The Market Value of Sustainability and Certification

Joint Forum on Bioenergy Sustainability and Lifecycle Analysis

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Value of Sustainability

- **Inherent Value of Sustainability**
  - Certain sustainable practices have inherent value because they make economic sense, i.e. energy efficiency, reprocessing or recovering waste streams, regionalization / localization
  - Marketing value of self-proclaimed sustainability is limited
    - Consumers don’t know the difference

- **There is no ‘market’ for sustainability**
  - No clear distinction in the market for sustainable versus non-sustainable products
  - Government policy does not currently drive sustainability
  - Thus there is no ‘market’ for sustainability today
Sustainability Market Drivers

- Consumers
- Bioenergy Producers
- Bioenergy Industry
- Government
Sustainability Market Drivers

- Producers
  - Driven by economics

- Consumers
  - Growing awareness of and demand for sustainability but this is not pervasive in the value chain
    - End consumers vs blenders/distributors/refiners
  - Absent sustainability certification, how do consumers choose and influence the market

- Bioenergy Industry
  - Development of sustainability standards and certification programs should be industry driven
  - Industry groups are well positioned to do this but will they?

- Government
  - Move towards carbon / GHG emission limitations will drive the adoption of sustainable bioenergy production practices
  - Lifecycle carbon accounting factoring in sustainability metrics combined with an active carbon trading market will drive bioenergy producer behavior
Creating a Market for Sustainability

- A market for sustainability requires:
  - clear and consistent definitions and metrics
  - Non-competing mechanisms to measure and certify sustainability
  - Consumers using the above to exercise choice and thus drive market value

- Mechanisms to comparatively measure the value of sustainability are critical
  - Lifecycle carbon accounting provides a mechanism to measure sustainability
    - ‘carbon adjusted’ market pricing
  - Industry driven sustainability certification enables clear differentiation and choice

- Consumers are the ‘deciders’
- Differentiated pricing for varying levels of sustainability
Value of Sustainability Certification

- Provides consumers with a clear and simple choice between sustainable versus unsustainable bioenergy products
- Creates a market for sustainability
- Producers will be forced to ‘rethink’ their business
  - Feedstock selection and sourcing
  - Energy consumption
  - Waste / byproduct processing
  - Marketing
- Stimulate increased efficiency in producer operations
- Promote sustainable feedstock production
THANK YOU

Harry Simpson
President
hsimpson@crimsonrm.com
303-327-7675
Who is Crimson Renewable Energy?

- Part of Crimson Resource Management Corp., a leading independent California upstream and midstream oil/gas company
- Crimson Renewable Energy combines strong energy industry production, engineering and logistics experience with financial strength
- Currently focused on Biodiesel production and distribution
- Building the largest biodiesel plants in CA
- Proprietary closed-loop, continuous system for multi-feedstock biodiesel production