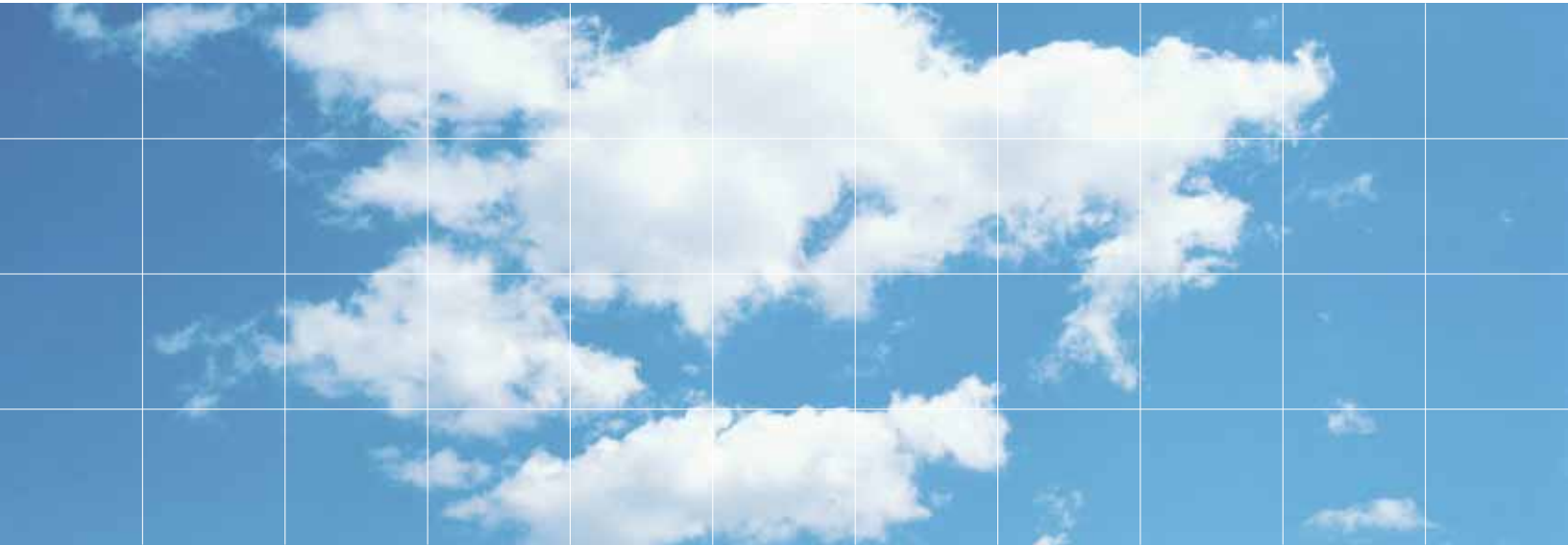




One Firm WorldwideSM



CLIMATE CHANGE

Climate change is one of the major issues confronting governments, industries, and individuals in the 21st century. Various initiatives already have been taken in recent years to adapt the world's economies to this new environment. In particular, the Kyoto Protocol, effective since 2005, imposed greenhouse gas ("GHG") emission reductions on most industrialized countries. The European Union recently agreed to reduce even further its GHG emissions and increase significantly the portion of renewable energies that it uses. The new Obama administration has indicated its willingness to impose limits on GHG emissions in the U.S. and to be part of a worldwide emission reduction scheme. However, no agreement has yet been reached amongst industrialized countries as to the international scheme that will succeed the Kyoto Protocol after 2012. In this changing legal environ-

ment, it is crucial for industries and individuals to understand their rights, obligations, and opportunities going forward.

Jones Day has been involved in, and focused on, climate change legal issues for many years. In 2001, Jones Day put in place a team of lawyers focused on all aspects of climate change. These lawyers have experience in corporate, tax, regulatory, environmental, project finance, construction, and litigation issues. Believing a multidisciplinary approach to be key to effectively anticipating and addressing the complex legal issues associated with climate change, the global Jones Day network provides worldwide coverage, including in the regions where climate change projects are more likely to be implemented, such as China, India, and Latin America.



“The firm was an early mover in the climate change field and, over the years, has developed excellent specialist knowledge, acting on numerous complex climate change-related transactions.”

Chambers Europe 2008

We are well positioned to represent and advise our clients on climate change projects, regulatory matters, and litigation. We also have the requisite experience to assist our clients in evaluating and pursuing climate change opportunities, whether they are investors, financial institutions, or developers.

EMISSION REDUCTION AND TRADING

Our team has extensive experience with the European Union Emissions Trading Scheme, the French and U.K. Emissions Trading Schemes, and U.S. state and regional control schemes, as well as with structuring Joint Implementation and Clean Development Mechanism (“CDM”) projects under the Kyoto Protocol.

Our worldwide, multidisciplinary team provides assistance with the following:

- Advice on international, national, regional, and local climate change legislation and regulatory programs.
- Due diligence designed to analyze a project’s economic and technical viability.
- All issues relating to project financing.
- Project structuring, such as providing advice from a tax perspective in order to optimize GHG reduction credits.
- Drafting contracts required for project implementation.
- Management of relationships with governmental authorities to obtain required approvals.
- Drafting and negotiating emission reduction credit purchase agreements.
- Advice to institutional investors and specialty funds on CDM and renewable energy projects.
- Counsel and advice on “green tag” trading under various U.S. state renewable portfolio standards and the international infrastructure for the regulation of GHG that includes the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the U.K., French, and EU Emissions Trading Schemes.

OUR SELECTED EXPERIENCE

The following list is a selection of recent significant representations in which the Jones Day team has been involved:

- **AgCert International**

We represented AgCert International, a leader in the production and sale of agriculturally derived GHG emission reductions, in its flotation on the London Stock Exchange to carry out international CDM projects in the agricultural sector.

- **Bridgestone Americas, Inc.**

Our lawyers analyzed costs and benefits of potential membership in the Chicago Climate Exchange.

- **Eco Asset Incorporated**

Jones Day provided legal advice with respect to three CDM projects in China. We reviewed the memorandum of understanding between Eco and a Chinese corporation, Guizhou Zhongshui Energy Development Co., Ltd, with respect to CDM projects in China in which Eco became a participant purchasing Certified Emission Reductions (“CERs”). We then provided advice on preparing project design and other application documents enabling Eco to obtain approval from the relevant Japanese government ministries for participation in these projects. We reviewed joint venture and shareholders’ agreements between Eco and two Chinese corporations—Guizhou Zhongshui Hengyuan Project Management and Consulting Co., Ltd, and Guizhou Heji Nengyuan Youxian Zeren Gongsi—to establish a joint venture in Japan for the purpose of developing a trading platform for CERs.

- **ENDESA Generación**

We provided legal advice on different aspects of the implementation of the Kyoto Protocol with respect to CO₂ capture and confinement.

- **PotashCorp**

We advised on the risks and benefits of registering carbon emission reduction credits under the Voluntary Carbon Standard Program.

- **Rhodia Energy Services**

We advised Rhodia Energy Services, a subsidiary of the Rhodia Group, on one of the most important private transactions performed for the implementation of CDMs since the Kyoto Protocol went into effect. The legal and tax structuring of the project, the creation of a joint venture with Société Générale Energie for the trading of CERs, and the

One of our goals is to

help our clients identify

market trends so that they

may take early action that

can provide future com-

petitive advantages.



sale of one of the largest volumes of CERs ever generated to investors, made this project particularly complex. With this major transaction in the private sector, Jones Day acquired in-depth knowledge of the issues related to climate change.

- **Rhodia Organique Fine Limited**

Jones Day advised Rhodia Organique Fine Limited, one of the majority participants in the U.K. Emissions Trading Scheme (“UK-ETS”), the world’s first major greenhouse gas emissions trading system. We assisted Rhodia during and after the initial auction in evaluating various strategic options then under consideration by management. We also provided strategic and compliance advice regarding the sale of Montreal Protocol “production” and “sales” rights, including overlap with the UK-ETS in respect of HFC/HCFC production in the U.K.

- **SOx and NOx trading schemes in the U.S.**

We have represented, and are continuing to represent, many clients in the banking and trading of SO_x and NO_x emission reduction credits under federal (U.S.) and state emission credit trading programs.

Using our knowledge of developing SO_x and NO_x trading schemes in the U.S., we consulted with multiple stakeholders, including the U.K. government, on Renewables Obligation Certificates (“ROCs”), Renewable Energy Credits (“RECs”), and carbon emissions trading, as well as the opportunities and risks presented by these markets.

- **UK-ETS**

Our lawyers advised on one of the first forward contracts for the sale of credits under the UK-ETS.



- **Reforestation**

We represent a client in the United States in the drafting and negotiation of an agreement for the reforestation of state-owned lands for the purpose of earning carbon sequestration and other greenhouse gas credits available under current and future regulatory and voluntary GHG reduction programs.

- **CER Contracts and Implementation by Subject Companies of EU Climate Change Obligations**

We provide legal advice on the negotiation and drafting of CER contracts, as well as on regulatory issues in connection with the implementation of the Kyoto Protocol obligations in Europe.

RENEWABLE ENERGY PROJECTS

Jones Day long has been recognized as having one of the leading global renewable energy practices.

One of our goals is to help our clients identify market trends so that they may take early action that can provide future competitive advantages.

Our lawyers carefully follow and advise clients on:

- Legislative and regulatory requirements related to renewable portfolio standards.
- The integration of renewables into utility operations and related transmission and interconnection issues.



Our Climate Change practice was ranked No. 1 in France by *Chambers Europe* in 2008 and again in 2009. “A pioneer in the climate change field, the [Jones Day] team has extensive experience and provides excellent advice on emissions rights-related cases.” *Chambers Europe 2009*

- Green attribute trading and marketing.
- Required permits and authorizations.
- Renewables for commercial customers and the impact of net metering initiatives.
- Carbon financing opportunities (RECs, ROCs, CERs, etc.).

We also assist our clients in analyzing the economic and technical viability of renewable energy projects; assessing development risk, operational viability, transmission, and delivery issues; and, particularly in connection with the design and construction of new facilities, securing the necessary permits and project financing. We also help our clients develop practical solutions to the challenges involved with renewable energy projects and initiatives.

OUR SELECTED EXPERIENCE

The following list is a selection of recent significant representations in which the Jones Day team has been involved:

- **American Electric Power Company, Inc.**

Jones Day represented American Electric Power Company in the successful \$121 million project financing of the 160.5 MW Desert Sky Wind Project in Texas. Recognized by *Project Finance* magazine as “North America Renewables Deal of the Year” for 2002, Desert Sky reflects the potential of wind power, a clean, renewable energy source.

- **Banco Bilbao Vizcaya Argentaria, S.A.**

We advised a syndicate of banks led by Banco Bilbao Vizcaya Argentaria, S.A., in connection with the €443 million financing of the construction and development of 11 wind parks located in Spain with a total generating capacity of 2,956 MW.

- **Banco Santander et al./Nevada Solar One**

We represented Banco Santander in connection with the \$296 million leveraged lease financing of the 64 MW Nevada Solar One thermal solar electric generating facility located in Boulder City, Nevada, developed by Acciona Energía, S.A. This was the first leveraged lease financing of a concentrated solar power plant in the United States.

- **Calyon and Société Générale**

We advised a syndicate of banks led by Calyon, S.A., and Société Générale, S.A., in connection with the €450 million financing of the construction and operation of a 475 MW thermal solar plant located in Aïn Béni Mathar (Morocco), built by the Spanish company Abener for the Algerian state-owned Office National d'Electricité (ONE).

- **Chevron Energy Solutions**

We are counsel to Chevron Energy Solutions in connection with its PV solar energy construction program in the U.S.

- **Developers Diversified Realty Corporation/SunEdison**

We assisted DDR, a publicly traded real estate investment trust, in establishing a solar energy program with SunEdison, North America's largest solar energy services provider, to develop and install solar energy systems at hundreds of shopping centers in the United States and Puerto Rico.



Chambers USA 2008 cites Jones Day's Climate

Change Litigation Practice as being “out in front” of others in this emerging area of law.

- **E.ON AG/Acquisition of Airtricity North America**

Jones Day represented E.ON AG in connection with its approximately \$1.9 billion acquisition of the North American wind development business of Airtricity Holdings Limited, which made E.ON one of the largest wind farm developers in the world.

- **OGE Energy Corp.**

We represent OGE Energy Corp. in a joint venture with MidAmerican Energy and American Electric Power for the development, construction, and ownership of 765 kV transmission lines in western Oklahoma that would enable the development of the state's substantial wind resources.

- **SunPower**

Jones Day advised SunPower on its January 2007, \$325 million acquisition of PowerLight.

- **Xcel Energy Inc.**

We assisted in the acquisition by Xcel Energy's subsidiary, Northern States Power Company—Minnesota (“NSP-MN”), from enXco Development Corporation of a proposed 201 MW wind power project in Minnesota and a proposed 150 MW wind power project in North Dakota, contemplating a total investment by NSP-MN of approximately \$900 million.

CLIMATE CHANGE LITIGATION

In the absence of a federal scheme for emission controls of greenhouse gases in the U.S., some states and private parties have filed lawsuits alleging that such emissions are a public nuisance that causes a variety of compensable damages. To date, three such lawsuits have been filed. Jones Day has a lead role in each of these pending cases: *State of Connecticut, et al. v. American Electric Power Company, Inc., et al.*, No. 05-5104-cv (2d Cir.); *Ned Comer, et al. v. Murphy Oil USA, et al.*, No. 1:05-cv-00436 (5th Cir.); and *Native Village of Kivalina, et al. v. ExxonMobil Corp., et al.*, No. 1138 (N.D. Cal.).

More climate change litigation is expected. The United Nations Intergovernmental Panel on Climate Change reports doubtless will be used by future plaintiffs wishing to bring climate change lawsuits seeking redress for personal injury and property damage. To prevail on such claims, plaintiffs and their scientists must demonstrate not only that the earth has warmed, but also that the climate effects complained of are tied to defendants' activities, as the concept of “specific causation” is well settled in law. Jones Day's lawyers are at the forefront of the complex scientific and evidentiary issues related to climate change litigation and specific causation.



CONFERENCES AND PUBLICATIONS

Jones Day lawyers regularly author publications on climate change and related issues. In addition, we have spoken on climate change and emissions trading at national and international conferences. Sophie Hagège, Françoise Labrousse, Vincent Agulhon, and G. Graham Holden spoke in March 2006 at the first conference organized by MEDEF (the French business confederation) in partnership with Jones Day, dedicated to the Kyoto Protocol. Sophie Hagège and Françoise Labrousse regularly attend or participate as speakers at conferences and breakfast seminars on climate change-related issues.

Kevin Holewinski and Graham Holden have also spoken at a number of national environmental conferences on climate change and associated litigation. In June 2008, Chuck Wehland spoke on CDM project opportunities at the IQPC Carbon Trading Conference in New York. In September 2008, Jones Day and *Scientific American* sponsored a conference in Washington, D.C., "Climate Change Litigation and Corporate Risk: Navigating in an Uncertain Climate." A custom publication in collaboration with *Scientific American* was produced to summarize the conference discussion.

Since 2007, Jones Day's Climate Change team has been a gold sponsor of Carbon Market Insights, an annual conference on international climate policy and the premier event for the world's carbon markets. This conference, last held in Copenhagen in March 2009, draws more than 1,500 participants representing approximately 800 companies, banks, investment funds, organizations, and governments from around the world. Former U.S. Vice President Al Gore was the keynote speaker at the 2007 event, which celebrated the 10th year of the signing of the historic Kyoto Protocol.

ADDITIONAL INFORMATION

For additional information on our Climate Change team or any of our other practice areas, please contact your principal Jones Day representative or one of the lawyers listed in this publication. General email messages may be sent using our "Contact Us" form, which can be found at www.jonesday.com.

LAWYER CONTACTS

ATLANTA

1.404.521.3939
G. Graham Holden
ggholden@jonesday.com

MADRID

34.91.520.3939
Luis Muñoz
lmuñoz@jonesday.com

NEW YORK

1.212.326.3939
Thomas C. Havens
tchavens@jonesday.com

TOKYO

81.3.3433.3939
Kaoru Umino
kumino@jonesday.com

CHICAGO

1.312.782.3939
Charles T. Wehland
ctwehland@jonesday.com

MEXICO CITY

52.55.3000.4000
José A. Estandía
jestandia@jonesday.com

PARIS

33.1.56.59.39.39
Sophie Hagège
shagege@jonesday.com

WASHINGTON

1.202.879.3939
Kevin P. Holewinski
kpholewinski@jonesday.com

CLEVELAND

1.216.586.3939
John A. Rego
jreg@jonesday.com

MILAN

39.02.7645.4001
Giovanni M. Marini
gmardini@jonesday.com

SAN FRANCISCO

1.415.626.3939
Thomas M. Donnelly
tmdonnelly@jonesday.com

LONDON

44.20.7039.5959
Chris Papanicolaou
cpapanicolaou@jonesday.com

MUNICH

49.89.20.60.42.200
Sandra-Christiane Kamper
sckamper@jonesday.com

SILICON VALLEY

1.650.739.3939
R. Todd Johnson
rtjohnson@jonesday.com

JONES DAY GLOBAL LOCATIONS

ATLANTA

DALLAS

LOS ANGELES

NEW YORK

SHANGHAI

BEIJING

DUBAI

MADRID

PARIS

SILICON VALLEY

BOSTON

FRANKFURT

MEXICO CITY

PITTSBURGH

SINGAPORE

BRUSSELS

HONG KONG

MILAN

RIYADH

SYDNEY

CHICAGO

HOUSTON

MOSCOW

SAN DIEGO

TAIPEI

CLEVELAND

IRVINE

MUNICH

SAN FRANCISCO

TOKYO

COLUMBUS

LONDON

NEW DELHI

SÃO PAULO

WASHINGTON