

# Envex Company Profile

Media Resource Pack

The logo for Envex, featuring the word "envex" in a white, lowercase, sans-serif font. The letter "x" is stylized with a green-to-yellow gradient and a diagonal slash through it.

To combat the effects of climate change, governments and industry are moving to reduce emissions and better manage natural resources through market based mechanisms. In Australia, the Environmental Marketplace is expected to grow due to the introduction of the Carbon Pollution Reduction Scheme and the expanded Mandatory Renewable Energy Target. This will lead to a demand for efficient and transparent markets for carbon instruments. Envex is a unique company providing specialist products and services for the environmental marketplace in Australia. This media resource pack provides background information on Envex's role in the development of the Australian Environmental markets as we transition to a low carbon economy.

### Why use markets to achieve Environmental Targets?

There has been renewed interest in the use of markets to solve environmental issues following the recent announcement by the Federal Government which confirmed the introduction of an Australian Emissions Trading Scheme by 2010. This scheme will reduce greenhouse gas (GHG) emissions and fulfil Australia's obligation under the Kyoto Protocol using a "Cap and Trade" approach. Under the current proposal, the Government will issue a number of "Australian Emissions Allowances (AEAs)" which represent the right to emit GHGs equivalent to 1 tonne of carbon dioxide. The total number of AEAs sum to the cap amount, which represents the total amount of emissions allowable for a certain sector of the economy. Those operating within these sectors will be required to purchase enough AEAs to cover their emissions and surrender these to the Government once a year. The price for AEAs will be set by the market, which will fluctuate depending on demand and supply.

Environmental markets have the potential to achieve emissions reductions at lowest overall cost. This occurs because market participants are allowed the flexibility to purchase and trade permits on the market, or to take measures to reduce their emissions if their cost of GHG abatement is low. Each market participant would seek the most cost effective measures to meet their obligation, thereby ensuring that the targets for GHG reduction across the sector are met in the most efficient way possible.

### Australian Carbon Markets

Australia has been a leader in market-based policies to reduce greenhouse gas emissions and increase the use of renewable energy. The 2001 national Mandatory Renewable Energy Target (MRET) and its associated markets was the first scheme of its kind globally. In 2003, the NSW Government introduced the world's first carbon trading scheme, the NSW Greenhouse Gas Abatement Scheme. Other schemes in operation include the Queensland 13% gas scheme, Victorian Renewable Energy Target, National Green Power Accreditation Programme and the Victorian Energy Efficiency Target.

Because Australian carbon regulations evolved concurrently at the State and Federal level, a number of existing schemes overlap. The recently elected Federal Labor Government is working to consolidate these, in line with its broader policy objectives of achieving deep cuts in greenhouse gas emissions. This process would result in two ultimate schemes: a newly introduced Australian Emissions Trading Scheme (AETS) and an expansion of the existing Mandatory Renewable Energy Target (MRET).

## The MRET & AETS markets at a glance

### Mandatory Renewable Energy Target (MRET)

Aim: Increase electricity generation from renewable energy sources to 45,000 GWh by 2020.

Trading Unit:  
Renewable Energy Certificate (RECS),  
representing 1 MWh of renewable energy generated.

More info:  
<http://www.climatechange.gov.au/renewabletarget/mret.html>

### Australian Emissions Trading Scheme (AETS)

To be introduced in 2011

Aim: Reduce greenhouse gas emissions to an agreed level to meet Australia's obligation under the Kyoto Protocol.

Trading Unit:  
Australian Emission Units (AEUs),  
a permit to emit 1 tonne of CO2 equivalent.

More info:  
<http://www.climatechange.gov.au/emissionstrading/>

## Envex's role in the Carbon Marketplace

Government policy is responsible for setting the regulatory frameworks within which carbon markets operate, but how does the trading of the carbon units actually take place in Australia? The primary market for carbon based units such as Renewable Energy Certificates (RECs) is dominated by highly structured, long term agreements between the generators of emissions reductions and liable parties under the particular Government scheme. In the case of MRET, this occurs between renewable energy generators and electricity retailers. This gives rise to a secondary market with the vast bulk of market transactions occurring via Over-the-Counter (OTC) trading, where direct party to party dealings are facilitated almost entirely by voice brokers. Although there is potential for the exchange based trading of environmental products, this area has been largely undeveloped in the Australian market.

The introduction of an Emissions Trading scheme for Australia, as well as increased growth of the MRET market will significantly increase demand in the market for carbon instruments by which market participants can effectively manage risk. Envex will introduce a suite of products and services specifically designed to meet the needs of the Australian Environmental Marketplace and will position itself to play a key role in the development of these markets.



## Our Company

Envex has been established specifically to meet the needs of the environmental marketplace in Australia and the Asia-Pacific region. Envex specialises in the design and development of instruments to improve trading in the carbon markets to achieve reductions in greenhouse gas emissions. Our services add value to market participants and drive the markets within which they trade to perform efficiently and transparently.

Initially, Envex will build on existing carbon market structures to enhance transparency, efficiency and global linkages to facilitate Australia's transition to a national Emissions Trading Scheme. Envex will be at the forefront of environmental economies and develop leading products in emerging markets to provide participants with effective tools to manage risks associated with the impacts of climate change.

## Our Products

Envex's initial focus is the development of carbon instruments related to existing and pending mandated carbon trading schemes. These include contracts for physical delivery of:

- Australian Emissions Allowances (AEAs)
- Certified Emissions Reduction Units (CERs)
- Renewable Energy Certificates (RECs)
- NSW Greenhouse Gas Abatement Certificates (NGACs)

Our first range of products, *Envex OTC*, presents an all-in one solution combining cutting edge electronic Over-the-Counter trading technology with exhaustive industry consultation to offer market participants with an accessible, transparent and secure way to trade carbon instruments.

Envex is currently working to develop a suite of products to enable exchange based trading of carbon in Australia.

## Our Shareholders

**Macquarie Group Limited** is a diversified international provider of banking, financial, advisory and investment services, headquartered in Sydney, Australia. Macquarie enters markets only where its particular skills and expertise deliver real value to clients. The Climate Change Investments team of Macquarie Group invests in all sectors of the carbon economy, from bio-sequestration and low emission technology, to renewable energy and alternative fuels, to companies trading in and advising on carbon markets.

**Financial & Energy Exchange (FEX)** is international provider of financial, energy and environment market services based in Sydney, Australia. FEX provides a regional exchange products across the financial, energy and environmental spectrum and responsive, flexible markets for derivatives trading.

**Climate Exchange plc** is a holding company whose subsidiaries are principally engaged in owning, operating and developing exchanges to facilitate trading in environmental financial instruments including emissions reduction credits in both voluntary and mandatory markets.

The two main businesses are the Chicago Climate Exchange (CCX) which operates a voluntary



but legally binding cap and trade system for CO<sub>2</sub>, SO<sub>x</sub> and NO<sub>x</sub> emissions in the US and internationally, and the European Climate Exchange (ECX) which operates an exchange focussed on compliance certificates for the mandatory European Emissions Trading Scheme.

## Our People

### *The Honourable Bob Carr*

Non Executive Chairman

Bob Carr retired as Premier of New South Wales in 2005 as the States longest continuously-serving Premier. Elected as State Member for Maroubra in 1983, he served as Leader of the Opposition from 1988 until his election as Premier in March 1995.

During these 10 years the State Government set records for spending on infrastructure, became the first government in the States history to retire debt, achieved the nations best school literacy levels, and achieved landmark tort law reforms.

As Premier, Bob Carr introduced the worlds first carbon trading scheme and curbed the clearing of native vegetation as anti-greenhouse measures. Today he chairs the Advisory Council of the Climate Institute. He was a member of the International Task Force on Climate Change convened by Tony Blair.

### *Mr. Vincent Cornes*

General Manager

Vincent has 8 years experience in greenhouse and energy management across a broad range of sectors including carbon trading, project development, corporate greenhouse strategy and policy. Prior to his appointment to enVex, Vincent held the position of Carbon Trading Manager at Origin Energy. In this role Vincent was responsible for managing one of Australia's largest and most diverse carbon and renewable energy portfolios. Vincent and his team played a major role in developing innovative business solutions to meet the climate change challenge. Vincent has an honours degree in Environmental Engineering, a Diploma of Financial Services and is accredited by the Australian Financial Markets Association.

### *Mr. Oliver Yates*

Non Executive Director

Oliver is the currently Co-Head of the Macquarie Capital Products Group, and the global head of Macquaries Climate Change Investment team, covering activities in wind, solar, biofuels, carbon credits and other renewable assets around the world, and with teams operated in Sydney, London, New York and Hong Kong.

Oliver has 19 years experience with Macquarie, and has concluded Corporate Advisory, Financial Products, Project Finance, Funds management and Distribution transactions during his career.

Oliver has had significant international experience with Macquarie as it has grown its operations internationally. He has been involved in establishing businesses in Europe, America and Japan. He has completed transactions in Sweden, Germany, Japan, Austria, Ireland, UK, Finland, USA, Indonesia, Singapore and obviously Australia.



***Dr. Karel Nolles***

Non Executive Director

Karel Nolles is an Associate Director in the Global Climate Change Investment team at Macquarie Capital since mid 2007. He has worked as a consultant, academic and small businessman in the areas of sustainability investing, energy and environmental markets since 1993.

Before joining Macquarie, Karel was a Senior Research Fellow in the Faculty of Commerce and Economics at UNSW, was one of the founding academics of the UNSW Centre for Energy & Environmental Markets (CEEM), and was later the Director of the SIRCA Experimental Economics laboratory. His academic research interests focus on the application of experimental economics to questions regarding markets for renewable energy and greenhouse emissions markets.

From 2000 to 2005 Karel was the Manager, Environmental Markets for the Australian Financial Markets Association.

***Mr. Brian Price***

Non Executive Director

Brian Price is the CEO and Founding Director of Financial & Energy Exchange Ltd and is actively involved in the strategy and business development of the business. Brian holds a Master of Commerce (Tax and Finance) UNSW, and has over 23 years of experience in the global financial markets including construction and execution of complex derivative transactions, option market making, construction of specialized tactical portfolio overlay strategies and the practical use of synthetic and derivative financial products.

Brian has an exceptional depth of knowledge of the global exchange space and has a broad range of relationships within the futures and options industries.

***Mr. Dimitri Burshtein***

Non Executive Director

Dimitri Burshtein is the head of Corporate and Business Development for the Financial & Energy Exchange (FEX) and a non executive director of Envex, FEX's environmental product development joint venture with Macquarie Capital Group and Climate Exchange plc.

In his role at FEX, Dimitri is responsible for the identification and planning for new products and markets.

Dimitri has over 10 years of exchange experience including at the Australian Securities Exchange (ASX) working in the areas of investor relations, corporate strategy, business development and finance. Prior to ASX, Dimitri was a Principal Financial Analyst at the NSW Treasury and a Payments Consultant at the National Australia Bank.

Dimitri's education qualifications include a Bachelor of Economics, a Master of Commerce and a Master of Business Administration. Dimitri is also a Fellow of the Australian Institute of Company Directors.

***Mr. Neil Eckert***

Non Executive Director

Neil Eckert is currently Chief Executive Officer of Climate Exchange plc. Prior to this role Neil was Chief Executive of Brit Insurance Holdings PLC which is a UK and International insurance and reinsurance company. Neil founded the company in 1995 as an Investment Trust listed on the London Stock Exchange. There followed a sustained period of corporate activity which resulted in the company



being re-listed as a publicly quoted insurance company in 1999. Following the tragic events of September 2001, which severely impacted the company, Brit undertook two major fund raisings totalling some £350 million. Brit moved into the FTSE 250 in September 2002. Neil now serves Brit as a Non Executive Director.

Neil is Chairman of Trading Emissions Plc, an AIM listed company which is one of the world's leading funds investing in emission reduction permits. Neil is also Chairman of Econergy, an AIM listed company investing in South American renewable energy projects.

Neil is on the Board of the Isle of Man Assurance Company; Ebix Inc, an insurance based software company traded on NASDAQ; the Environmental Credit Corporation, a U.S. company dedicated to securing CO2 permits from U.S. agricultural business and Ri3K, a UK technology hub for the reinsurance market. Neil is also Chairman of Design Technology & Innovation Limited, a patenting and intellectual property company.

*Mr. Matthew Whittell*

Non Executive Director

Matthew joined Climate Exchange plc as Chief Financial Officer in November 2006 after 18 years' investment banking experience. He joined Schrodgers in 1986, where he specialised in corporate finance transactions in equity capital markets. In 2000, following the acquisition of Schrodgers by Citigroup, he moved to Singapore as the Director responsible for equity capital markets in India and South East Asia.

He returned to the United Kingdom in 2005 to study for an MSc in Environmental Technology at Imperial College, London gaining a distinction and winning the law prize prior to joining Climate Exchange. He also holds an MA in Physics from Oxford University (1986) and a Certified Diploma in Accounting and Finance.

## Media Contact

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