

Rating Carbon



By Dr. Mir F. Ali

GLOBE-Net (January 19, 2008) - **IDEACarbon**, an independent provider of ratings, analysis and advice in the carbon sphere, has launched, The Carbon Ratings Agency (CRA), "the world's first independent carbon credit ratings service."

The service will provide a cross-section of ratings and rating analysis on existing Kyoto Protocol CDM/JI projects, as well as for many voluntary

carbon reduction projects, the service will also be available on the Bloomberg Professional[®] service.

Welcoming the launch of this new service, Ian Johnson, Chairman, IDEACarbon, said: "We are delighted to provide this service on Bloomberg. This innovative and intelligent offering provides objective information to carbon market professionals around the world. Investors, traders and analysts now have access to unrivalled details on the agency's Market Initiated Ratings and a clear, transparent and unbiased declaration of these risks, to enhance transparency within the carbon market."

The service also will provide detailed credit ratings for carbon offset assets in the Clean Development Mechanism (CDM), Joint Implementation (JI), and voluntary carbon markets. Each asset studied will be given a rating based on a detailed analysis of the underlying project, leading to an assessment of the likelihood of it delivering its stated emissions reductions in the stated time period. The CRA also considers the economic and social development benefits that the project does, or does not bring.

The Carbon Ratings Agency's ratings provide a rigorous assessment of the likelihood of a project or portfolio delivering its stated emissions reductions in the stated time period. In addition, each rating evaluates the economic and social development benefits that the project does, or does not bring. Improved transparency and better risk management - including ratings - are an integral part of the process to turn carbon into a new asset class.

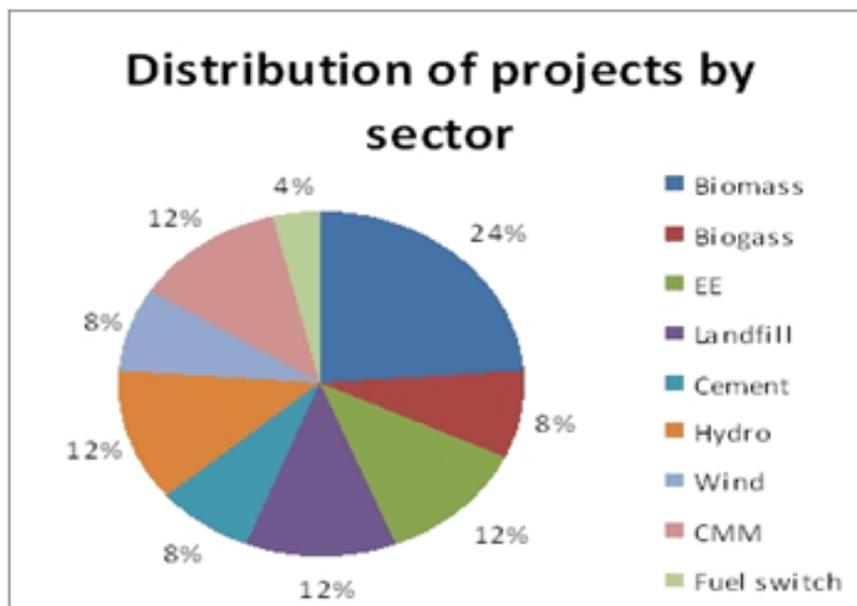
Each emission reduction project is unique and has its own risk profile. Carbon ratings will help to standardise carbon as a commodity and create a new asset class. Rated projects will no longer be unique but comparable to other projects with the same rating.

The initiative is similar to the [GLOBE Carbon Registry](#), which is soon to be launched by the GLOBE Foundation.

The CRA will provide ratings to market participants both on a mandated basis (where project owners or investors commission the agency to rate their carbon assets) and through the Agency's Market Initiated Ratings Service, which will give subscribers access to a representative range of carbon asset ratings on an ongoing basis.

Independent credit ratings are well established instruments for enhancing the transparency and efficiency of financial markets. Like standard credit ratings, the service will award scores ranging from AAA for the highest-quality, lowest risk offset assets, through to C and D for the highest risk assets which are least likely to meet their stated goals.

The following graph illustrates the current status of Carbon Ratings Agency projects:



IDEAcarbon has also announced the launch of IDEAcarbon Weekly, a new carbon market intelligence service. IDEAcarbon Weekly analyses and interprets climate policy, carbon market trends and other key factors in order to give carbon market participants a heads-up on the next price move.

IDEAcarbon Weekly's goal is to help market players to strengthen their positions - and to

give new investors the confidence that they need to enter this critically important new market.

The weekly briefing is structured based on the following topics:

- Short-term trading strategy ideas for the carbon market;
- A week-ahead technical view of the most liquid carbon instruments, i.e. front-year EUAs and CERs;
- Context-setting explanations of major policy decisions that will have immediate and longer term impacts on the carbon markets;
- Insights into the main driving energy product - crude oil;
- The IDEAcarbon Weekly pCER Price Index, a weekly survey of the risk appetite of buyers and sellers of primary carbon credits;
- The IDEAcarbon Voluntary Carbon Index; and

- The Carbon Calendar™ which brings together information and analysis about market events, policy processes and key conferences.

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