



## **Natsource Closes Greenhouse Gas Credit Aggregation Pool with over €455 million (US\$550 million) in Commitments**

*First private-sector mechanism to provide a cost-effective means for companies to meet  
their emissions-reduction requirements*

*Natsource becomes world's largest private sector manager of greenhouse gas  
emissions assets*

Washington (D.C.), Ottawa, London and Tokyo – October 19, 2005 - Natsource LLC, a leading global provider of asset management services, transaction services and advisory and research services in emissions and renewable energy markets, announced today that its wholly owned subsidiary Natsource Asset Management Corp. (NAMC) has closed the Greenhouse Gas Credit Aggregation Pool (GG-CAP), with total commitments of €455 million (US\$550 million) from 26 participants. The GG-CAP is the first private-sector initiative to provide a cost-effective means for companies to meet requirements to reduce their greenhouse gas emissions under the European Union Emissions Trading Scheme and the Kyoto Protocol.

“The closure of GG-CAP, the first private-sector credit aggregation pool, is a watershed in the development of the greenhouse gas market,” said Jack Cogen, president of Natsource LLC. “The participation of so many highly regarded companies from around the world demonstrates the viability of this approach for meeting emissions-reduction targets. We are proud of the confidence that these major corporations have shown in us.”

The 26 participants in the program are among the largest consumer product, manufacturing, energy and utility companies in Europe, Japan, and North America, and have a combined market capitalization of more than US\$300 billion. Participants include: The Chugoku Electric Power Co., Inc.; Cosmo Oil Co. Ltd.; Electricity Supply Board (Ireland); Endesa Generacion; E.ON UK; EPCOR; Hokuriku Electric Power Company; Hokkaido Electric Power Co., Inc.; Iberdrola; Norsk Hydro ASA; The Okinawa Electric Power Co., Inc.; Public Power Corporation S.A.; Repsol YPF; Sergey Brin; Suntory, Ltd.; and Tokyo Gas Co., Ltd.

### **How the GG-CAP works**

The GG-CAP is a “buyers pool” that will combine the purchasing power of the 26 participants to acquire and manage the delivery of a large volume of compliance instruments created by the project-based mechanisms included in the Kyoto Protocol. These instruments - formally known as Certified Emission Reductions (CERs), created by Clean Development Mechanism projects (CDM), and Emission Reduction Units (ERUs), created by Joint Implementation projects (JI) - can be used by participants to comply with emission reduction requirements from 2005-2012 imposed by the European Union Emissions Trading Scheme and by nations such as Canada and Japan seeking to comply with their obligations under the Kyoto Protocol from 2008-2012. According to

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Natsource estimates, these countries will be approximately 3.75 billion tonnes short of their Kyoto Protocol emissions-reduction obligations from 2008-2012, based on current emissions trends.

NAMC will identify, evaluate, purchase, and manage delivery of reductions that buyers can use for compliance. Through the GG-CAP, companies will benefit from pooling large-scale demand to secure cost-effective compliance. They will also gain from GG-CAP's ability to use active risk management techniques to guard against under-delivery of contracted volumes. These techniques include diversification, reserve margins, risk management contracts and insurance products. They will facilitate the development of a highly-valued portfolio of compliance instruments that participants can use as a component of their overall compliance strategies. Importantly, the use of these instruments for compliance is supplemental to the participants' domestic efforts to reduce their emissions.

Paul Vickers, formerly of TransAlta's carbon market initiative and managing director of NAMC, serves as the manager of GG-CAP. "We have developed GG-CAP over the past two years with the input of many companies that were seeking an efficient way to gain access to emission-reduction projects around the world. We are actively seeking and assessing reduction projects that meet our cost and risk requirements, and will use our size to develop a diversified portfolio of high quality CERs and ERUs that participants can count on for compliance," said Vickers.

Natsource LLC's wholly owned subsidiary Natsource Asset Management Delaware also operates a series of managed accounts designed to take advantage of investment opportunities arising in new and existing emissions and renewable energy markets around the world. They are designed to stimulate the development of greenhouse gas emission reduction and renewable energy projects and to provide superior rates of return to investors. One of the investors is MSM Capital Partners LLC, a mission oriented, multi-strategy environmental opportunities fund.

### **Statements From GG-CAP Participants**

Shigeo Shirakura, president of The Chugoku Electric Power Co., said, "We are taking actions to address global warming including the promotion of non-emitting nuclear power plant construction. Chugoku has participated in GG-CAP since its beginning, and has increased its original commitment by 3 million tonnes to 6.6 million tonnes. We believe that our participation in GG-CAP will contribute to the prevention of global warming."

"We have participated in the GG-CAP since February 28th, 2005 in order to effectively and efficiently contribute to the prevention of global warming. We expect that this initiative, as it grows significantly, will stimulate CDM and JI projects in near future," stated Naomasa Kondo, managing director, Cosmo Oil Co., Ltd.

"I congratulate Natsource on announcing final close of GG-CAP and wish them every success in their operation of the pool throughout its term," stated Tony Cocker, managing director, Energy Wholesale, E.ON UK plc. "At E.ON UK we are very happy to be a participant, having recognised at an early stage that such a mechanism, operated by Natsource staff with their extensive knowledge and understanding of this developing

market, would be a valuable diversification to a portfolio of JI/CDM contracts. In addition, the perspective provided by the involvement of companies with different regional, regulatory and commercial pressures would be extremely valuable in understanding the international market. We look forward to working with Natsource and all the participants over the years to come.”

“EPCOR is acting on a local, national and international basis to reduce greenhouse gas emissions and address climate change,” said Dr. David Lewin, EPCOR’s senior vice president of environment. “Our involvement with GG-CAP builds on the climate change strategy EPCOR initiated in 1996. This strategy led to our early participation in the emission credit marketplace and the development of renewable energy projects fueled by the wind, small hydro, biomass and the sun. EPCOR has also invested millions in clean air technology at our generation facilities in order to further strengthen our overall environmental performance.”

Iberdrola has closed an agreement to purchase two million credits through the GG-CAP carbon fund, managed by Natsource. Iberdrola said, “Thanks to this agreement, the utility hopes to meet its commitments under the Kyoto Protocol at lower cost than current trading values on the European CO<sub>2</sub> markets. The agreement signed with the GG-CAP is just a further demonstration of Iberdrola’s commitment to the environment and sustainable development. In this respect, Iberdrola was a pioneer in the installation of cleaner electricity generation technologies, with a historic commitment to hydro generation dating back to its foundation, over 100 years ago.”

Akira Sakuma, managing director and division manager, Electric Power Engineering Division at The Okinawa Electric Power Co., Inc, commented, “Okinawa Electric Power Company addresses global warming based on its comprehensive policy. We participate in GG-CAP (Buyers Pool) to utilize the Kyoto mechanisms as an element of the company’s strategy to comply with its emissions reduction obligations under the Kyoto Protocol. The Buyers Pool has been strengthened by the new investors that have joined at final close. It should be able to use its size to secure cost effective CERs in the carbon dioxide emissions reduction market. Okinawa Electric is convinced that its participation in GG-CAP will contribute to the prevention of global warming.”

“In 2002, Repsol YPF pledged its firm commitment to the use of the Kyoto Protocol’s Flexibility Mechanisms, especially the Clean Development Mechanism, as a way of reaching global GHG emission reduction targets,” Repsol said. “Repsol YPF is living up to this commitment through its efforts to both promote and engage in internal CDM projects as well as invest in emissions reductions in the broader CDM market. In light of these commitments, Repsol YPF announces its participation in the Natsource GHG Credit Aggregation Pool, a vehicle through which we have invested in the emissions reduction potential of energy efficiency, renewable energy, waste management, fuel-switching and other projects in developing nations. This investment is one of many measures the company is taking to help achieve its obligations under the European Union GHG Emissions Trading Directive in a way that is consistent with our policy of promoting a global effort in tackling climate change.”

Sergey Brin said, "As a first step we are taking to reduce our impact on the climate, Eric, Larry, and I have committed to reducing carbon emissions by investing in the Natsource Greenhouse Gas Credit Aggregation Pool."

## **About Natsource**

Natsource LLC is a leading global provider of asset management services, transaction services and advisory and research services. Natsource utilizes its regulatory, market and trading expertise to assist private firms around the world in the strategic management of environmental risk, and to provide superior returns to investors by taking advantage of opportunities in local, regional, and global emissions and renewable energy markets. Natsource is headquartered in New York and has offices in Calgary, La Paz, London, Ottawa, Tokyo and Washington, DC, providing the company with global reach and proximity to many of the world's leading financial centers. More information is available at [www.natsource.com](http://www.natsource.com).

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