

Changing the Trajectory:

The *Reason* for Ecosystem Markets

Adam Davis

Ecosystem Investment Partners

May 22, 2008

How do you feel about the future?

- We have to embrace growth!
- We can't embrace growth!
- It's not just growth, *current* impacts are bad enough!

What we *do* know about the future

- We have *lots of science* on impacts of growth.
- We're not a possible model for development
- World GDP is growing faster than population
- Climate change is changing us

What does this mean for Government?

- Environmental Regulation: Just stop it!
- Cost/benefit from new regulation
- Cumulative impact from *totally legal* activity
 - “Just make it illegal” won't work

What does this mean for NGO's?

- New alliances: 'Conservation Issues' & 'Environmental Issues'
- New relevance; from critic to critical partner

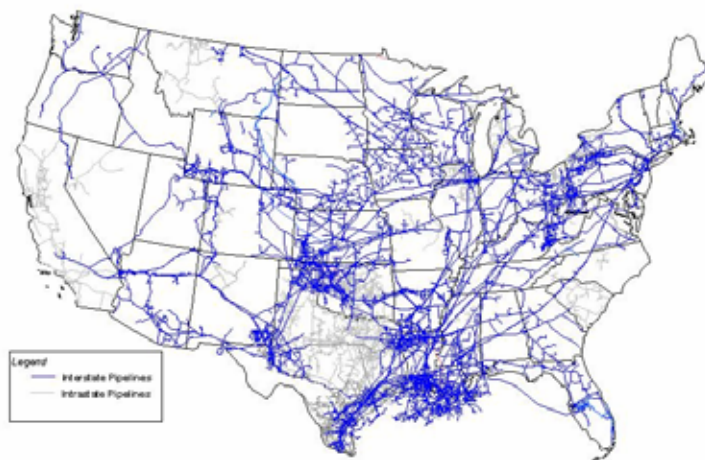
What does this mean for business?

- Degrees of freedom for decision making are narrowing
- Scientific facts are trumping politics
- From environmentalism to sustainability

Just one example: Energy choice

- Coal is dead! Long live Coal!
- Natural Gas, the lesser evil.

U.S. Natural Gas Pipeline Network

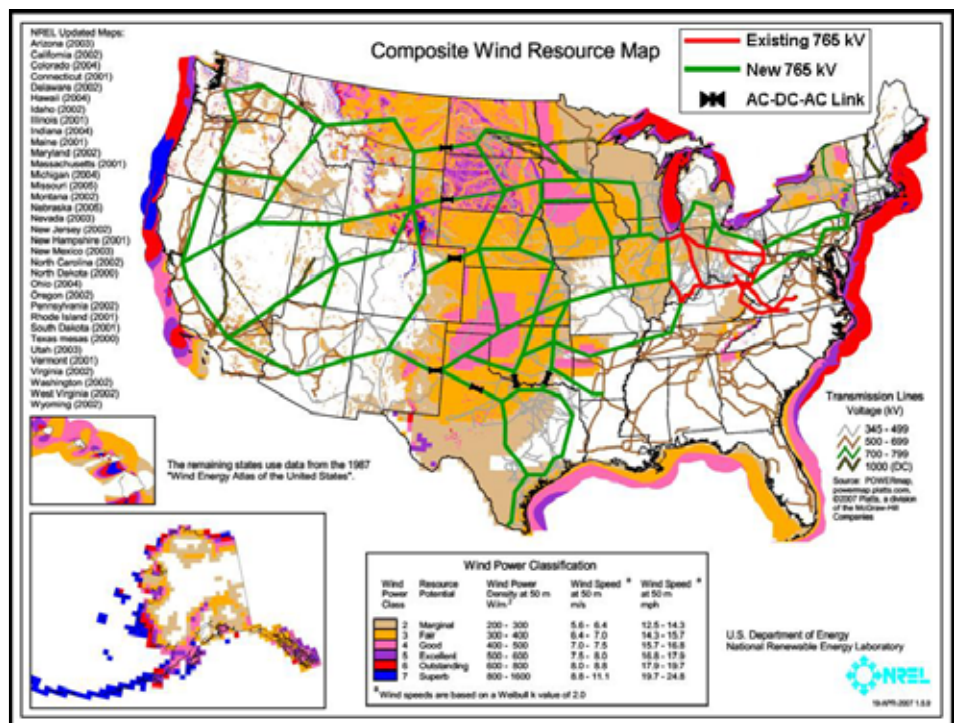


Source: Energy Information Administration, Office of Oil & Gas, Natural Gas Division, Gas Transportation Information System

The EIA has determined that the informational map displays here do not raise security concerns, based on the application of the Federal Geographic Data Committee's Guidelines for Providing Appropriate Access to Geospatial Data in Response to Security Concerns

So, let's use wind!

- AWEA: 20% of US generation by 2030 (300 GW)
- Current siting 3 GW/yr: 15 GW/yr needed
- But: 10,000 acres per 100 MW
- 30 million acres of land... just for turbines



Selective pressure: Government

- Aligning Economic Development and Environmental Regulation departments
- Expanding funding for environment from taxes, fees, appropriations
- Not losing regulation but expanding to something else...

Selective Pressure: NGO's

- The balance between 'the good' and 'the perfect': Is 'the good' good enough?
- Not losing advocacy, but expanding to something else...

Selective Pressure: Business

- From reactive to strategic approach
- From a cost center to a source of competitive advantage
- Not losing 'compliance and remediation' but expanding to something else...

The 'something else'

- A market for ecosystem services.
- Scarcity creates value, not just tragedy.
- The scientists are right.

The basic principles:

- Price signals for avoiding impacts and for financial value of ecosystems
- Scientific measurement used for units of impact and related offsets
- Incentive for every unit of improvement

With Innovation Comes: Investment

- “Environmental Industries” investment – clean up, pollution control
- “Cleantech” investment – wind, solar, E2/P2, design for environment
- “Integrated” investment – enabling *both* responsible development and ecosystem service provision

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Energy giants raking in gusher profits

Oil prices keep paying price rather than change vehicles, habits

April 30, 2008

HEADLINE:
Major increase

If you're an investor, you can cheer. If you're a consumer, you can groan.

Petro-Canada, Royal Dutch Shell and BP collectively raked in \$17.3 billion in first-quarter profits, with the announcements leaving some analyst expectations overblown as the price of crude oil continued to hover above \$115 (U.S.) a barrel.

With some predicting as of \$200 over the coming year — Qatar's energy minister said even less 2008 is a possibility — the earnings party appears poised to last until the late fall.

Rising

Petro-Canada, according to CIBC Investment Research analyst Andrew Patten, is "being an all-rounder."

Profits at the Canadian oil and gas giant were \$1.1 billion in the first quarter, or \$2.22 a share, up 48 per cent from \$750 million a year earlier.

"We're off to a good start for the year," said Petro-Canada chief executive Paul Breckenridge.

Shell's profits rose 35 per cent to \$3.08 billion (U.S.), while BP's jumped 62 per cent to \$7.62 billion. Upstream oil and gas production drove most of the gains.

But those profits are coming at a price to consumers. Oil hit a record \$125.55 a barrel on Monday, although the price had fallen to \$115.63 yesterday. Some fuel stations in Toronto

SUSTAINABLE OIL - GO NEXT DIRTY

Peter Dinkov, liberal's deputy premier, is re-energizing the quest to bring in private the oil reserves of the province's oil sands off into the United States, without paying into carbon-based emissions.

The province will be followed up by a \$25 million branding campaign aimed at cutting the dirty image as being marketed in an environmentally sustainable way.

But several environmental groups from the U.S. and Canada have to balance that.

World coal production forecast

Synthesis and Integration

- For Business: Reduced time and cost to permit, additional certainty, liability
- For Government: Development by design, balance of built and natural infrastructure
- For NGO's: A seat at the table, not an outside critic – providing essential information.

Reasons for Ecosystem Markets

- Selective pressure on Government, NGO's and Business
- It's a strategic approach to the future
- Sustainability demands integration of natural systems into responsible development and production

“May your trails be crooked, winding, lonesome, dangerous; leading to the most amazing view.”

– Edward Abbey

Resources

- Websites
 - www.ecosystemmarketplace.com
 - www.ecosystempartners.com
 - www.investinnature.blogspot.com
- Books
 - From Walden to Wall Street, James Levitt, 2006
 - The New Economy of Nature, Daily and Ellison, 2005
 - Conservation & Biodiversity Banking, Carroll, Fox and Bayon, 2008

