Project-based deals

☐ **ICECAP** is to buy around 5 million CERs from a Chinese landfill gas capture and electricity generation project in the city of Guangzhou, Guangdong province. The deal is with a company managed by the **Guangzhou Sanitation Bureau,** which will receive a minimum of $50 million in revenues, said ICECAP, a carbon buyer and fund manager based in London.

It has also signed a deal with **Guizhou Zhongshui Energy Development Co**, committing to buy CERs from a series of small hydroelectric power projects in Guizhou province. ICECAP said the projects will deliver a "significant volumes of CERs" through the displacement of coal-fired generation. The purchase of the first tranche of CERs – just under 1 million – has been agreed, subject to board approval, and several million more are in the pipeline.

☐ The **European Carbon Fund** has agreed to buy all 1 million CERs generated over the period 2007–12 from a landfill gas project in Sao Paulo, Brazil.

The project is located in Paulinia and is operated by **Empresa de Saneamento e Tratamento de Resíduos**, a Brazilian environmental management firm. The parties did not disclose the price paid for the reductions.

The Fund, which was represented by its investment manager **IXIS Environnement & Infrastructures**, said it has contracted 16 million tonnes of carbon dioxide-equivalent (CO_2e) reductions so far.

☐ The **Danish Ministry of Foreign Affairs** has signed an emissions reduction purchase agreement (ERPA) with Chinese company **National Bio Energy** for a total of 630,000 certified emission reductions (CERs).

The deal, signed on 17 January, lasts until 2012 and included an upfront payment of RMB 5 million ($640,000), though the ministry did not state the actual price paid for the credits.

The CERs will arise from a 25MW biomass power plant in Shanxian, in southern Shandong province. It uses biomass residues from cotton fields and straw from other crops. The project is "on its way" to being registered by the Clean Development Mechanism (CDM) Executive Board, the ministry said, and delivery of the first credits is expected this summer.

☐ The **Luxembourg government** is to buy 325,000 CERs from **Biothermica Energy**, in a deal brokered by **Evolution Markets**, the US-based energy and environmental brokerage.

The CERs come from a landfill gas-to-energy project at the Nejapa Landfill in El Salvador. The credits sold to Luxembourg will be generated between 2006 and 2012. This is the first trade by Biothermica, a project developer based in Montreal, Canada.

The project is the first to receive a guarantee from the World Bank's Multilateral Guarantee Agency (MIGA) which covers certain sovereign and non-commercial risks that might affect the performance of the project (see *Carbon Finance*, July 2006, e-mail update).

☐ US utility **Portland General Electric** is funding three greenhouse gas (GHG) offset projects that will generate more that 648,000 tonnes of CO_2 credits during life of the projects, via **The Climate Trust**, an offset provider based in the US state of Oregon.

The three projects are: an energy efficiency upgrade at a steam plant in Duluth, Minnesota, which will prevent 210,000 tonnes of CO_2 emissions; a combined heat and power plant at Oregon State University that will eliminate 339,000 tonnes of CO_2; and two small-scale wind farms in rural Iowa that will prevent 135,000 tonnes of CO_2 from entering the atmosphere.

Under Oregon law, all new power plants built in the state must offset part of their GHG emissions.

☐ **Polaris Geothermal International**, a Toronto-listed geothermal power company, has sold 100,000 CERs to unnamed buyers in Europe and the US, and has plans to expand its sales. "Eighteen months from now, we'll be producing 160,000 carbon credits on an annual basis. From the beginning of 2010, this will increase to 340,000 per year," said Polaris CEO Tom Ogryzlo. The company has a geothermal plant at San Jacinto, Nicaragua that currently produces 10MW of power, but is due to expand to 66MW in the next two and a half years.

☐ The **Andean Development Corporation** (CAF), through its **Latin American Carbon Program** (PLAC), has signed an ERPA with **Ingenio Providencia**, a Columbian sugar cane grower and processor.

A series of energy efficiency projects at the firm's processing plants will create around 170,000 CERs annually, starting in the second quarter of 2007, CAF said, without disclosing the price it paid.

The PLAC sources carbon credits from Latin American and the Caribbean solely on behalf of the Dutch government.

New carbon funds launched

Investment is being raised into two new carbon funds, by Germany's 3C Group and Italy's Eco-Way.

The former – Climate Change Investment (CCI) – is expected to exceed its target size of €100 million ($129 million), according to Clemens Huttner, head of carbon investment advisory at Frankfurt-based 3C Consulting, which will manage the fund.

Some 15 institutional investors have agreed to invest in the vehicle, which is a six-year, closed-end fund that will primarily target Clean Development Mechanism (CDM) and Joint Implementation projects, Huttner said. The fund is expected to return 15%/year.

The largest investor is Aquila Capital, a German alternative investment manager. It is offering a retail product in German-speaking countries to offer investors exposure to the fund, he added, saying that Aquila had raised "a couple of million euros" from the retail market since it began marketing the product at the end of last year.

3C – a climate consulting group spun out of Dresdner Bank – is moving into carbon asset management, Huttner said, and expects to launch successor funds to the CCI "sooner rather than later", he added.

Meanwhile, Italian carbon advisory firm Eco-Way's planned fund is at an earlier stage of development, according to chairman Guido Busato. It is to be formally launched in June, likely with a November close, although a number of investors have committed to investing in the fund, he said without providing details.

The specifics of the vehicle, which will mostly repay its investors in cash, are to be finalised, but it will buy certified emissions reductions both from projects and the secondary market, take equity stakes in CDM projects, and invest in other private sector carbon funds, Busato said. Eco-Way hopes to raise at least €100 million, he added.