

2 February 2011

COOPERATION PROPOSAL

for energy efficiency improvement, GHG management, and carbon projects development and implementation

CCGS LLC, an international Russian-Dutch company, is pleased to offer its services related to setting up corporate GHG emissions and energy management systems, as well as services related to preparation and implementation of investment projects aimed at energy efficiency enhancement, energy saving, use of alternative energy sources, including renewables and biofuel, with the help of carbon financing mechanisms.

1. GHG Emissions Management

Those products that are manufactured by companies which fail to control their GHG emissions and whose carbon intensity falls short of international standards are now facing increasingly more barriers in the international markets. This is primarily relevant for companies that are exporting their products to Europe and other countries which are implementing national compliance policies and measures aimed to cut and limit GHG emissions.

Within the framework of the proposed cooperation CCGS shall:

- undertake inventory of GHG emissions attributed to the company activity;
- develop a customized software (“carbon calculator”) which allows to quantify and analyze GHG emissions, prepare corporate reports according to international format and ensure real-time emissions monitoring that could help to take prompt mitigation measures;
- develop strategic projections of GHG emissions for different company development scenarios;
- shape a strategic carbon plan towards the year 2020 to reduce the company’s carbon footprint, including a complex of top-priority measures, which allow to cut emissions at no or low costs for the company;
- help to develop, set up and certify a corporate GHG emissions management system as per ISO 14064 “Greenhouse Gases” which comes into more extensive use across the globe;
- provide training and coaching for the personnel;
- evaluate and pick investment projects that are eligible for implementation using instruments of carbon financing and carbon trade.

2. Energy Efficiency and Energy Saving

CCGS is a professional member of energy auditors’ and consultants’ community. In 2010, CCGS joined a self-governing organization in the sphere of energy saving and energy audit “Energoaudit” and was entitled to conduct on-site energy audits to evaluate potential conservation measures and emissions mitigation opportunities.

Most of the company employees have diplomas in power engineering and a long track record in this field. Two of our experts have PhD degrees in energy science and an academic title of assistant professor with a long-term experience of lecturing at thermal engineering department at a university.

We know everything about energy generation and consumption. We know that energy efficiency enhancement is a burning issue for most companies in energy and industry sectors and we know exactly how to achieve it using modern techniques. We know that energy consumption is the most significant factor that determines GHG emissions and that, in the context of climate change mitigation actions undertaken by the world community, the issue of energy saving, energy efficiency and use of low-carbon and non-carbon fuels and energy may and should be solved within the framework of GHG emissions management and with the help of carbon financing and trading mechanisms, to the extent applicable.

Basing on the above CCGS is happy to provide the following services:

- comprehensive energy survey of a company;
- strategic assessment (projection) of energy consumption for the future for different company development scenarios;
- development of carbon energy strategy to reduce energy costs, increase energy safety and mitigate adverse environmental impact, including the list of first-to-come no or low cost measures;
- development, launching and certification of a corporate energy management system in accordance with the international standard ISO 50001, which is used more and more widely now alongside Quality management standard ISO 9001 and Environmental management standard ISO 14001.

3. Carbon Projects Development and Implementation

CCGS has an extensive experience of preparing and implementing carbon projects worldwide using the joint implementation mechanism (Article 6 of the Kyoto Protocol), clean development mechanism (Article 12 of the Kyoto Protocol) and voluntary carbon standards (VCS, VER+, etc.).

Each and every project prepared by CCGS was successfully validated and got positive reviews from the professional participants of the carbon market. We are not afraid to take up new projects, develop or apply new approaches and methodologies; we do not shrink from challenging cases, however, we always hold on to sound conservatism and are committed to fundamental principles and requirements of the Kyoto Protocol and other carbon standards.

We successfully cooperate with authorized international and governmental bodies and agencies responsible for carbon projects evaluation, selection and approval. We know each and all of their requirements and are able to meet them 100%.

We are ready to do the whole project cycle *at our own risk and expense*, including

- preparation of the required project documentation (PDD),
- project validation by an authorized accredited entity,
- obtaining letters of support and approval for the project,
- preparation of monitoring reports and their verification by an authorized accredited entity,
- issue of carbon units and their sale on behalf and in the interests of the project owner.

In this case we will only charge a *success fee* for our services and this success fee only becomes due once the project owner has received his money for the delivered carbon units. Success fee is a certain portion of the actual carbon proceeds realized by the project owner to be determined for each project individually depending on its scale, complexity, risks, implementation term and other specific features, but in all cases is fair (market) and comfortable for the client.

4. About CCGS

CCGS is the internationally recognized professional service provider in energy generation and use, energy efficiency improvement, GHG emissions management and carbon projects implementation.

For details please refer to our website: <http://ccgs.ru/en>

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We hope that you find this proposal of interest and we'll be happy to answer any questions you might have.

Yours faithfully,



Michael Yulkin
Director General