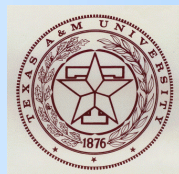


Aggregation



Aggregation

In a land based trading context Aggregators bring multiple land owners together to form a composite tradable product much like insurance brokers or stock brokers. Likely to be essential to market.

Three issues

- Land based practices are frequently widely dispersed yielding relatively small tradable offset units but emitters can be big. Can need to aggregate many land parcels.
- Aggregator can help reduce risk.
- Aggregators can be involved with liability for shortfall.



Aggregation

Small land based quantity, large emitters
Can need to aggregate many

- Electric power annually emits 1.8 billion metric tons CO₂ (1999 estimate by EIA)
- 10% cutback means market must handle 180 million metric tons (note 6% of 1990 ala Kyoto would have been about 30% by 2012)
- US farm size about 470 acres. Soils generate about ¼ ton per acre or about 125 tones per farm so to sell 100,000 tons need 800 farmers. In developing countries need 100 times that many

Need an aggregator but how do it at low cost



Aggregation

Aggregator can help reduce risk

Mutual funds sell multiple stocks in a package to an investor to manage risk but still generate high returns

Could a land based entity assemble a mixed contract across with multiple land operators and practices to limit risk?



Aggregation

Aggregator and shortfall liability

If offsets fall short who bears liability

aggregator

producer

both

Who implements measurement?



Our Speakers

- **Mr. John McMorris** Vice President - Business Development
AGCERT International, has extensive U.S. and international expertise in P&L, operations, business development, and technology development . He will discuss aggregation in an GHG context.
- **Dennis O'Grady** is General Manager of South Nation Conservation, a 4,000 sq. km. watershed over 15 Ontario municipalities. South Nation River Watershed has an 8 year old phosphorous trading program with over 200 verifiable trades. He was recently involved in a contract advising the Province of Ontario on phosphorus trading. He will discuss aggregation in a water quality context.

