

Jackson Smith solicitors

Millions in Extra Income Earned in Wind Energy Project by Introducing the Carbon Credit Angle

In late 2003 a client sought our advice in relation to a potentially very large wind energy project.

There will be up to 150 turbines on a single property. In Australia most often there are about 7 turbines spaced over a number of properties.

Energy purchasers in those circumstances are faced with the difficulty of negotiating agreements with a number of land holders. In the case of our client there is a single landholder, with close access to the grid, and a capacity to produce a considerable amount of power.

Not surprisingly there has been strong interest from financial institutions and power companies. Because the client was an old client of this firm he was aware, through our newsletters, of the Kyoto Protocol and the possible potential to earn additional income from carbon credits.

He was told by the financiers that their interest lay in the power generation, and that the carbon credit side of the deal was something that they were not familiar with and had no great interest in.

The carbon credit aspect involves an examination of the entire project before it begins to ensure that the integration of the carbon credit side of the deal in to the financing and energy aspects is done so that there is compliance with the requirements of the Kyoto Protocol. After this is done and the documentation is ready, there will be discussion with the Australian government and the Greenhouse Office of the foreign government that is going to be a party to the deal to ensure that the trade is able to take place. This includes validation of project design to ensure the baseline and monitoring procedures meet Kyoto standards. Wolfram Kagi of Switzerland has been appointed adviser in respect of these aspects of the transaction. Separate to planing and implementation will be certification that so many emission reduction units can be achieved from this particular project. This certification will be done by Gareth Phillips of Scotland.

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This enhancement of the project will mean millions of dollars more income, for our client, and for the financiers, as his joint venturers. We were delighted to be able to contribute to the client's project in this very positive way commercially and well beyond the scope of a normal legal involvement.

I hope that this information is of some interest and benefit to you, and to your clients.

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