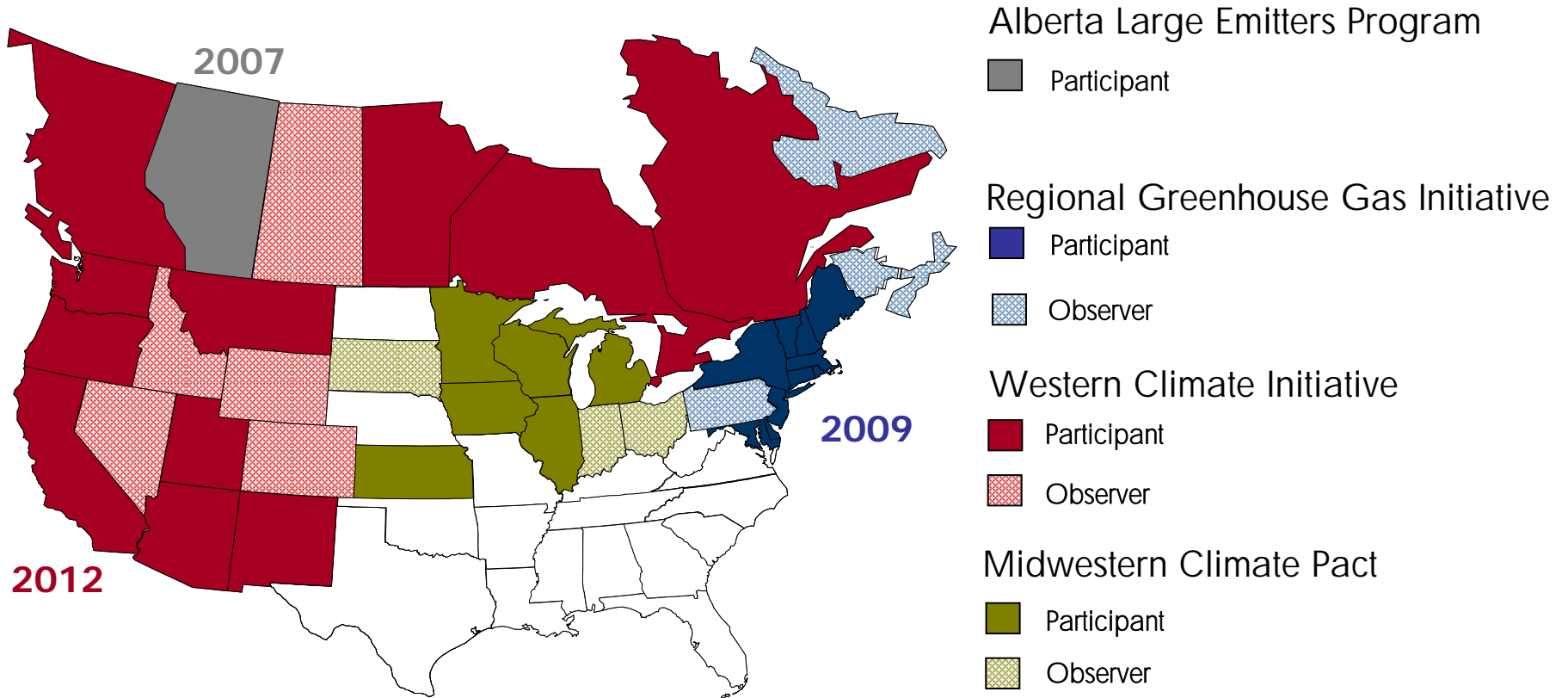
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Agenda

- North American carbon overview
- Alberta program
- Canadian federal framework
- Carbon credits/offsets
- Emerging standards
- What & why are companies buying?



North American carbon overview



All programs considering use of cap & trade and **offsets**

Alberta's program

- Top emitters covered
 - > 100,000 tonnes per year
- 12% annual emissions intensity improvement over baseline
 - Baseline = average of '03 - '05
- Comply through:
 - Internal reductions/trading
 - \$15/tonne tech fund
 - Alberta-based offsets
- Offset protocols approved by Alberta gov't for projects starting on or after 1 Jan 2002



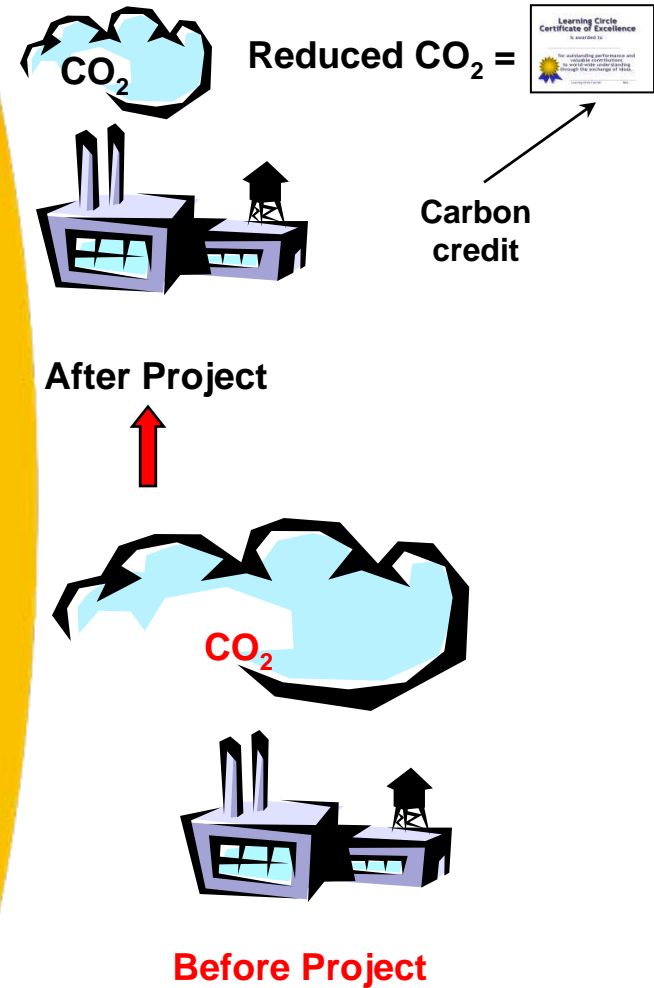
Canadian federal framework

- Power and industry sectors covered
 - > 50,000 tonnes per year threshold for some sectors
- Emissions intensity improvement over 2006 levels
 - 18% by 2010
 - 2% continuous improvement thereafter
- Comply through:
 - Internal reductions/trading
 - Tech fund (\$15 – \$20+/tonne)
 - Offsets (Canadian and international)
- Offset projects starting on or after 1 Jan 2000 qualify, but only for 2008 onwards



Carbon credits/offsets

- Premise – make or buy decision
- Buyer takes title to emission reduction
- Critical issues
 - Surplus
 - Measurable
 - Verifiable
 - Double counting
 - Additionality
 - Title



Emerging standards



Climate

What & why are companies buying?

What?

- Alberta Emission Offsets (EOs)
- Verified Emission Reductions (VERs)
- Certified Emission Reductions (CERs)

Why?

- Compliance
- Anticipating compliance
- Voluntary motivations



Summary

- Markets are here and now
- Canadian regulations imminent
- Plethora of issues around offsets
- “Buyer aware”

A photograph of a solar farm at sunset. The sky is a mix of deep blue and orange, with the sun low on the horizon. Several rows of solar panels are visible, their surfaces reflecting the bright light of the setting sun. The panels are arranged in a grid pattern, and their silhouettes are dark against the colorful sky.

Thank you

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