

Climate Policy News

January 25 –February 1, 2010

IN BRIEF

- o Allowances to be issued soon;
- o Renewable forecasts for EU members;
- o Copenhagen Accord: who's in, who's not;
- o Indonesia targets forestry emissions;
- o The carbon market this week.

EU Emission Trading Scheme

Allowances to be issued soon

Members of the European Union and of the EU ETS have announced the dates in which they will start issuing to their installations the allowances for 2010. The first country to do so will be also the biggest emitter and largest allowance holder, Germany, which will start on February 15th. France, the Netherlands and the UK will be next on February 22nd. So far, only Slovakia starting issuing allowances before January 15th, while some countries have not yet set any dates or do not even have an approved NAP (Estonia and Poland).

Projections show countries on track to meet renewable target

This week 20 out of 27 EU countries submitted projections regarding the expected production of energy through renewable sources, in order to check whether they are on track to meet their 20% target set by the Union for 2020. France and the Czech Republic reported they are on target and will not need help from other member states, unlike Belgium and the Netherlands, which reported doubts as to the certainty of meeting their target. Other countries like Sweden, Denmark, Germany and Spain are likely to exceed their goal according to projections. The forecast documents for each country can be found at

http://ec.europa.eu/energy/renewables/transparency_platform/forecast_documents_en.htm

News from the World

Copenhagen Accord: who's in, who's not

Complying with the January 31st deadline 55 countries have sent to the UNFCCC their emission reduction pledges under the Copenhagen Accord. Among the developing countries, India

and China did not commit to any specific emission reduction, but proposed voluntary targets of respectively a 40-45% decrease in emissions by 2020 compared to the 2005 levels and a 20-25% reduction in emission intensity by the same year. The main developed countries confirmed the announced targets, with the EU sticking at the 20% reduction by 2020 over 1990 levels (going to 30% if all major emitters were to join in an international agreement), the US minus 17% over 2005 levels (details depending on the passing of the climate legislation), and Australia going for a 25 per cent on 2000 levels by 2020 if countries globally agree to put in place reduction that would stabilize world emissions at 450ppm. A conditional target has also been put forward by New Zealand, which has submitted 10-20 per cent reduction below 1990 levels if there is a comprehensive global agreement. Among the other developing countries, Brazil committed to 36.1-38.9 per cent reduction below business as usual by 2020, while South Africa and Indonesia committed respectively to a 34% and 26% reduction below business as usual by the same year. More details on countries' submissions can be found at

<http://unfccc.int/home/items/5264.php> (developed countries)

<http://unfccc.int/home/items/5265.php> (developing countries)

IMF calls for climate financing

During the World Economic Forum in Davos, Switzerland, Dominique Strauss-Kahn managing director of the International Monetary Fund called for the establishment of a \$100 billion fund to help developing countries in their transition to a greener economy. The **Green Fund** could be set up in part extending the Special Drawing Rights (SDRs) an asset reserve based on a basket of four key international currencies and put in place by the IMF for its member countries and currently financing \$324 billion over the world.

The Carbon Market

This week was a bearish one for carbon, which lost over 1.5% from the previous week's close due mainly to lack of activity and a focus on technical factors. As traders were mainly observing the emerging trends in the market (effects of the persistence of a colder-than-expected winter in Europe) volumes went down compared to daily averages and the EUA2010 and the CER2010 closed on Friday respectively at €12.96 and €11.43.

SOURCES TO THIS ISSUE

Pointcarbon, Reuters interactive, Climate Ark, Euractiv, Carbon Finance website.
News and updates selected and edited by Caterina Cruciani, Fondazione Eni Enrico Mattei.
For questions and comments please contact: caterina.cruciani@feem.it