
October 2018

**Strategic Air
Compliance Planning
Using Emission
Banking and Trading:
Case Studies**

Louisiana A&WMA 2018
Annual Conference

Best Management Practices: 8 Key Elements

- An informed stakeholder that participates in the emission markets balances:
 - Technical Understanding
 - Regulatory Understanding
 - Capital Project Horizon (not just your company)
 - Internal Reductions
 - Portfolio Optimization
 - Risk Tolerance
 - The Emissions Market(s)
 - Transactions

Best Management Practices: The Basics

Step 1) Warehousing Analysis + Portfolio/Procurement Optimization

Step 2) Educate your company

- EHS, Engineering, Procurement, Accounting, Legal, & Management

Step 3) Delegate the person(s) responsible for engaging the market

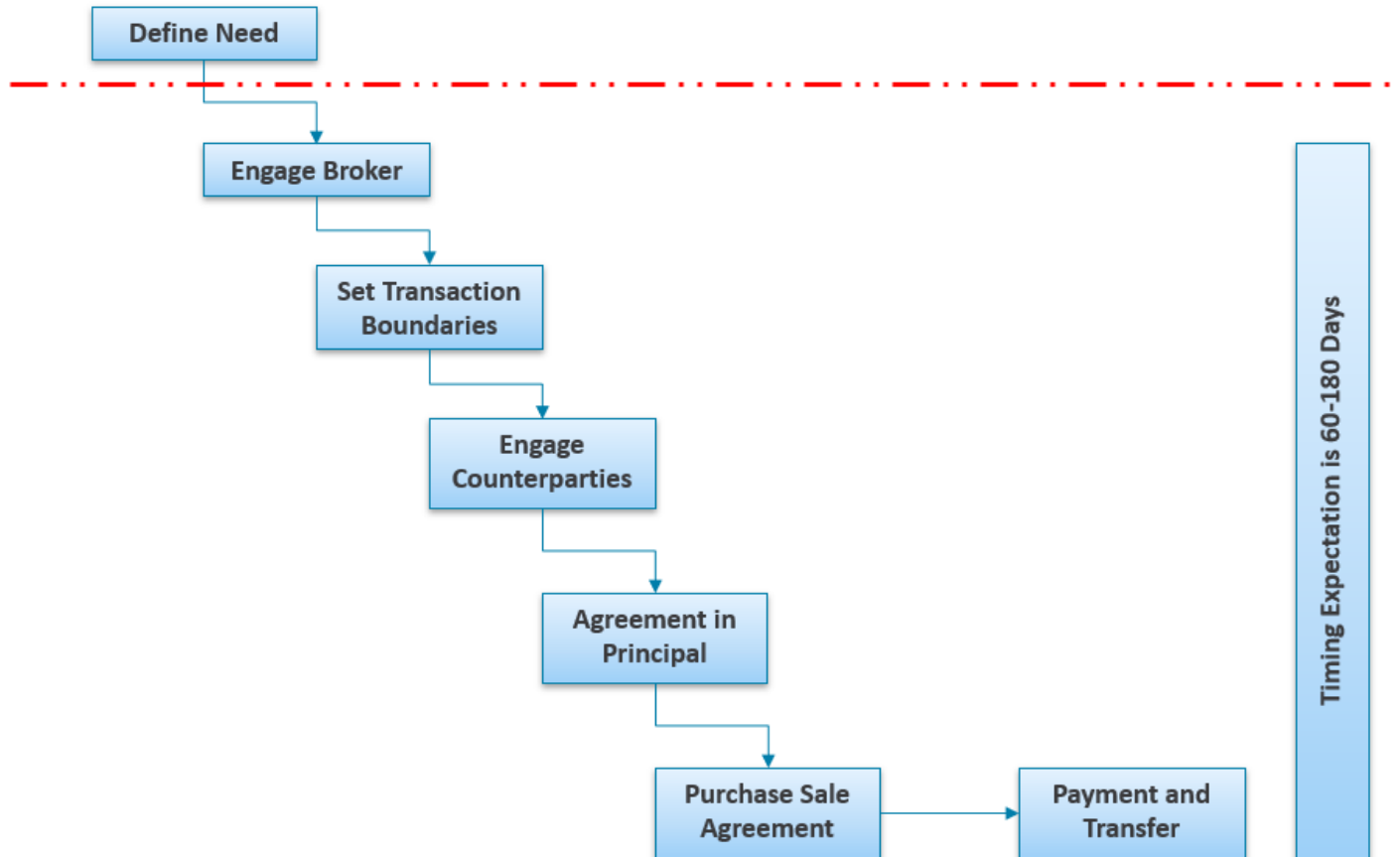
Step 4) Organize the team for transaction

Step 5) Pull the trigger when timing is right

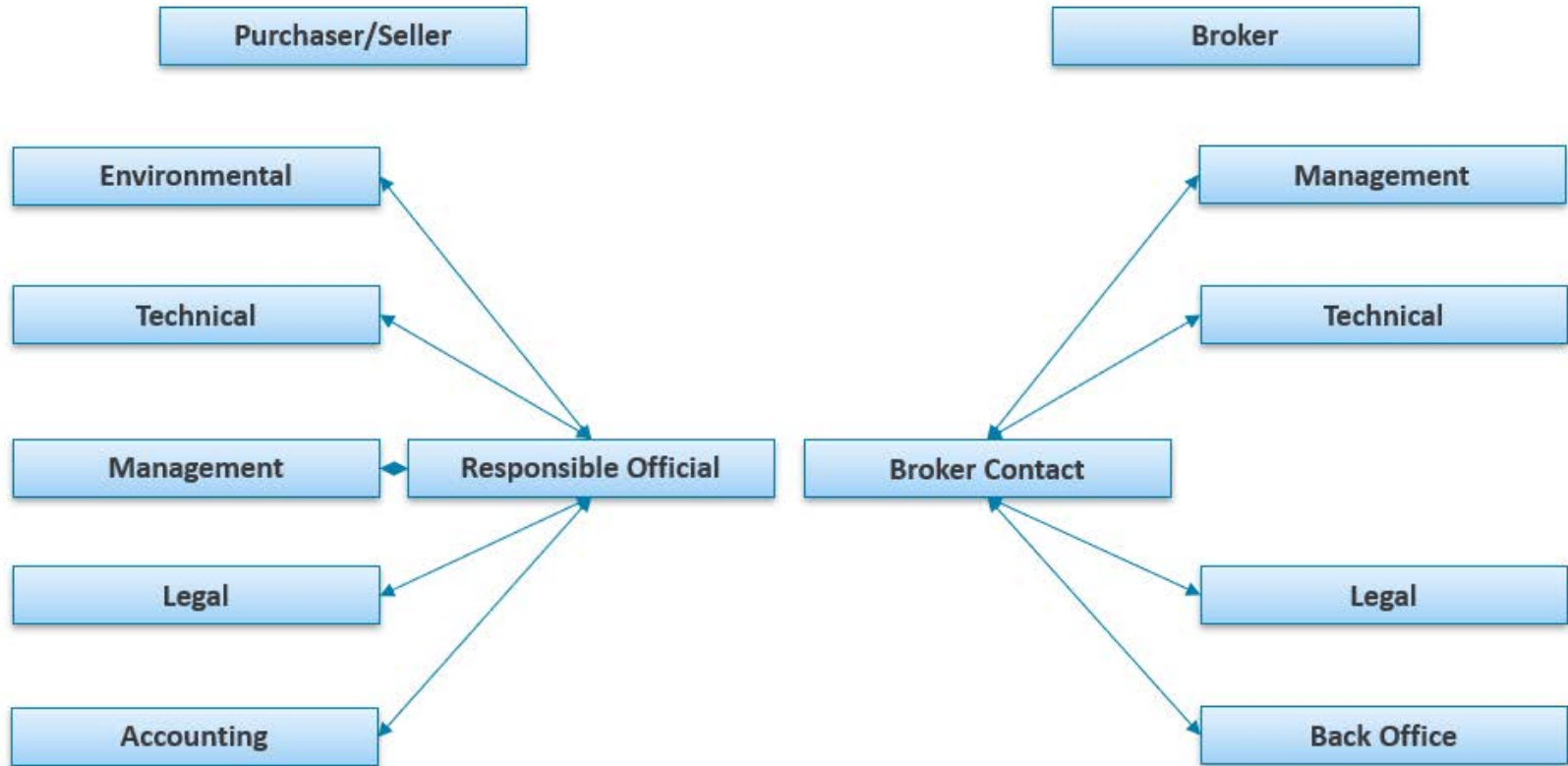
Warehousing + Portfolio Optimization

- Identify All Existing NOx and VOC Sources
- Identify Source Types for Future Projects
- Evaluate Control Technologies for All Sources
- Evaluate Control Technology Cost Scenarios
- Compare Portfolio Versus Future Project Uses
 - Credits + Control Ops., Future Ops./Needs, & Market Expectations

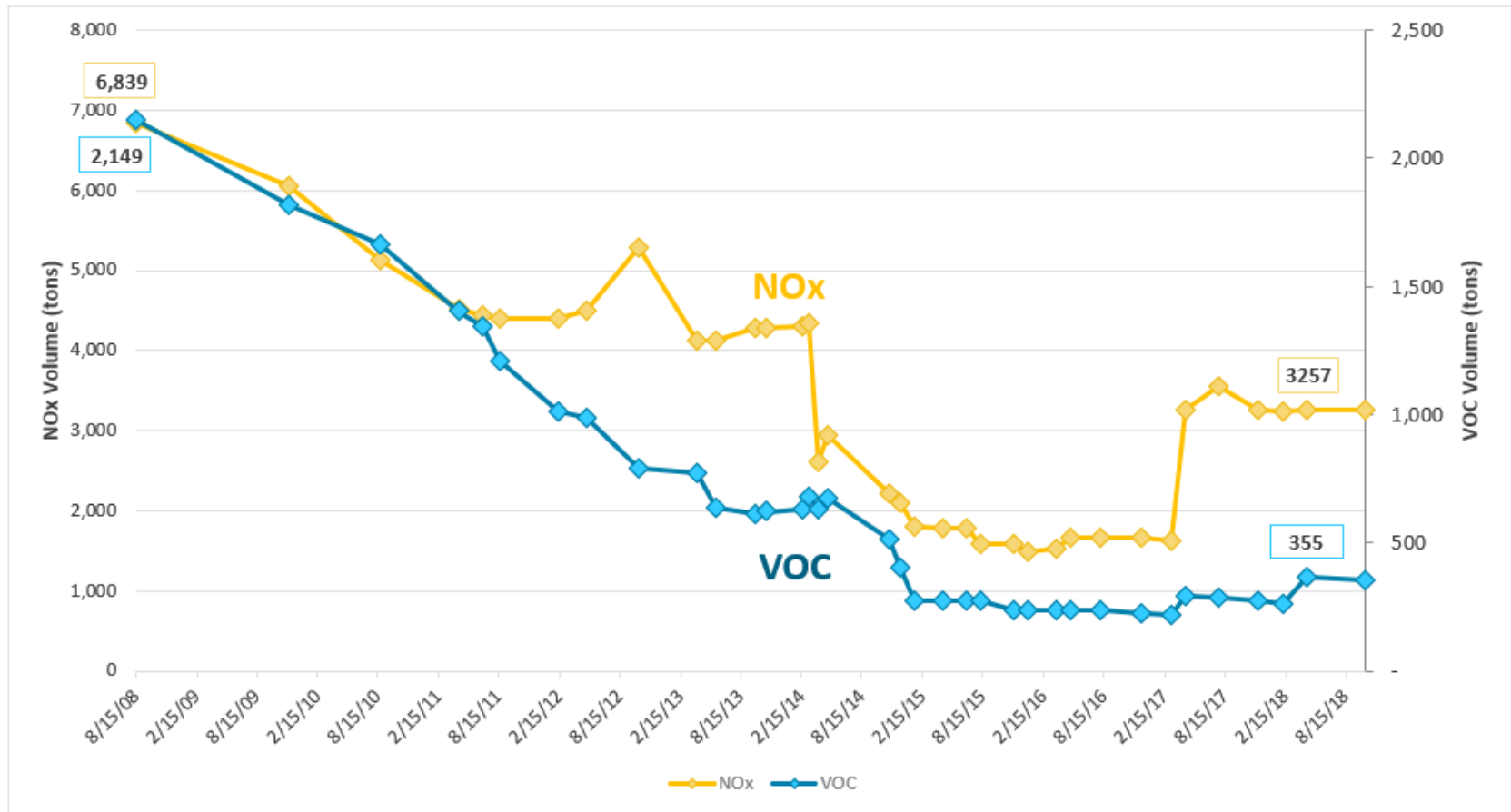
The Basics - Process



Organize the Team

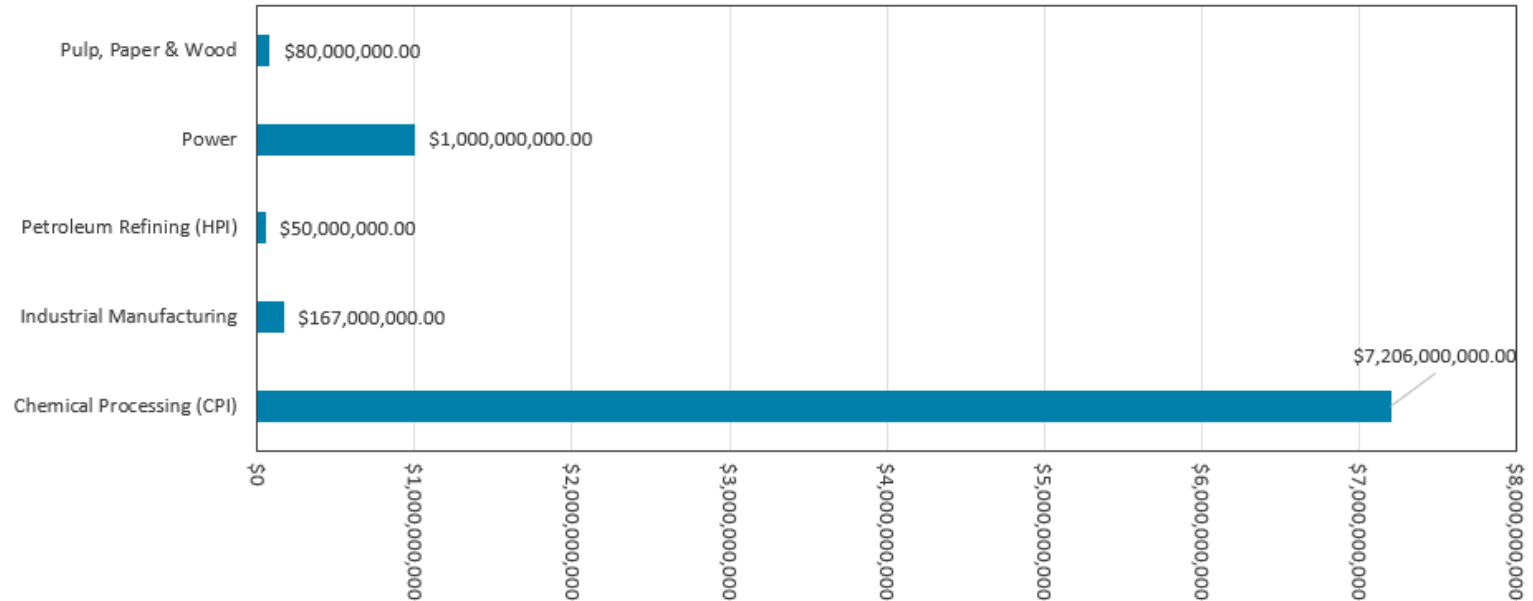


A Market Update Available ERCs



- Regularly, some company in Baton Rouge is making an announcement about considering an expansion of some kind...
 - “Shell considering \$1.2 billion expansion in Geismar; here are next steps” – The Advocate 9/25/2018
 - “ExxonMobil request for tax break for Baton Rouge plant expansion now in hands of local agencies” –The Advocate 9/12/2018
 - “Shintech to make major investment in Plaquemine expansion, create 100-plus new jobs” – The Advocate 7/24/2018

Capital Spending By Industry



Total Invested Value (TIV) = \$8.5 Billion

*Source: Industrial Info Resources

- 1) Appropriately use market data to set expectations
- 2) Understand all stakeholders in organization
- 3) Timing, timing, timing
- 4) Don't say anything to market except through proper channels
- 5) Keep messaging consistent, especially if in the leveraged position
- 6) Truly evaluate the cost of credits vs. alternatives

1) Generation

- Running out of time to apply for credits
 - March 31 Deadline
 - Changes to Parishes Applicable to Offset Requirements (AQ380)
- Running out of time to sell credits
 - Closer to Expiration = Potentially Lower Value

2) Use

- Holding or not using credits timely
- Be wary of credits with <2 years

3) Buy/Seller Fundamentals

- Understand Internal Opportunities for Reductions
- Understand Market
 - Embrace Interpollutant Trading (IPT)

- A sophisticated confidential client
 - Organized a team
 - Understood the market,
 - Knew their cost to control,
 - Evaluated regulatory environment,
 - Controlled messaging, and
 - Moved when timing was right.
- The team executed \$100MM in commodity transactions.
- The purchase accomplished
 - Cemented credit certainty for future projects
 - Credits costs were lower than cost to control

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WORLD FINANCE



“US Emissions House of the Year” by Energy Risk

Energy Risk Environmental Rankings

- #1 U.S. Regional Greenhouse Gas Dealer
- #1 U.S. Voluntary GHG Credit Dealer
- #2 Renewable Energy Credit Dealer
 - #1 NOx & SO₂ Dealer

Environmental Finance Magazine

- Best Trading Company in North American Renewable Energy
- Runner- Up, Best Trading Company of North American GHG Markets (California)
 - Best Trading NOx & SO₂ Company Emission Credits