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EU Emission Trading Scheme

Security tightens up after hackers attack

The European Commission is going to prepare new guidelines for the national carbon registries after the news that about €3-million worth of allowances had been stolen in a series of cyber attacks. Seventeen registries are believed to have been targeted by the attackers, with the German one losing about 250,000 allowances. The attackers have proven another vulnerability of the current set up of carbon registries, after last year's evidence that about €5 millions of VAT taxes were left unpaid thanks to a sequence of transactions across different registries.

Wind power capacity jumps in 2009

Data released by the European Wind Power Association this week showed that wind power capacity in the EU jumped at 10.163MW in 2009, a 23 percent increase from 2008 level. Wind power is the most installed renewable energy (39 per cent of total renewable energy in 2009) in Europe with a €13 million investment. Spain leads the way with an installed wind capacity equal to 24 percent of the total, followed by Germany (16 percent) and France and Italy. Total installed wind capacity covered 4.8 percent of the electricity demand in the European Union in 2009.

EU shows AAU surplus in 2008

Preliminary data on Assigned Amount Units in the first compliance year of the Kyoto Protocol showed several EU countries emitting less than their assigned amounts. Among the 15 EU countries with an AAU surplus, Poland showed the largest surplus, with other main European emitters showing large amounts of unused permits, including France, the UK and Germany. Even countries that expected a deficit (Finland, Greece and Belgium) are very likely to end in surplus, probably thanks to the lower energy demand due to the economic crisis, which in Finland caused a switch from coal to hydroelectric energy.

News from the World

Copenhagen Accord pledges enough?

According to a US think tank, the Peterson Institute, the pledges submitted to the UNFCCC by 92 countries and adding up to emission reductions between 49.9 and 51.5 billion tonnes in 2020, could lead to a temperature increase between 1.3C and 2.4C by 2020. The lower bound of emission reductions could be achieved if the 100 billion in climate financing are spent half in adaptation and half in emission reduction activities (mitigation), thus leading with a peak in emission concentration below 500 ppm, which could deliver a 1.8C temperature increase as a best guess. These simulations were obtained through the C-ROADS modeling platform developed by Climate Interactive, the Sustainability Institute and MIT. More details on the simulations and the modeling platform can be found at

<http://climateinteractive.org/simulations/C-ROADS>

Obama announces plan-B measures

Despite his main goal remaining to pass a comprehensive climate legislation, US President Obama has announced three "plan-B" measures in the unfortunate case in which Congress fails to agree on such an action. These three measures include the implementation of an EPA-managed renewable fuels standard calling for the production of 36 billion gallons of renewable fuels by 2022, monetary incentives from the US Agriculture Department to induce farmers to increase their conversion of biomass to energy and the creation of a inter-agency task force on carbon capture and storage to develop a "coordinated federal strategy" and develop 10 demonstration projects by 2016.

CCX help to design South Korean market

After the creation of a trial emissions trading scheme from 1 January 2010 that covers 641 installations, South Korea has requested the advice of the Chicago Climate Exchange to help design a possible economy-wide mandatory scheme from 2013. CCX will release a report by the end of March, detailing how the South Korean cap-and-trade could be defined. This "suggestions" paper falls into the requirement of a Memorandum of Understanding that CCX signed in 2009 with the main South Korean power companies.

The Carbon Market

The week was characterised by bearish signals in the energy complex, with both oil, coal and German power prices sliding downwards, yet carbon prices received a boost towards the end of the week thank to increased volatility (mainly in the futures compartment) that made Thursday the most traded day in 2010. The EUA2010 closed the week at €13.40, up €0.29 on the previous day, a gain almost mirrored in the CER compartment with CER2010 closing at €11.75 up €0.26 on the previous close.

This week featured the second UK auction of allowances in 2010, which went seven times oversubscribed with 30 million bids for the 4.4 million allowances available. The clearing price was €12.66 with a 4.2 percent rise from the clearing price of the first 2010 auction – €12.15.