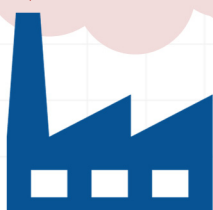


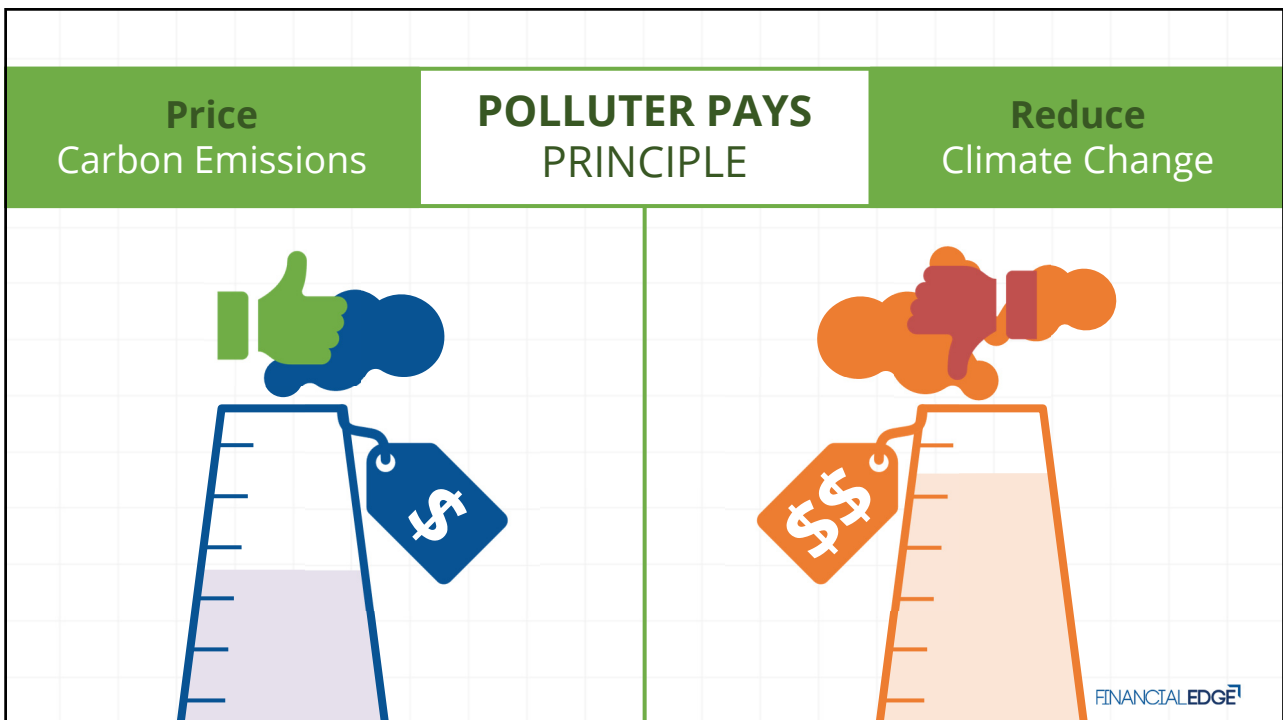
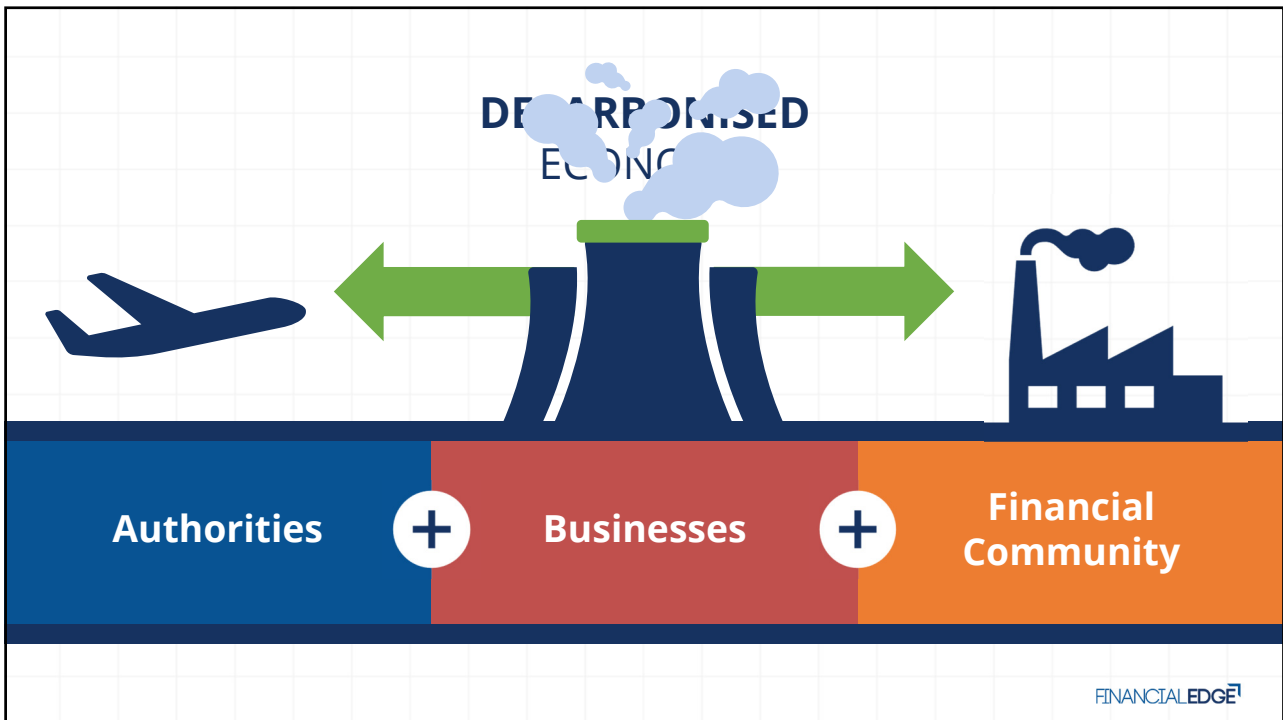


Carbon Markets & Carbon Pricing

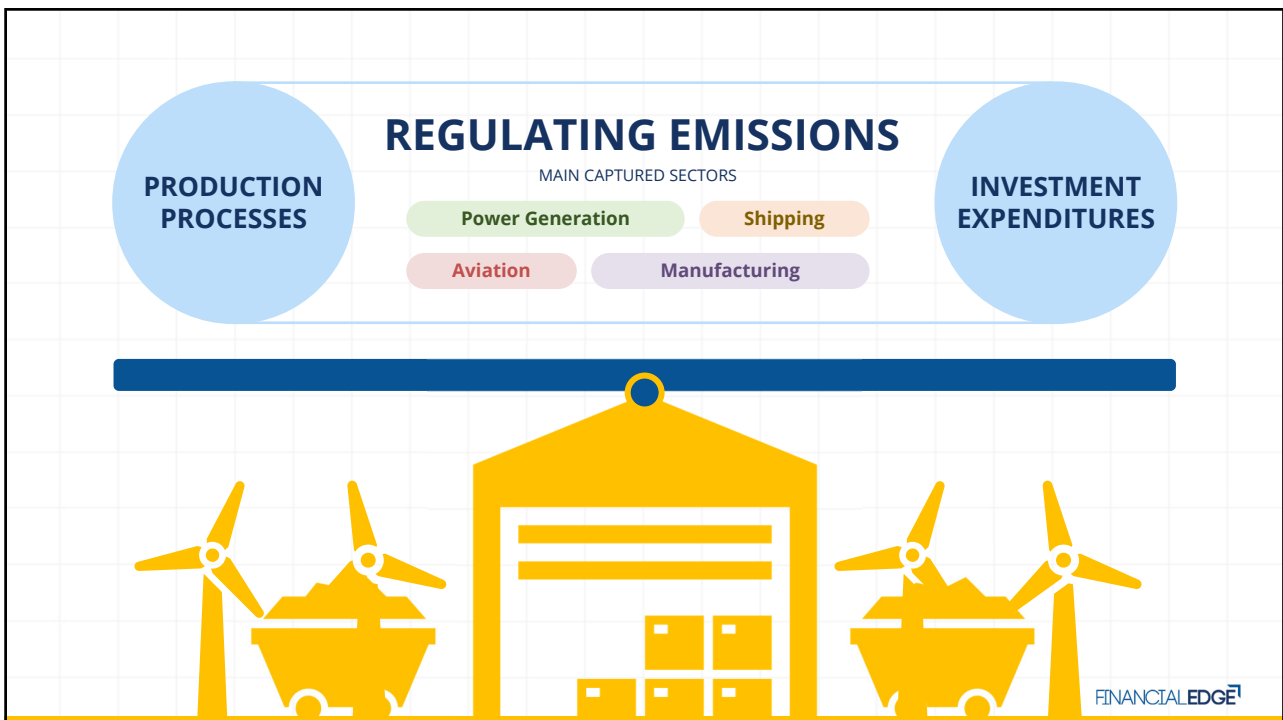
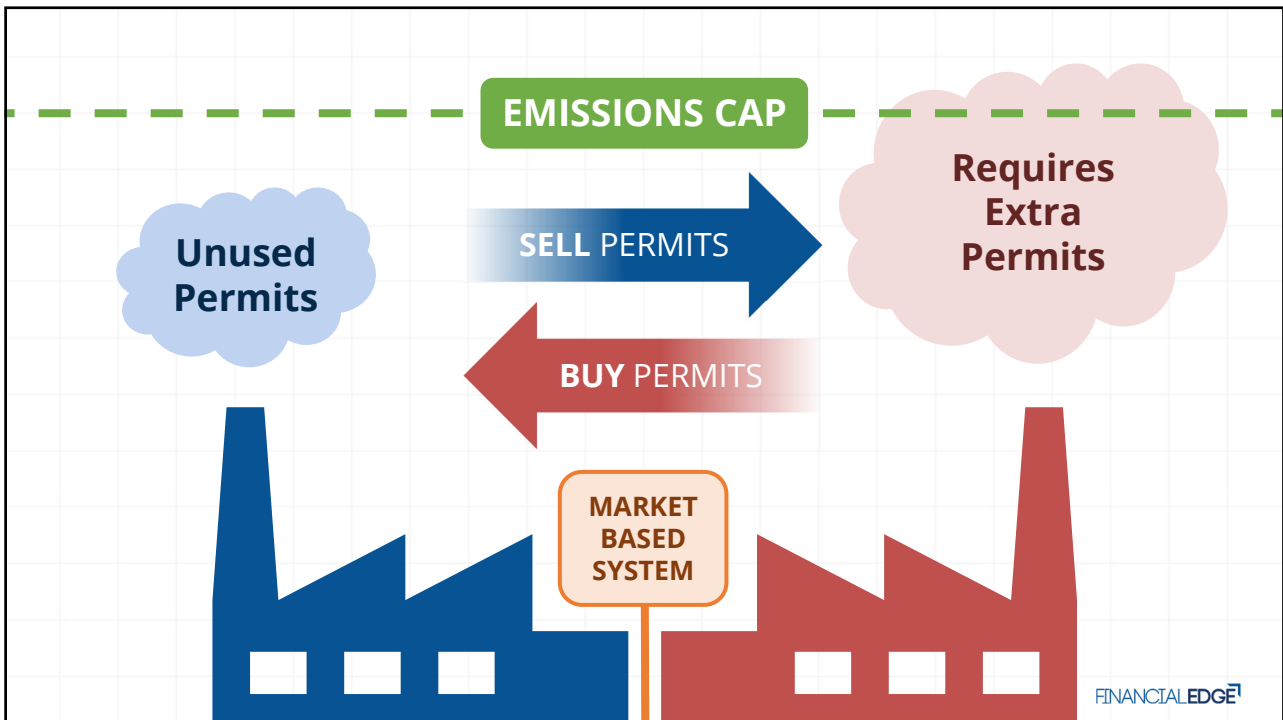
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The Rationale for Carbon Pricing

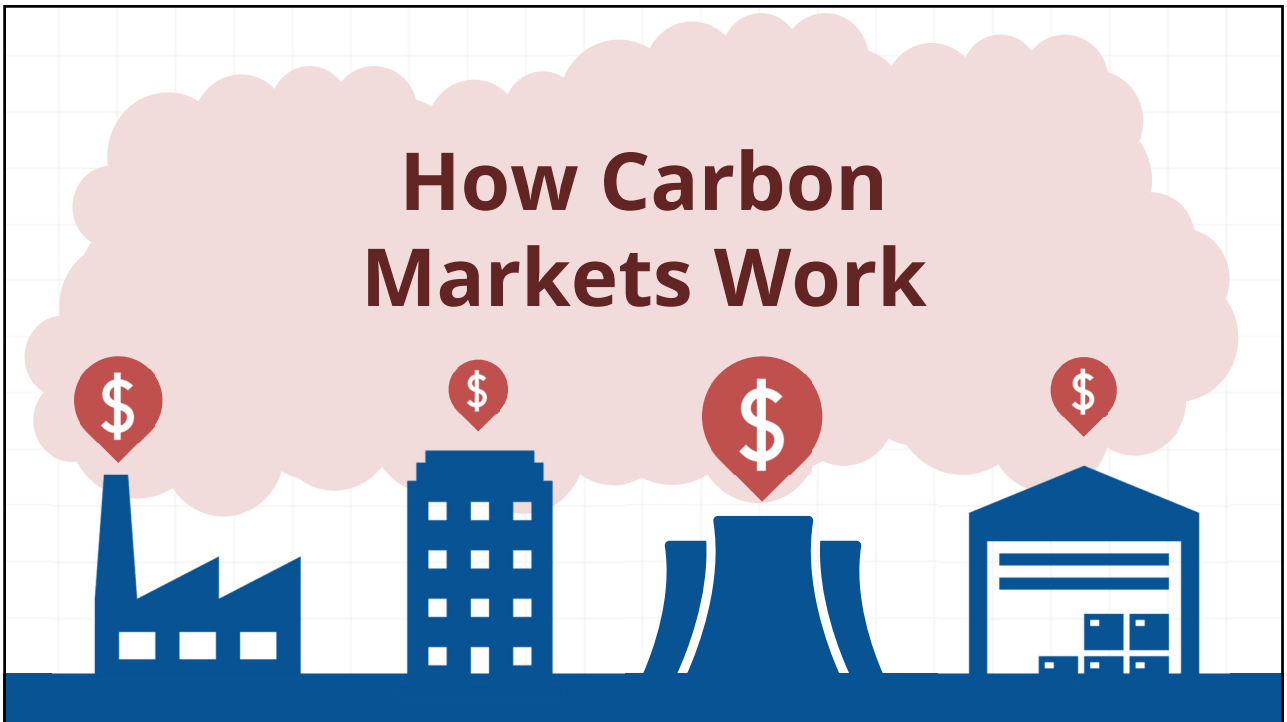


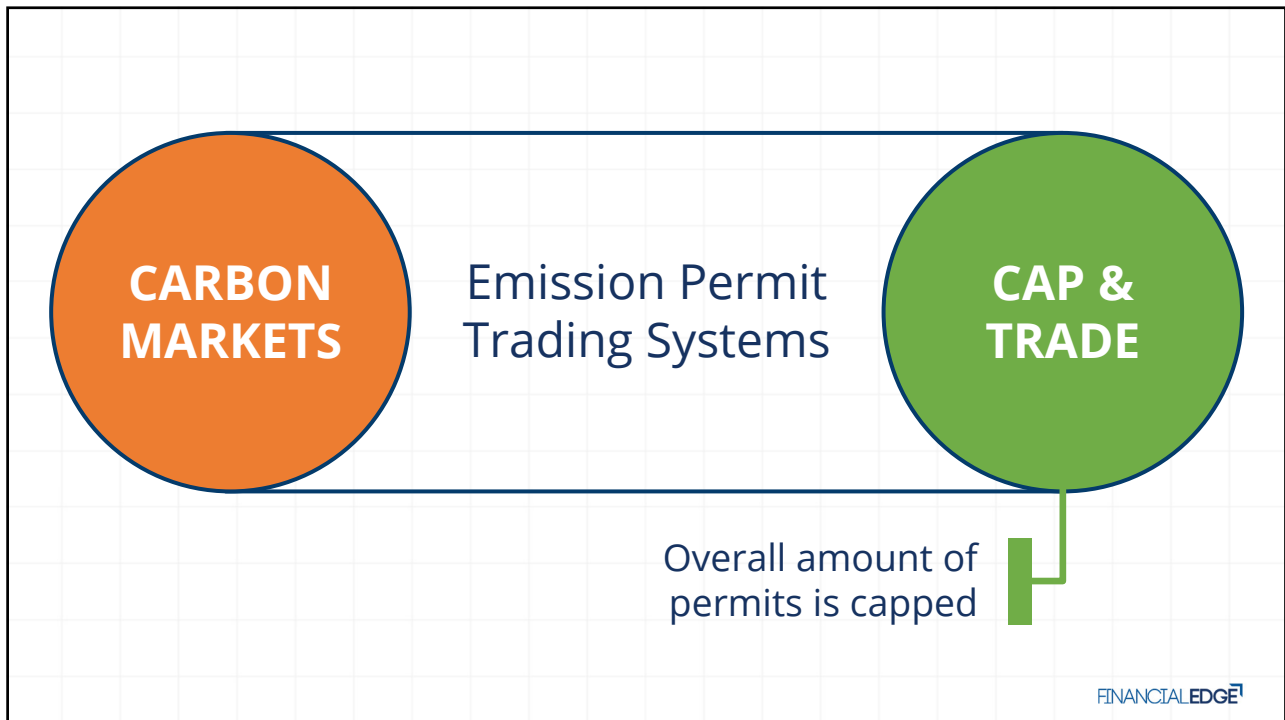






How Carbon Markets Work







What are **carbon markets**?



What are the **mechanics**?



Who is **trading** them?



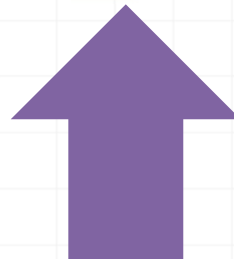
Where are they traded?

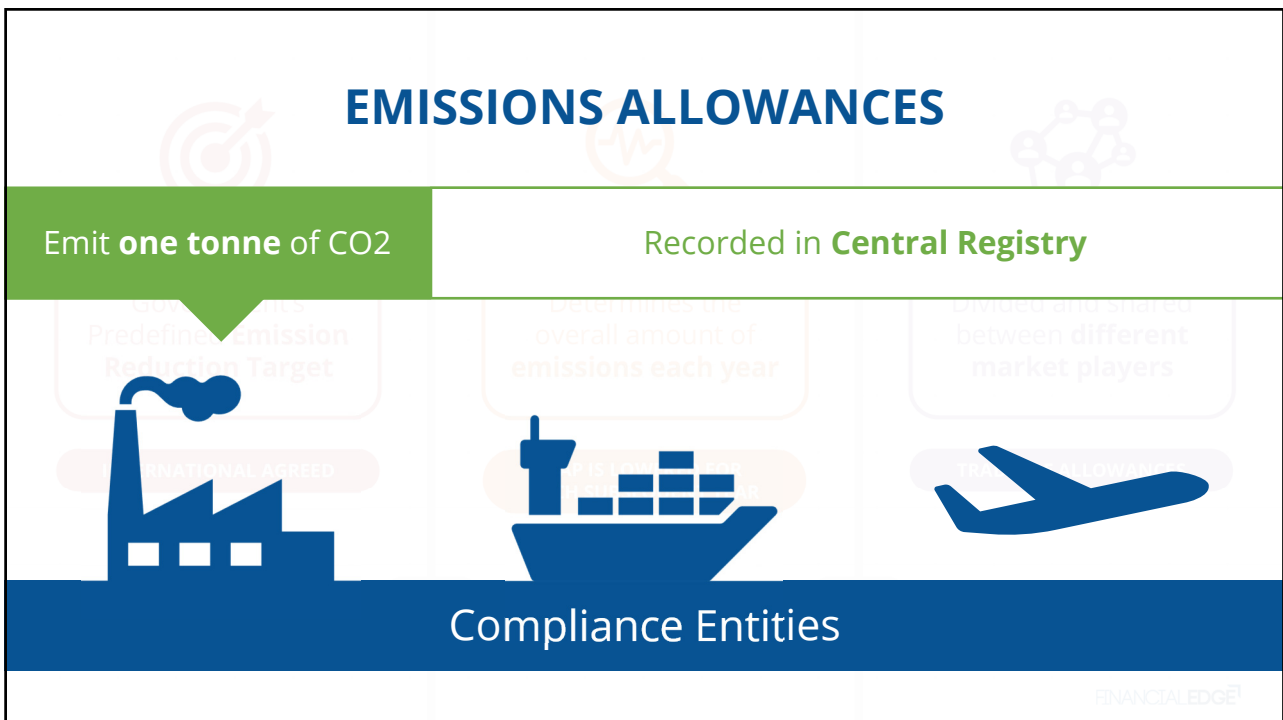
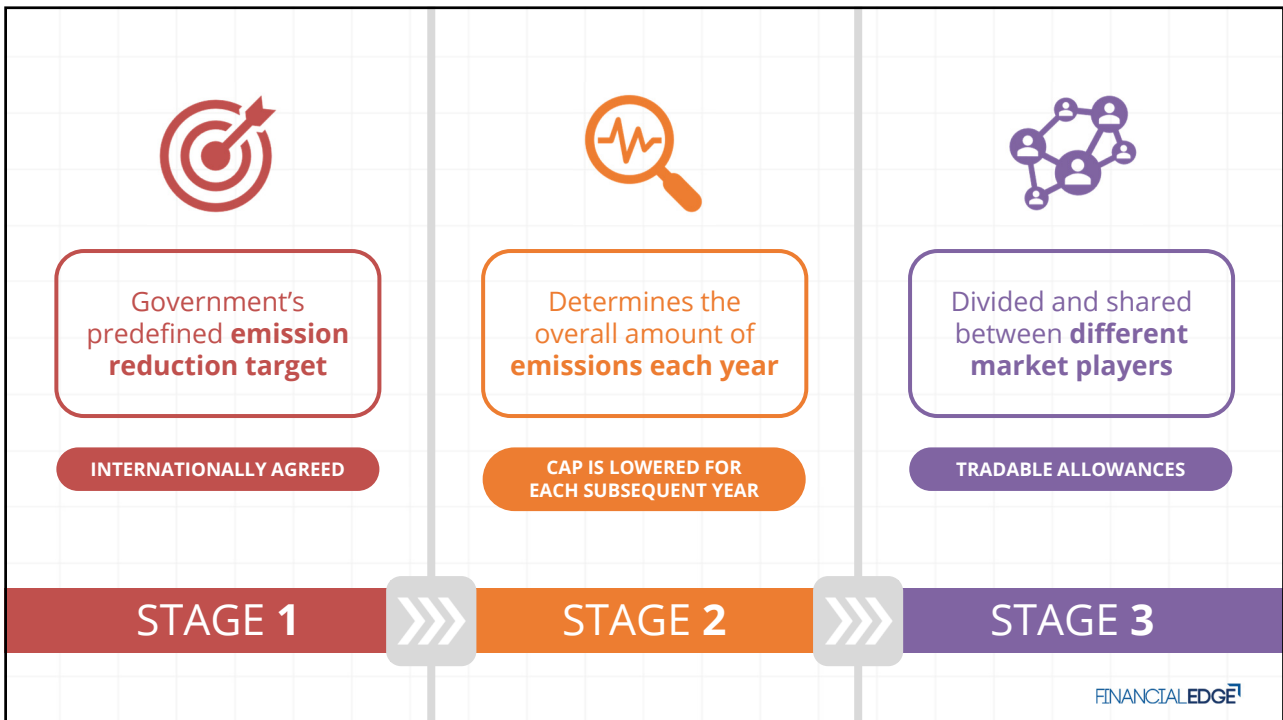


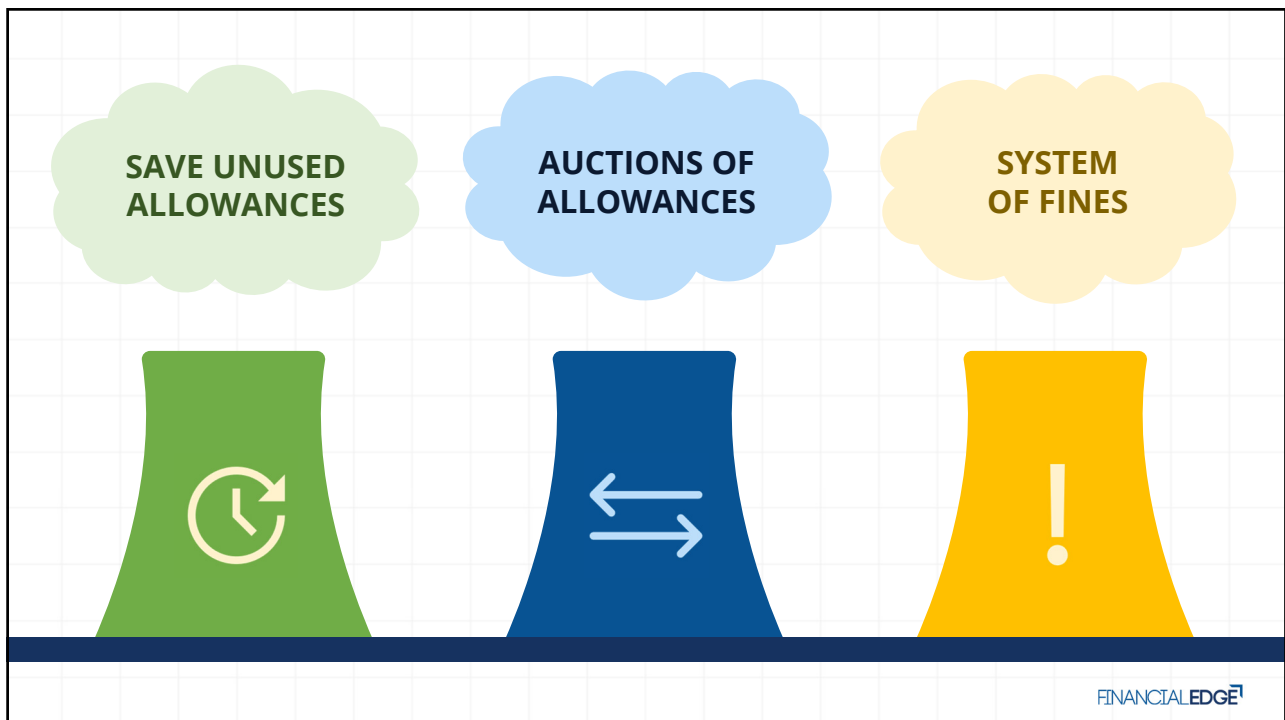
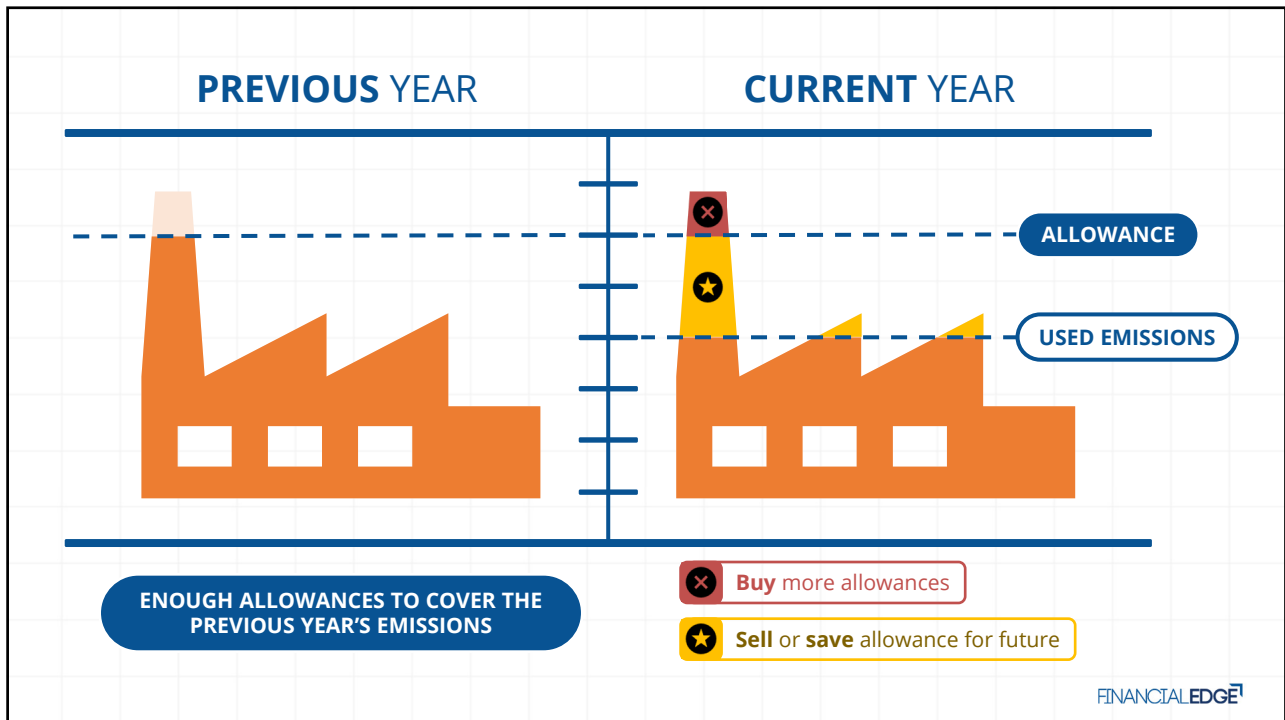
What is being **traded**?

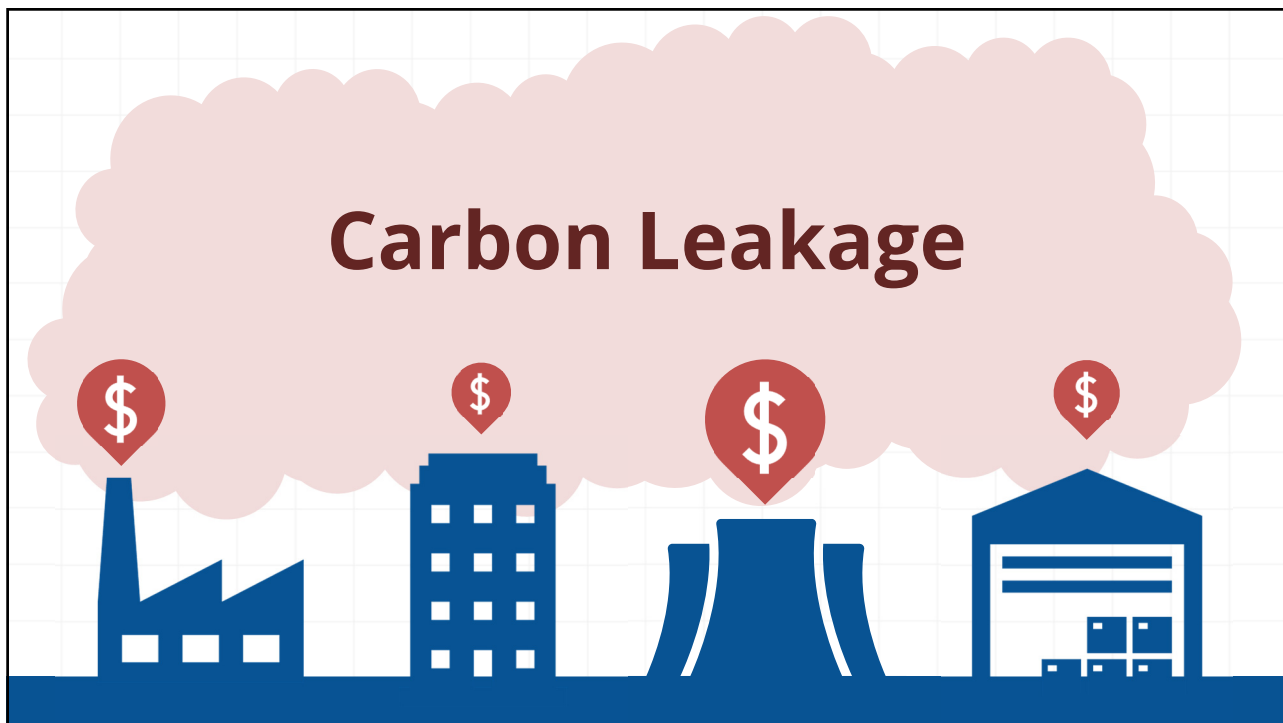
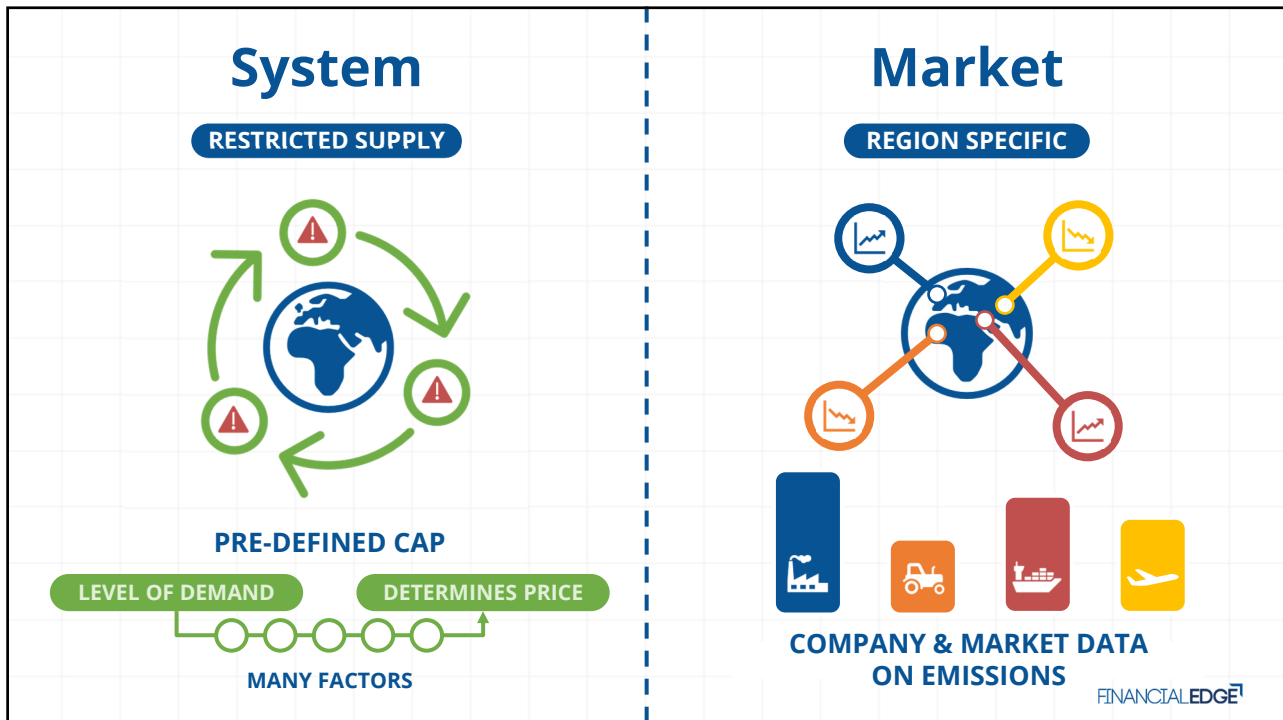


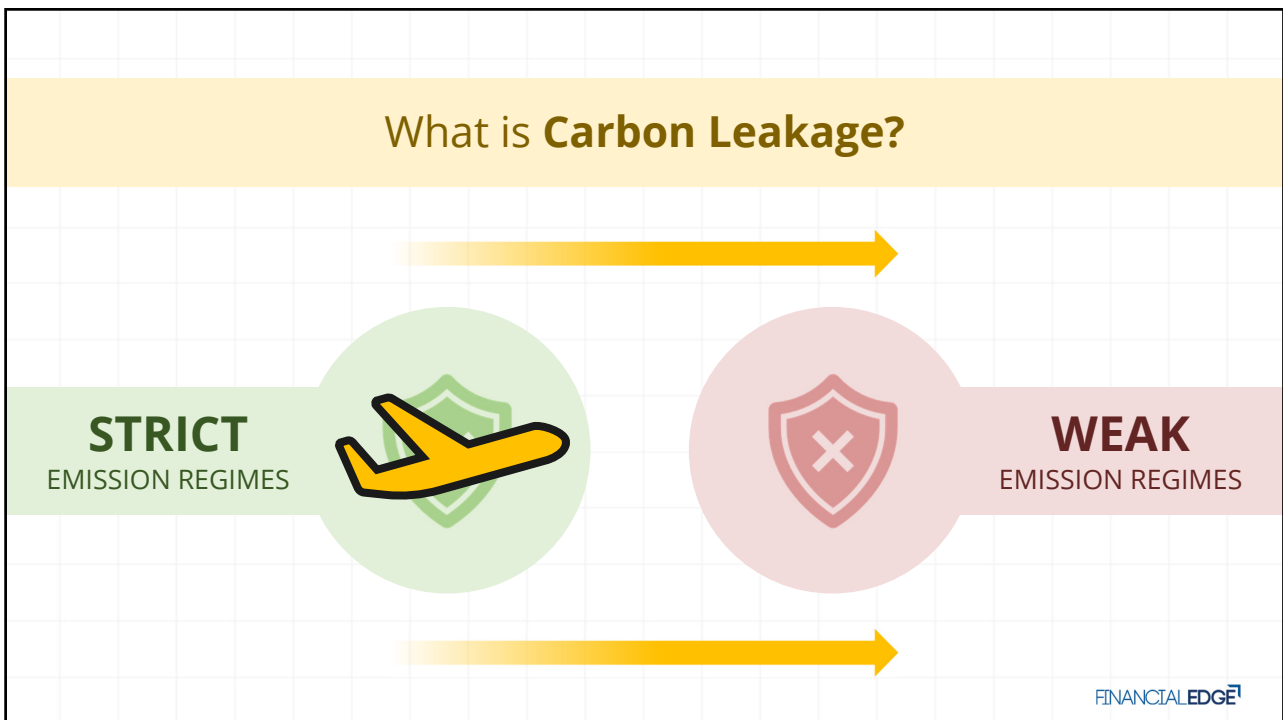
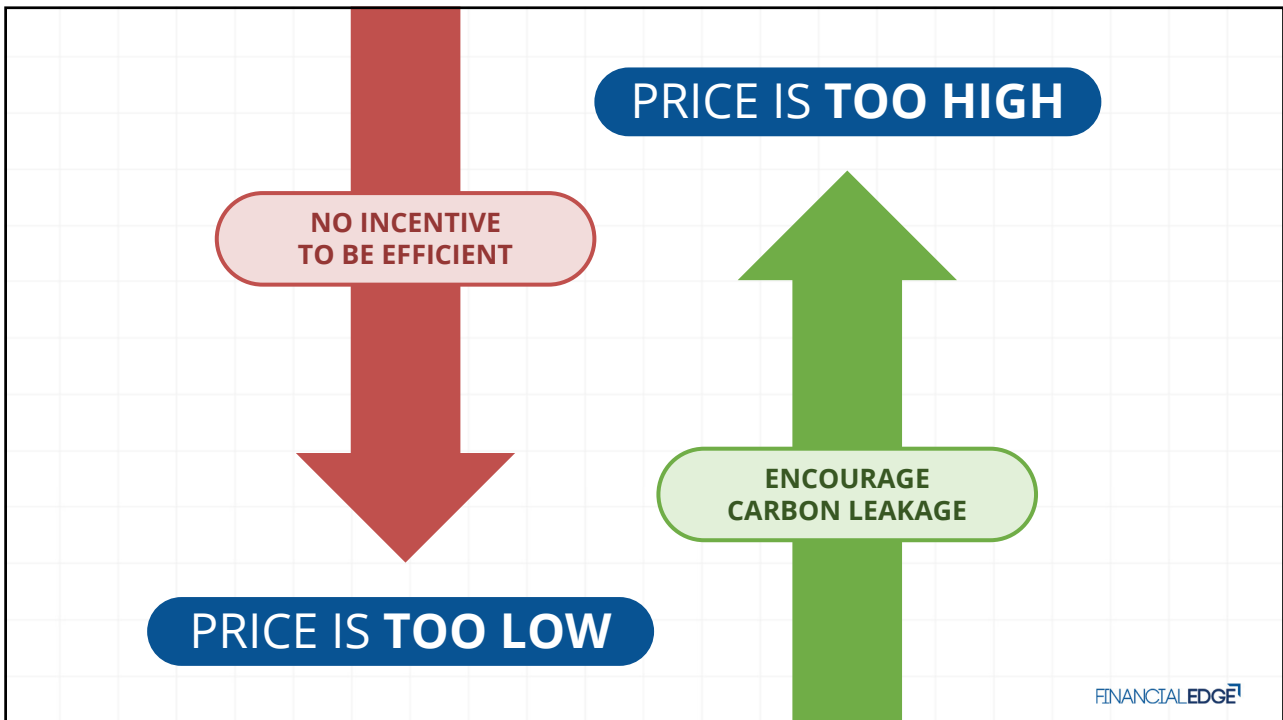
REACH THEIR
CLIMATE AMBITIONS



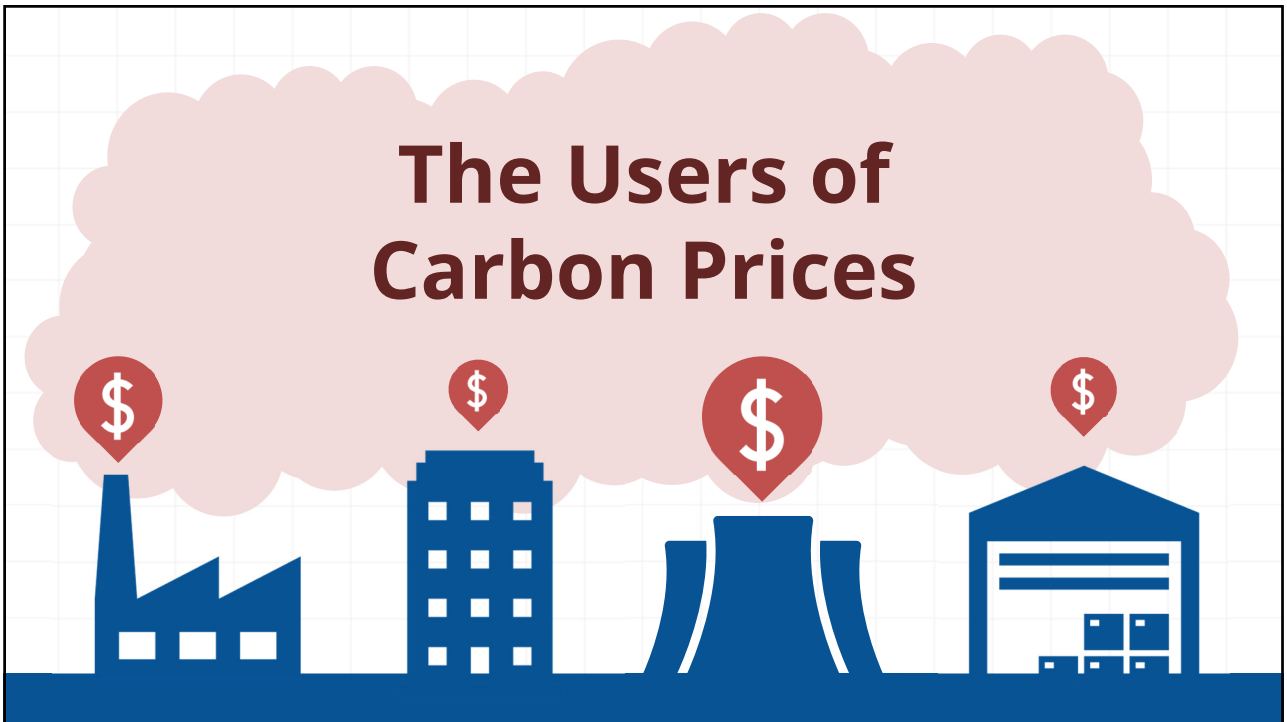


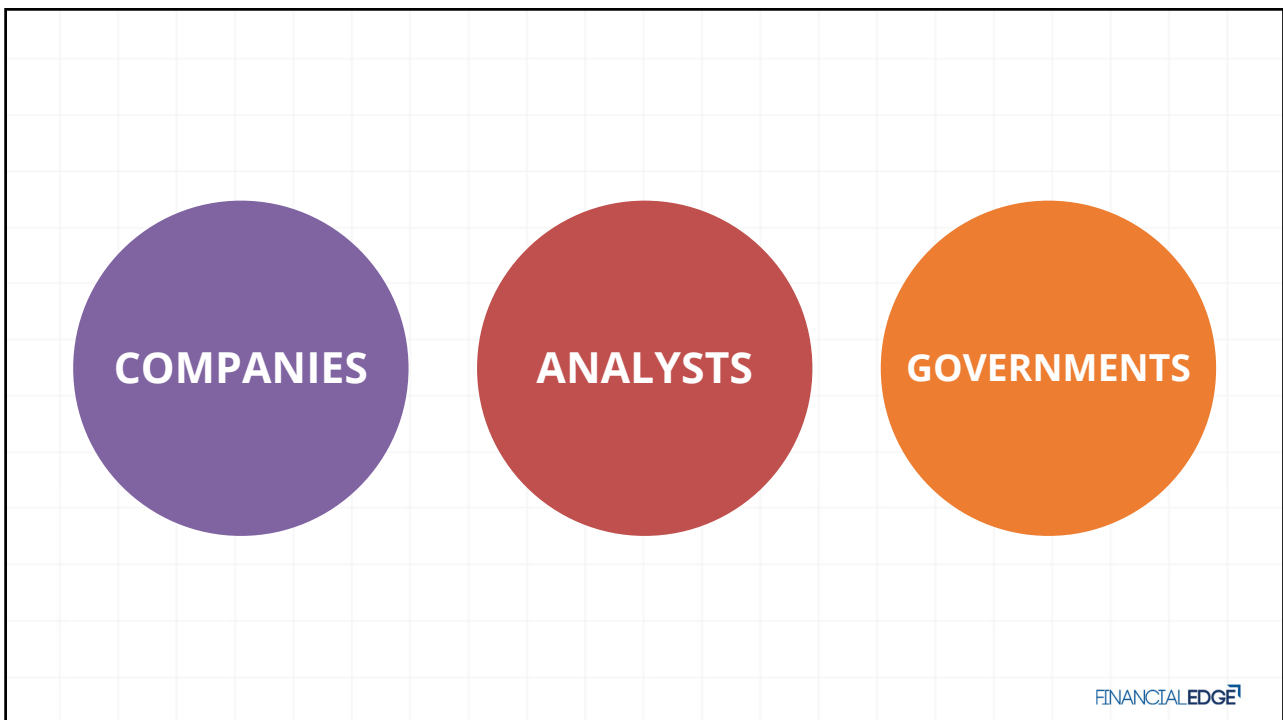
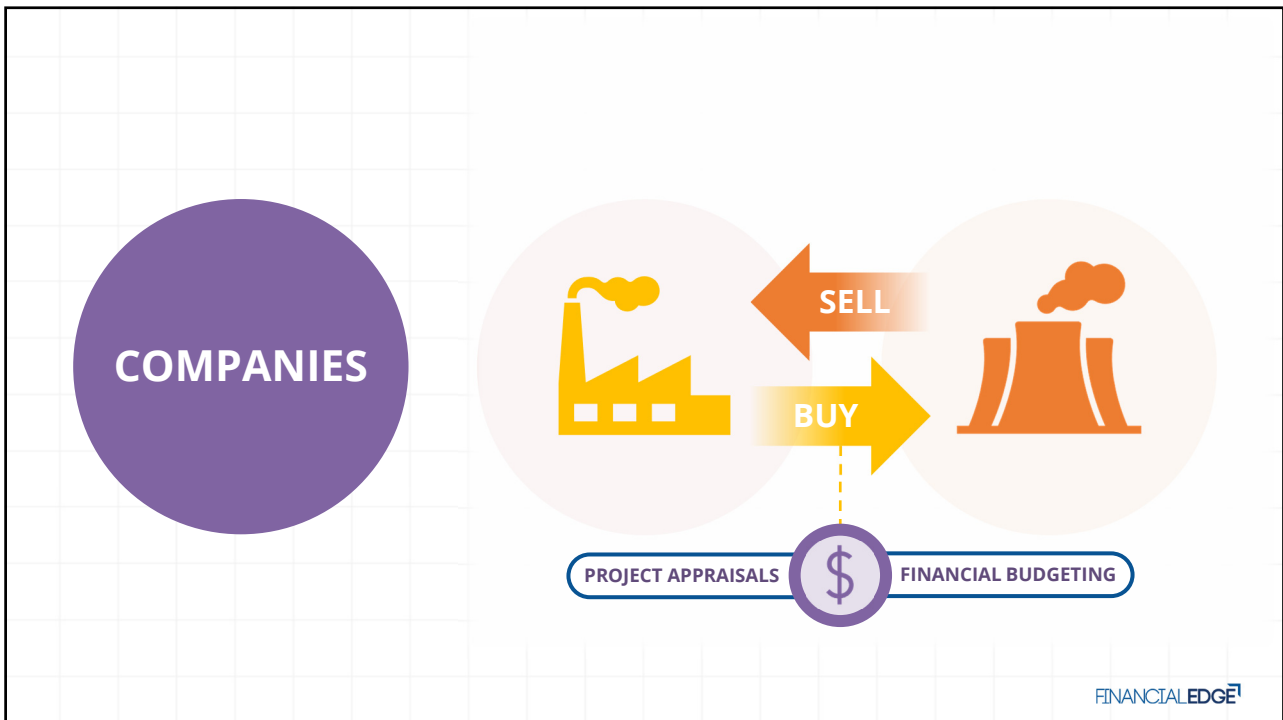


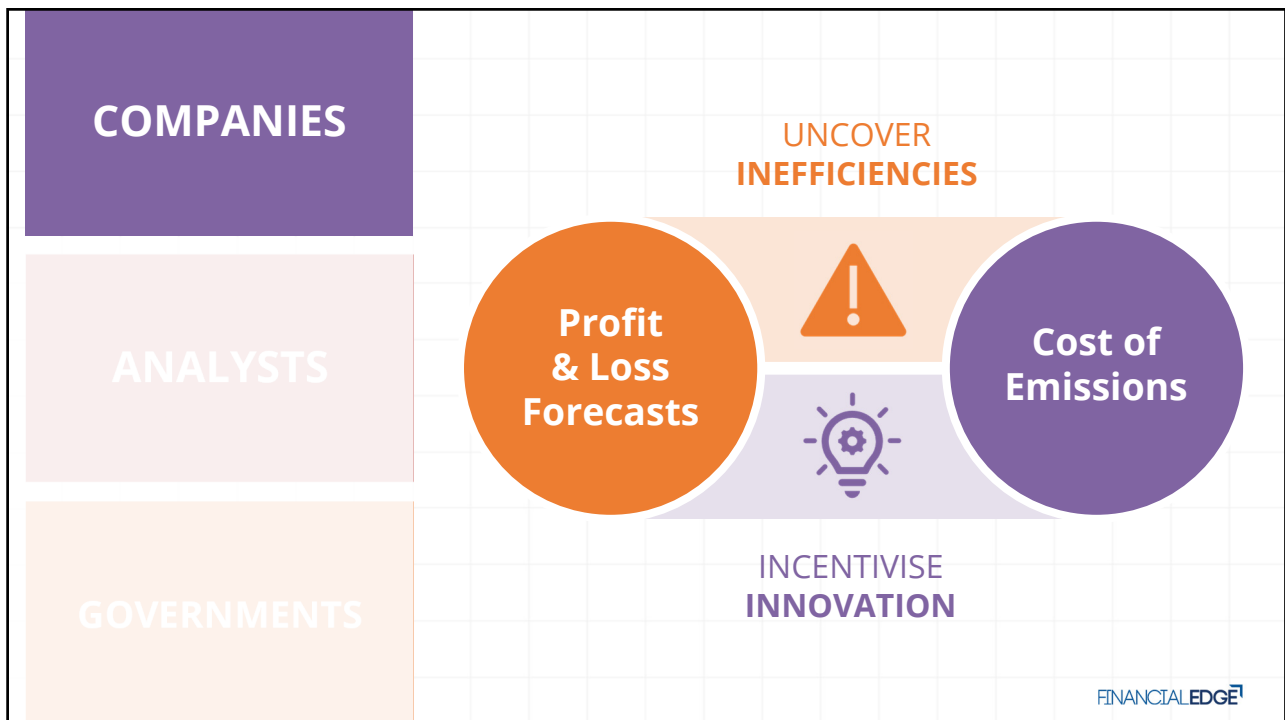
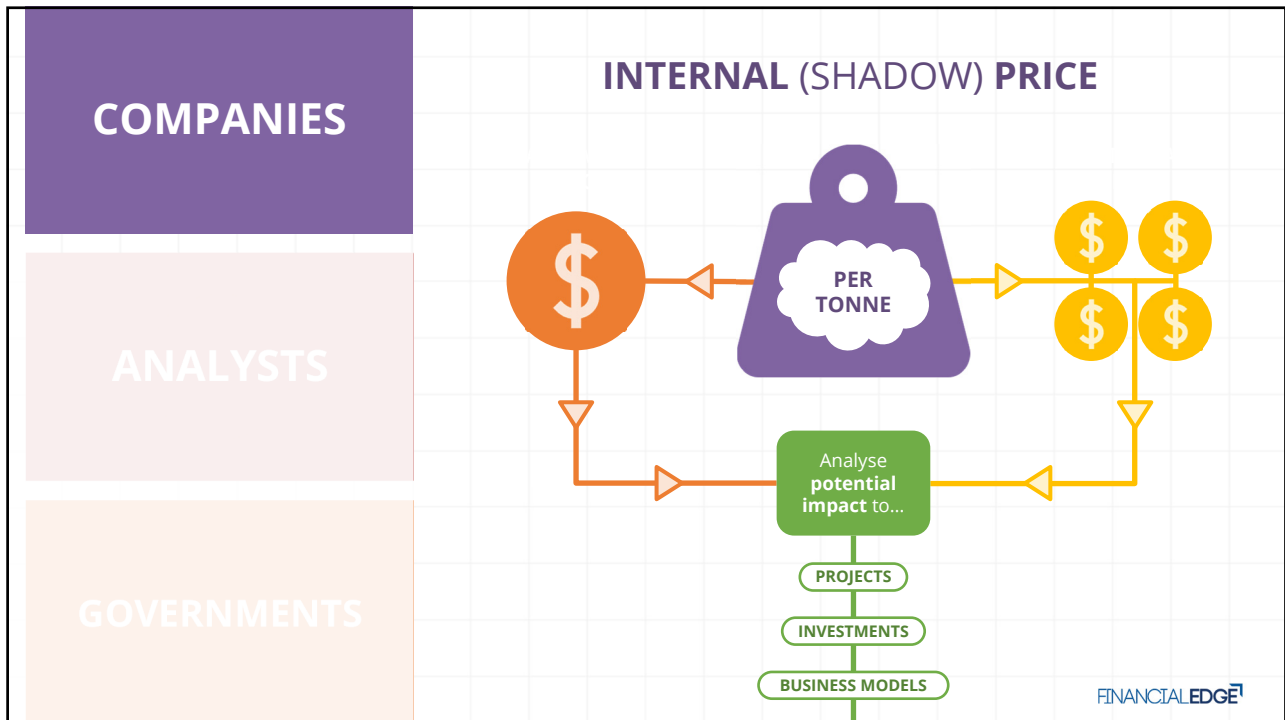


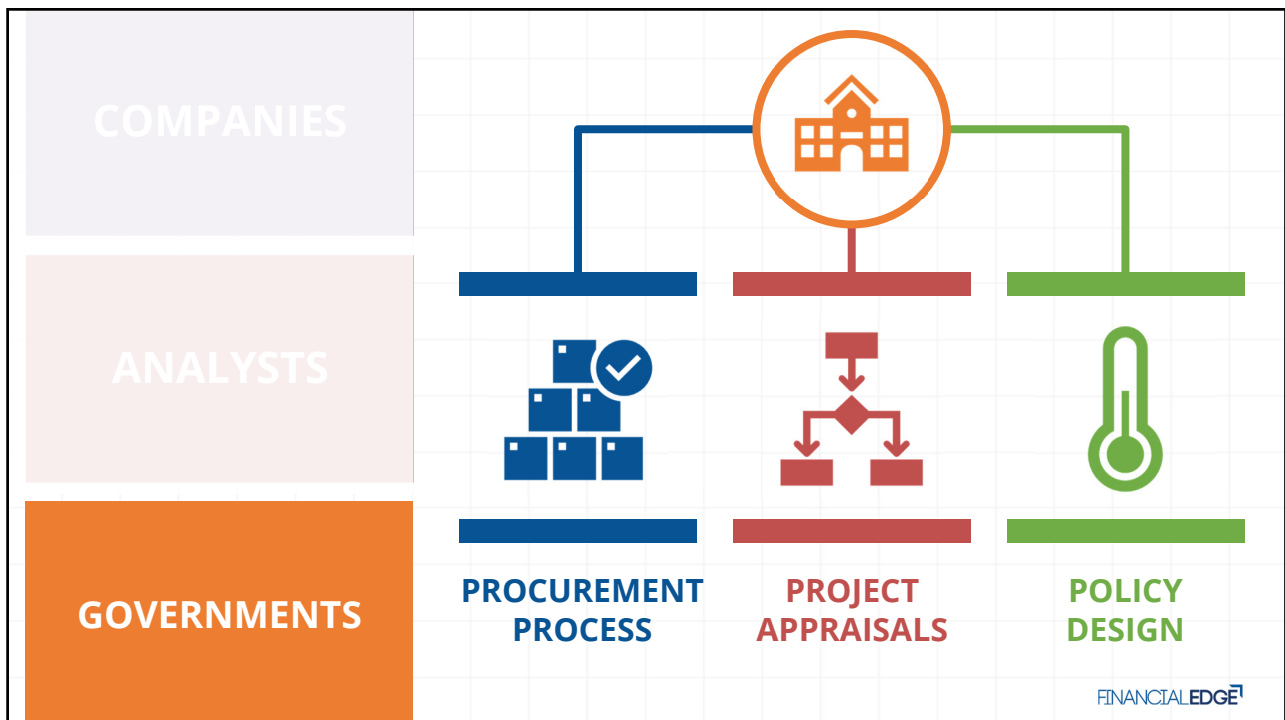
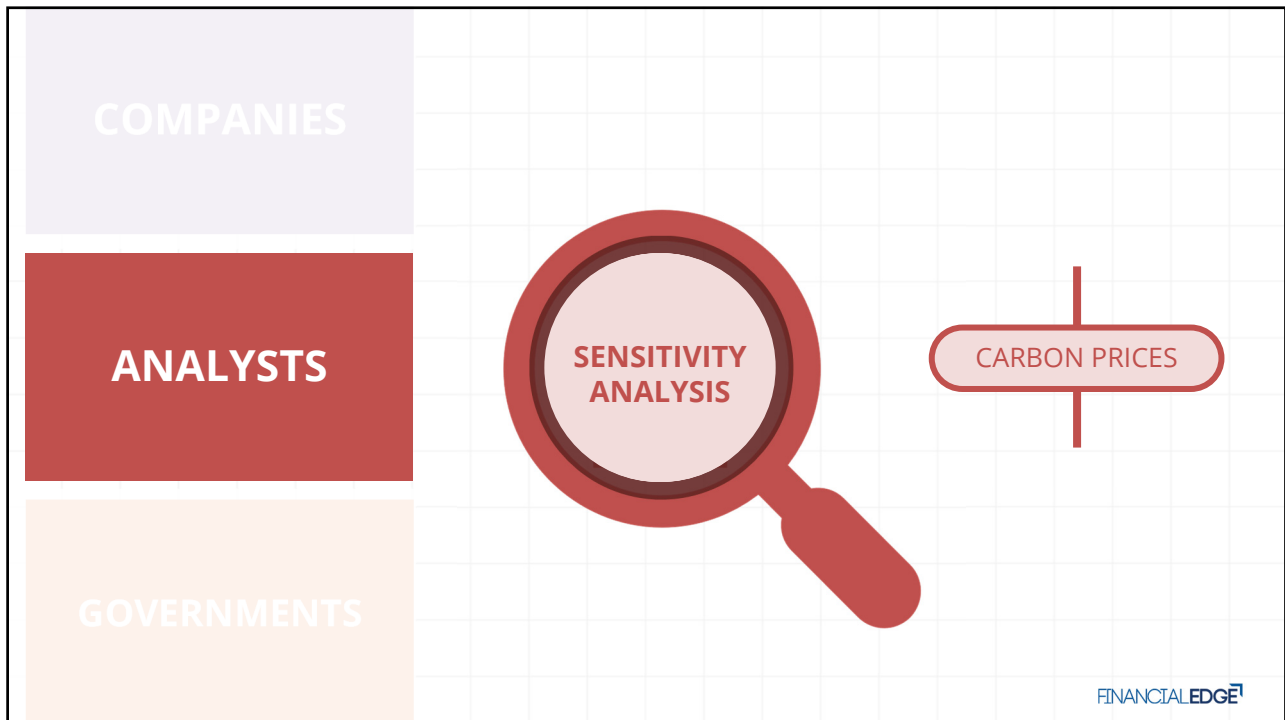


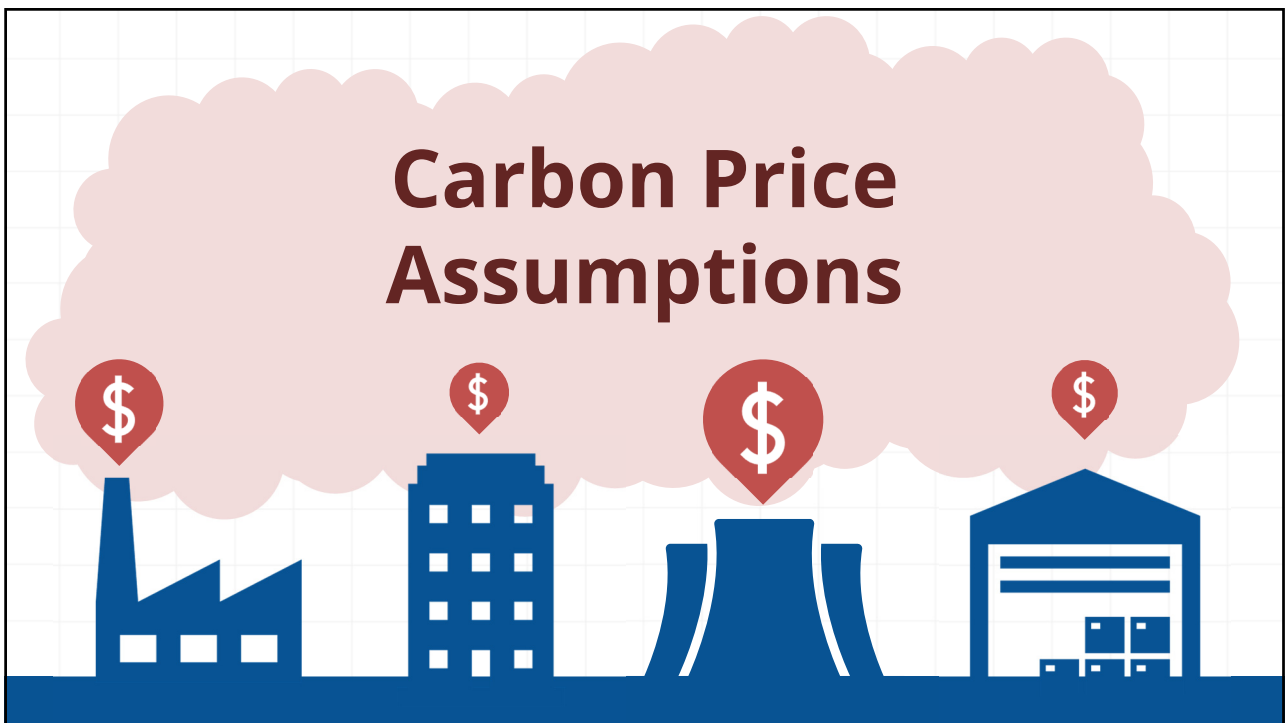
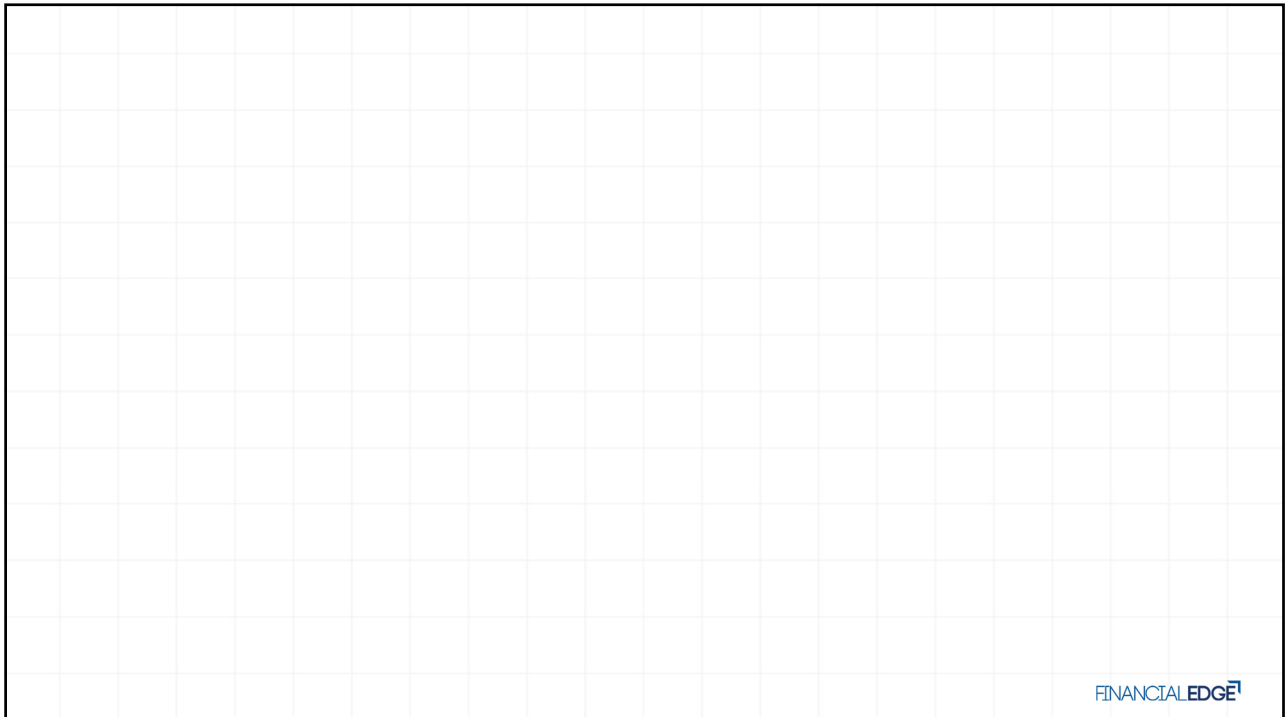
The Users of Carbon Prices









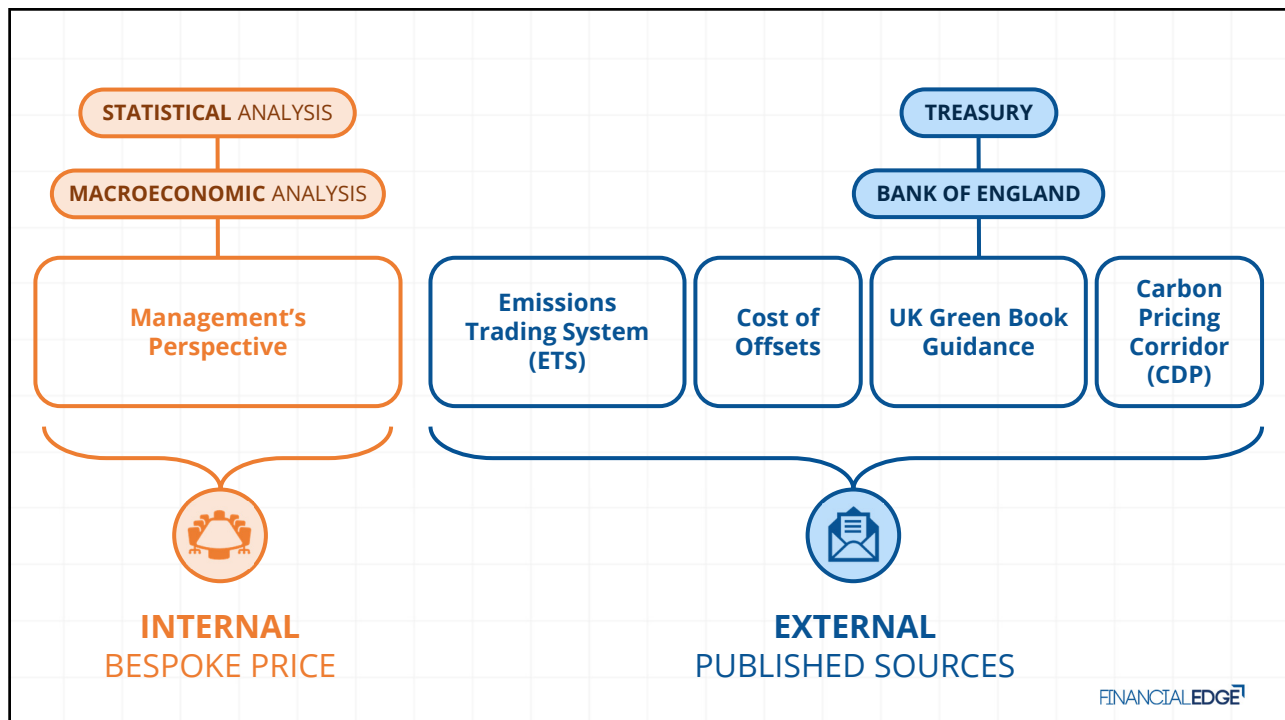


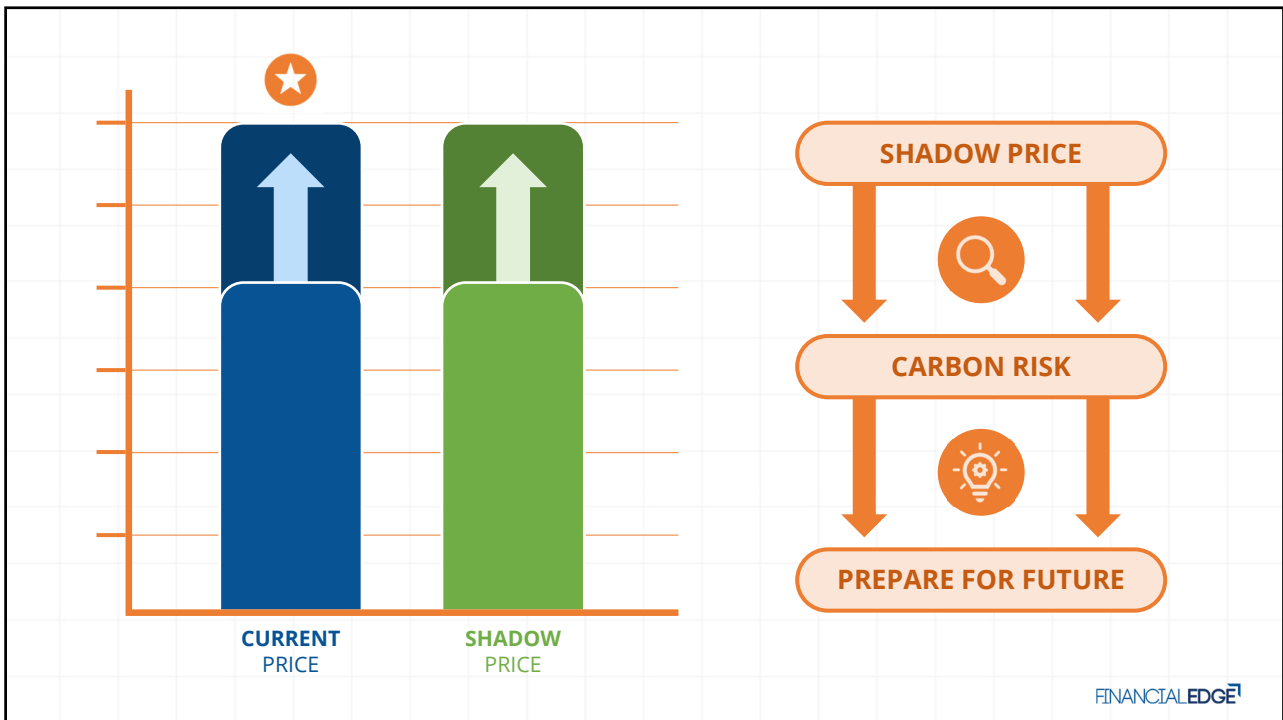
Which **carbon price assumptions** should they use?

Emissions
Trading
Systems

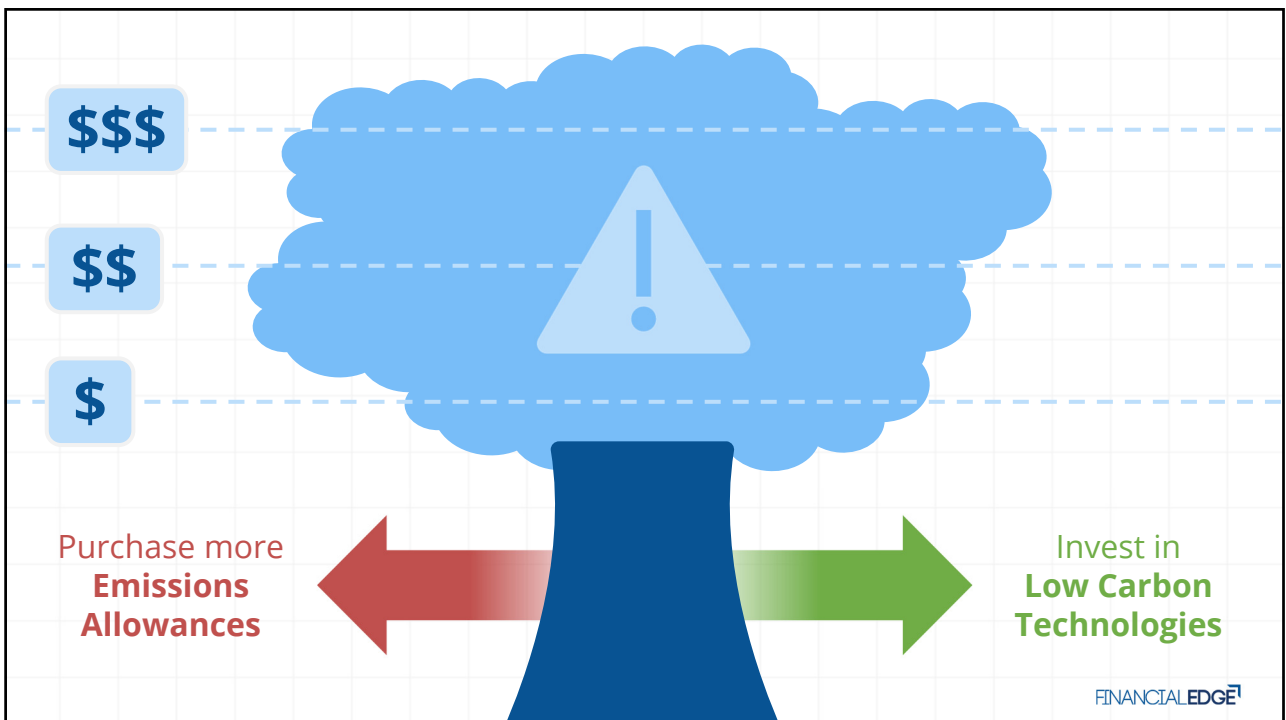
Own
Projections

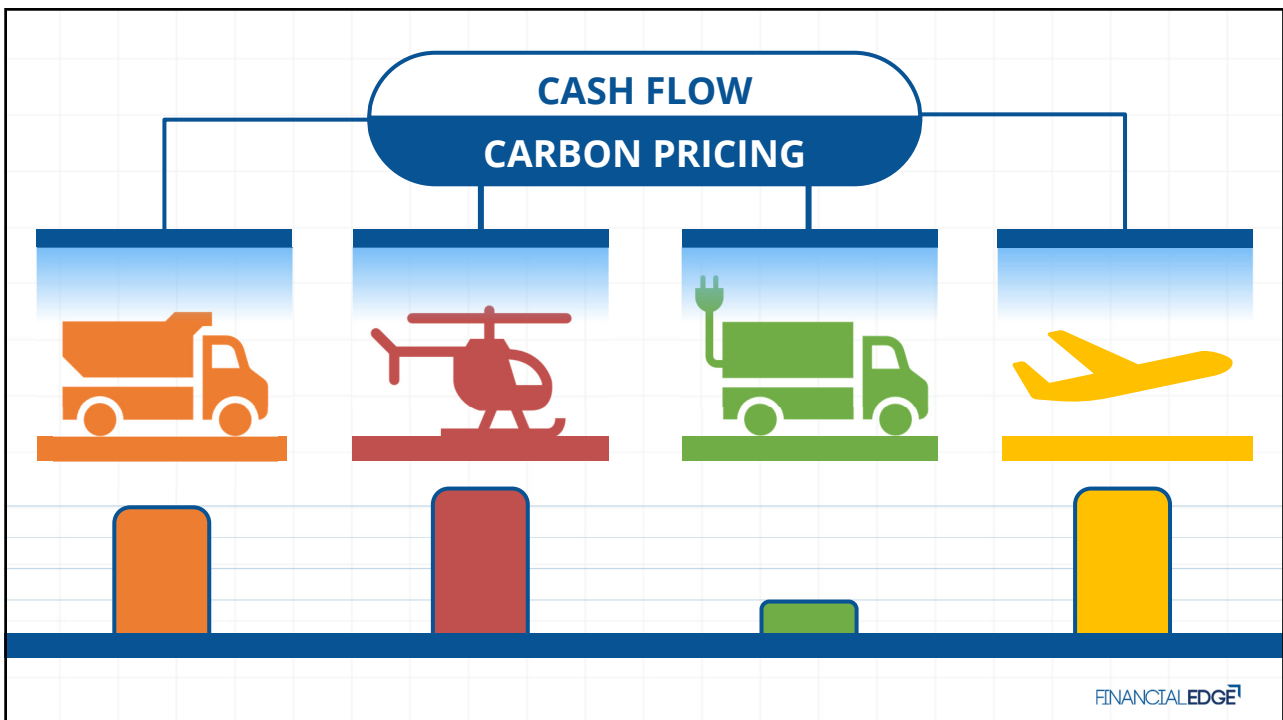
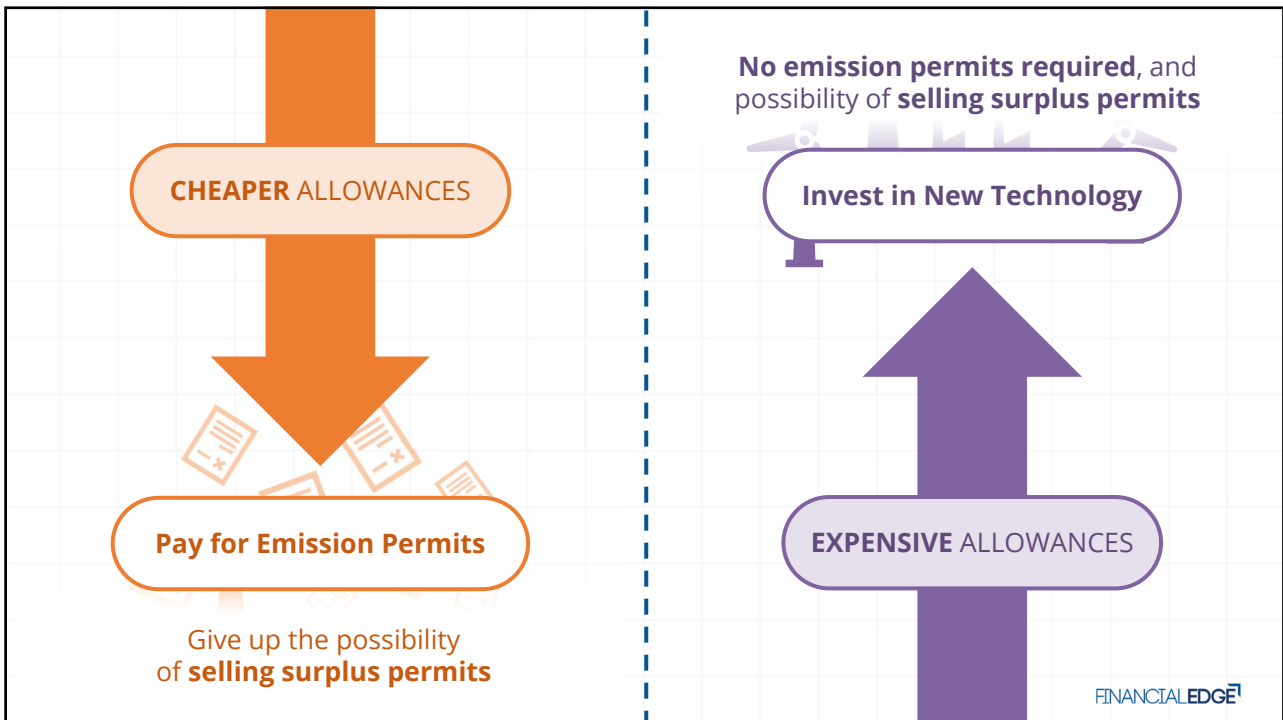
External
Forecasts

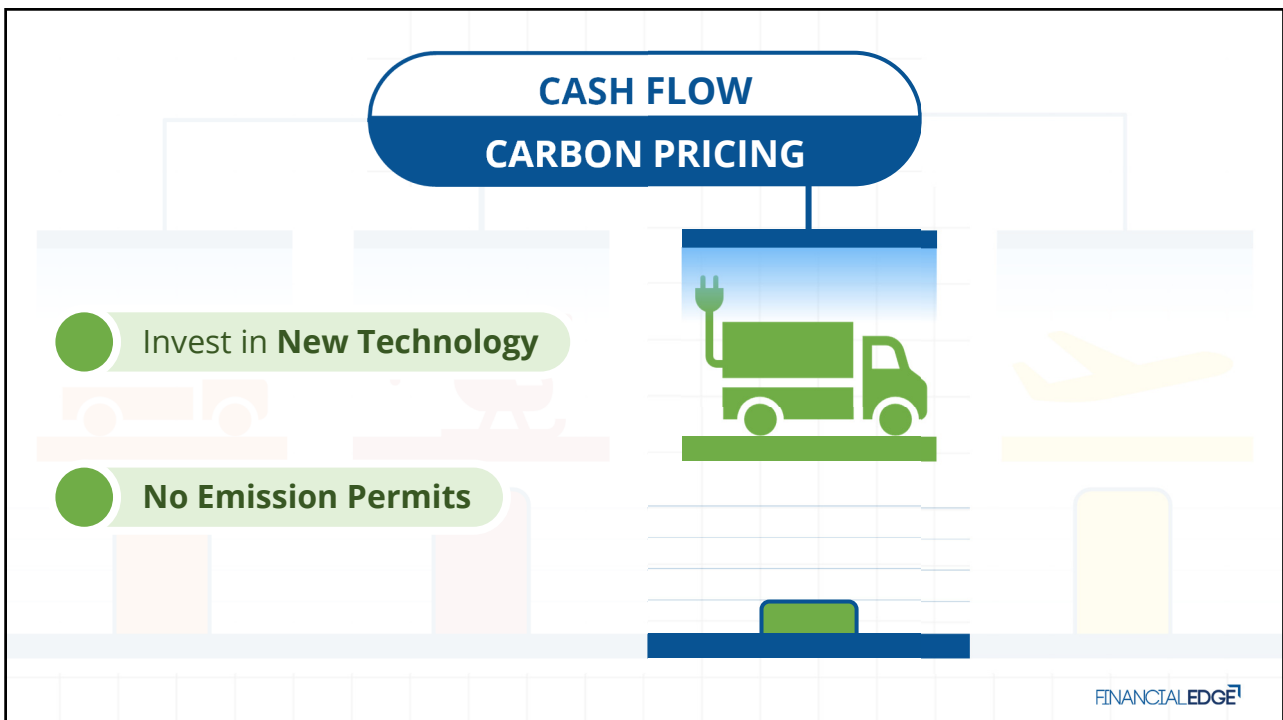
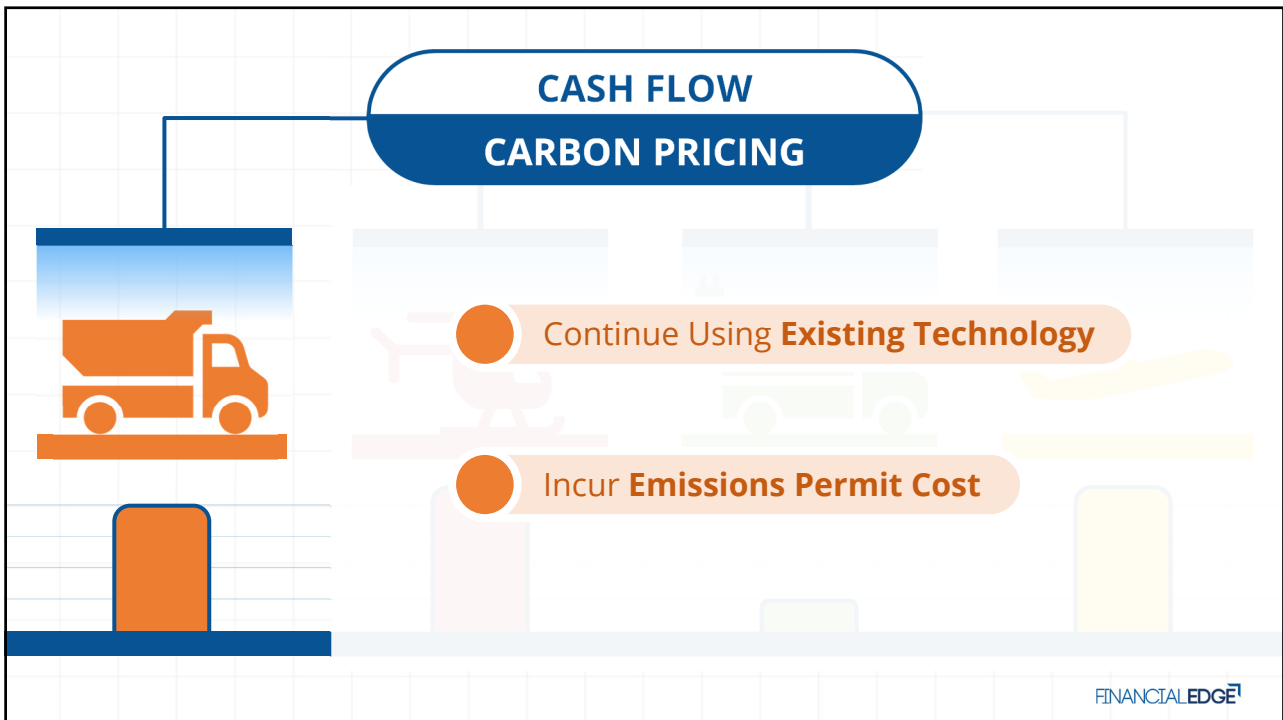
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How Carbon Pricing Impacts Companies







BENEFITS OF INTERNAL CARBON PRICING

1

**Make carbon considerations
more central to business
operations and understanding.**

2

**Help the company de-risk against
the future carbon price.**



3

**Help understand carbon and
carbon risk in the business.**



4

Future-proof business strategy.

5

**Raise awareness
internally and externally.**

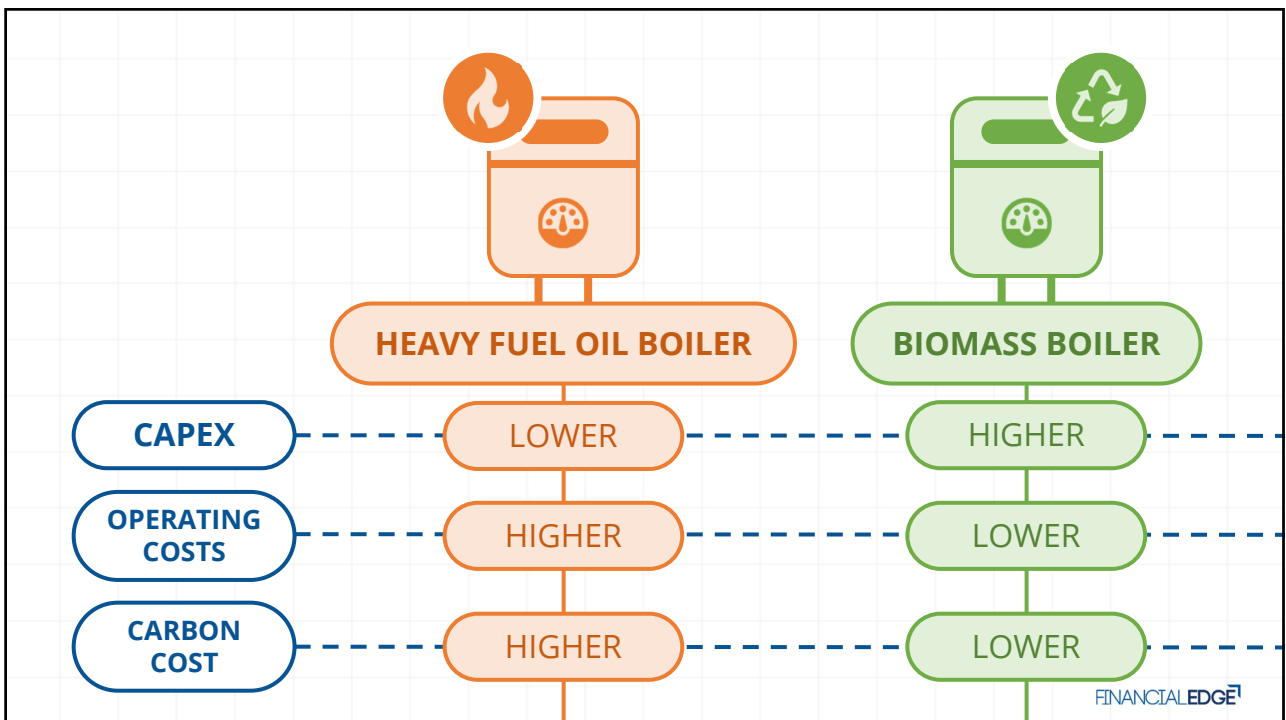
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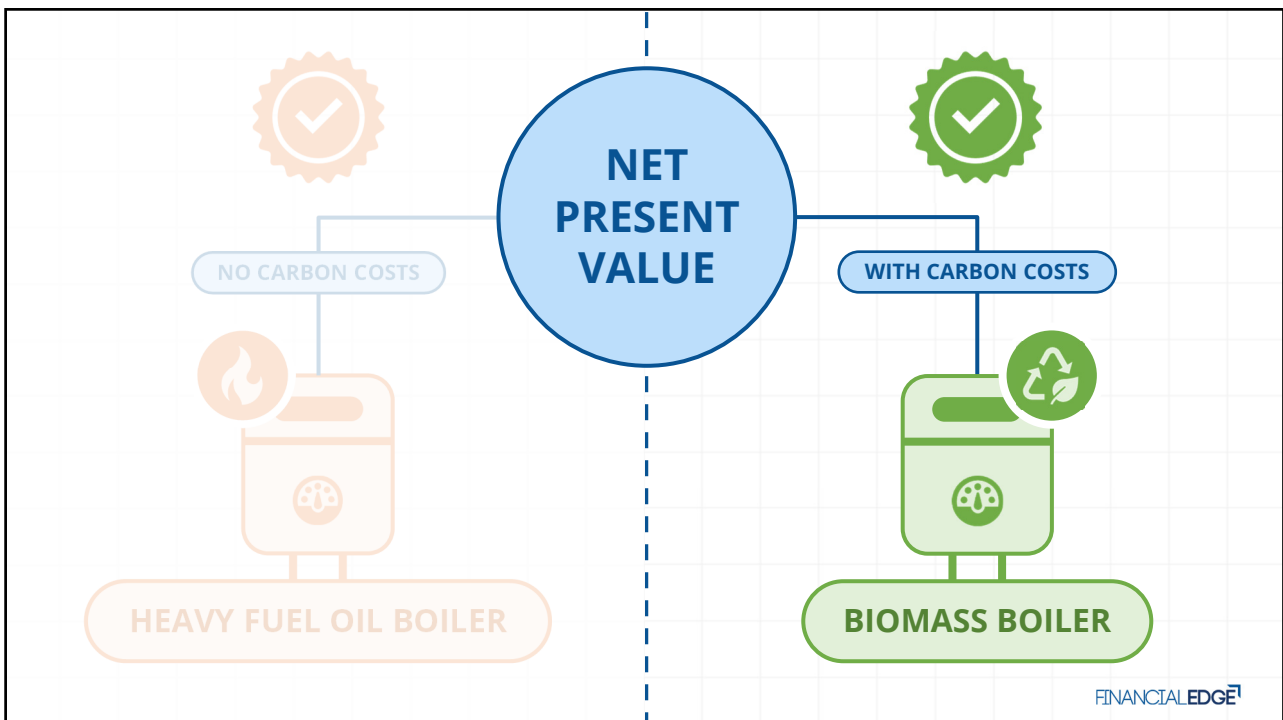
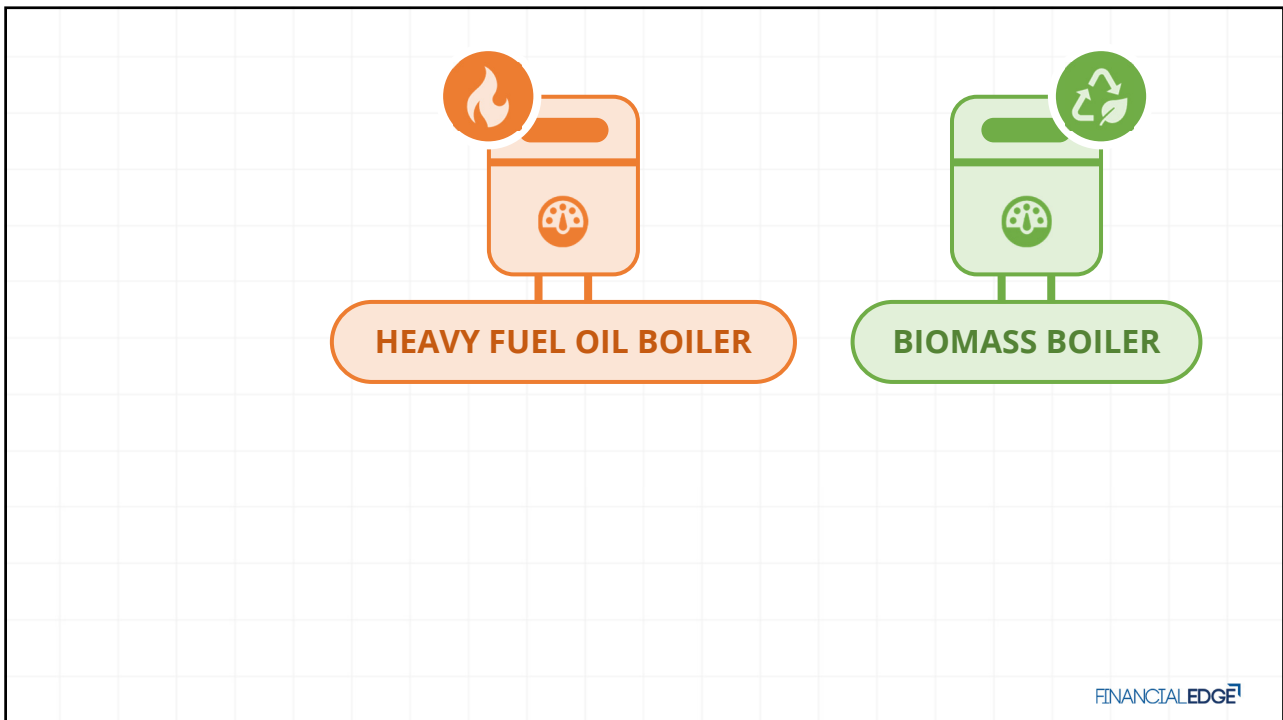
**Help answering investor questions
and consumers queries.**

7

**Ultimately, the use of such pricing
should help reduce carbon emissions.**

Investment Project Appraisal





IGNORING CARBON COSTS

	Petrol Vans	Hybrid Vans
Cost	£1,000,000	£1,125,000
Van	£40,000	£45,000
Fuel Price (£ Per Litre)	1.3	1.3
Annual Fuel Usage (Litres)	2,000	1,150
Annual Fuel Costs (£)	2,600	1,495

NPV CALCULATION

	Cost Differences	Present Value
Cost of capital @ 7%		
Extra cost (initial)		-5,000
Savings year 1	1,105	1,033
Savings year 2	1,105	965
Savings year 3	1,105	902
Savings year 4	1,105	843
Savings year 5	1,105	788
Net Present Value		-469

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INCLUDING CARBON COSTS

	Petrol Vans	Hybrid Vans
Cost	£1,000,000	£1,125,000
Van	£40,000	£45,000
Fuel Price (£ Per Litre)	1.3	1.3
Annual Fuel Usage (Litres)	2,000	1,150
Annual Fuel Costs (£)	2,600	1,495
Annual CO₂ Kg (2.3kg Per Litre)	4,600	2,645
Carbon Cost (£)	368	211.6
Carbon Emissions (Per Litre)	2.3	
Carbon Price Assumption (£ Per Tonne)	80	

NPV CALCULATION

	Carbon Savings	Total Savings	Present Value
Cost Of Capital			7%
Extra Cost (Initial)			-5,000
Savings Year 1	156.4	1,261.4	1,179
Savings Year 2	156.4	1,261.4	1,102
Savings Year 3	156.4	1,261.4	1,030
Savings Year 4	156.4	1,261.4	962
Savings Year 5	156.4	1,261.4	899
NPV			172
Cost Of Capital			7%

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Carbon Pricing & Company Analytics

