

Fact Sheet: Carbon Offset Program

Stikeman Elliott GoingGreen Program and Carbon Neutrality



Our offsetting initiative is intended to represent one component within a broad, multi-approach emission reduction plan. Several characteristics were identified as critical to the firm in undertaking the offsetting initiative and selecting approved projects:

- both the credit provider and the offsetting projects must meet internationally recognized standards and our own detailed due diligence review;
- projects must demonstrate a diversity of technology solutions from different jurisdictions; and
- projects must be focused on renewable energy.

With these general objectives in mind and after careful due diligence and consideration of seven candidate projects, we selected the Sakari Wind Power Project (India), the Sichuan Hydro Power Project (China), and the Cottonwood Dairy Methane Capture Project (USA) as our offsetting projects. These projects meet the full-suite of criteria as identified and are verified under two internationally recognized standards:

- The Voluntary Carbon Standard (VCS) – VCS credits are the mostly widely recognized credits available; VCS certification criteria are acknowledged as equal to those required under the Kyoto Protocol's CDM program and include third party verification.
- The California Climate Action Registry (CCAR) – the CCAR is a new standard which specializes in creating sector-specific certification criteria. CCAR's credits, CRTs, are the first credits to be formally recognized by the VCS, meaning that CRTs can be converted into VCS credits. CCAR is a U.S.-based project standard that is recognized and convertible to the Voluntary Carbon Standard, which is a meta-standard for voluntary carbon projects globally. CCAR is a private non-profit organization, originally formed by the State of California.

Taken together, these projects represent a range of technology, scope and jurisdictions. The wind project supports our firm's interest in renewable technologies, an area of growing importance in Canada. The hydro-power project in China represents the current trend of micro-projects and is supported by reputable investors. The methane-capture project is a North American project and is based on technology which will be invaluable to Canada's farming sector as offsetting becomes more mainstream.

Sakari Wind Project

The Sakari Wind Project includes the two 1.25-MW wind energy generators (WEGs) owned by two subsidiaries of Sajjan India Limited, which have been investing in renewable energy projects in India since 2005. The project meets the CDM¹ criteria of “small-scale Type-I renewable energy projects (D. grid connected renewable electricity generation)”, as it comprises renewable energy generation units that supply electricity to and/or displaces electricity from an electricity distribution system that it or would have been supplied by at least one fossil fuel fired generation unit.

The WEGs were all commissioned in 2006. The expected term of this project is 20 years and is estimated to result in 68,880 tons of CO₂ emissions reductions for a 10 year crediting period. Monitoring of the project consists of metering the electricity generated by the renewable technology, which meets the CDM standards required for this type of project. No material environmental impacts have been identified and the project site is unproductive land with no foreseeable impact on the ecological environment, specifically in regards to migratory birds. This project has received VCS certification.

¹ Clean Development Mechanism under the Kyoto Protocol, the CDM provides internationally recognized criteria for offsetting projects.

Cottonwood Dairy Methane Capture Project

The Cottonwood Dairy Methane Capture Project is a 700-kW reciprocating combined heat and power system which includes a 167,400 m³ lagoon digester with a 28,000 m² surface area in combination with a 300-kW and a 400-kW Caterpillar 3412 reciprocating engine. The engines produce 5.6-gWh of electricity onsite every year and can offset 55% of the utility provided electricity. Parties involved in this project include Grey K. Trading Limited, RNK Capital LLC, Gallo Cattle Company, as the project owner, P.E. Williams Engineering Associates as the system designer; and Martin Machinery as the third party off-shelf equipment controller and system installer. This project was mainly funded by the project owner, but has received grants from the California Dairy Power Production Program and the California Self-Generation Incentive Program. This project has received CCAR certification.

Sichuan Hydropower Project

The Sichuan Hydropower Project combines the offset emissions from four small scale run-of-river hydropower stations. The project proponent is South Pole Carbon Asset Management Ltd., although the stations are each owned separately, by Yanbian Mingyuan Power Co. Ltd., Panzhuhua Reshuihe Power Development Co. Ltd; Yanbian Heli Electric Power Co. Ltd., and Myia Deshi Xinxin Hydroelectricity Co. Ltd.

The stations are each diversion type stations with a bottom rack dam for water intake. The four projects include: (1) Guosheng Hydropower Stations with an installed capacity of 3.2-MW; (2) Huangjueshu Hydropower Station with an installed capacity of 5-MW; (3) Longsheng Hydropower Station with an installed capacity of 4.45-MW; and, (4) Santagou First and Second Grade Hydropower Stations with an installed capacity of 2.5-MW and 2-MW, respectively.

This project meets the CDM criteria of “small-scale Type-I renewable energy projects (D. grid connected renewable electricity generation)” as the maximum capacity equivalent of each of the individual stations does not exceed 15-MW. Each station is expected to reduce between 100,982 and 127,176 tCO₂e/year of GHG emissions through a 7 year crediting period. The expected lifetime of each station is 20 years. Each of the individual stations has received approval of their respective Environmental Impact Assessment. This project has received VCS certification.

About The CarbonNeutral Company

Established over 10 years ago, The CarbonNeutral Company is a leading carbon offset and climate consulting business, working with over 300 businesses and 50,000+ consumer clients. Carbon offset projects must meet benchmarks established in their Carbon Neutral Protocol, which has evolved through consultation with an Independent Advisory Group comprised of NGOs, scientists, academics and businesses. More information about the company and its standards may be found at their website: www.carbonneutral.com.

If you have any questions about Stikeman Elliott's Green initiative, please visit us at www.stikeman.com

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