

Climate Policy News

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EU Emission Trading Scheme

EU Summit: no time for climate issues

During Thursday's EU Summit climate change was notable for its absence from the list of debated issues. All the efforts of the EU leaders were devoted to dealing with the current financial crisis in the Eurozone and on ways to help Greece out of the particularly harsh financial hurdles it is going through. Despite the urgency of dealing with the financial turmoil spreading from Greece into the Union, environmental groups were particularly let down by the total lack of concern for climate change issues, especially after the not-so-brilliant outcome of the Copenhagen conference. Herman Van Rompuy, the permanent president of the European council was reported promising that climate change would be the central issue during March EU Summit, which should give time "to prepare a strategic note" about what the Union plans to do next.

Italy moves on on nuclear shift

On Wednesday, the Italian Economic Development ministry announced that the Council of Ministries approved a decree that will bring back nuclear generation in the country, after a referendum on the aftermath of the Chernobyl accident had led to the closing down of existing nuclear facilities in the 1980s. The decree allows to select sites and start constructing the new plants by 2013, which could then be running starting from 2020. Despite the claim that nuclear power is crucial in helping Italy achieve its 6.5 percent below 1990 levels target under the Kyoto Protocol, the Italian government is under the process of approving the opening of new coal-fired plants, which, according to Italian environmental group Legambiente, could lead to the emissions of 39 million tonnes of carbon dioxide per year.

New details on French carbon tax

On Tuesday, the French Ministry of Ecology, Energy and Sustainable Development published on its website new details on the introduction of a national carbon tax system in the country. According to the website, an exemption of sectors already

covered by the EU ETS would be "unfair", although maintaining the competitiveness of the French industry is also a stated objective. Thus, two options are on the table: the first one foresees reduced tax rates and tax credits based on energy saving initiatives and emission reductions schemes for the most exposed industries, while the second would require all industries to pay the full €17 per tonne of CO₂ levy with a fixed based tax credit based on historical emissions and sector emission averages. The French carbon tax will enter into force on July 1, 2010 with the goal of reaching €100 per tonne of CO₂ by 2030.

News from the World

US-China clean-energy venture

The policies and clean-energy initiatives of the two biggest polluters of the world will be the target of the action of a new US-China partnership, involving Washington-based National Center for Sustainable Development and the China CDM Fund Management Center into a coordinated information exchange that includes the analysis of comparative market-based approaches to determine relative merits and which measures are the more efficient and cost-effective.

New UN body for climate financing

UN Secretary-General Ban Ki-moon announced this week the creation of a new high-level group aimed at the mobilization of the financial resources called for in the Copenhagen accord, which requires fast-start financing of \$30 billion for the period 2010 to 2012 as well as long-term finance of \$100 billion annually by 2020. The group will be chaired by Ethiopian Prime Minister Meles Zenawi and UK Prime Minister Gordon Brown and will include both rich and developing countries "in good balance". The members, chairs excluded, will be appointed for 10 months and could be heads of states, politicians or members of central banks, whose names will be released soon, according to a UN statement. The new group is supposed to come up with recommendation on how to collect the required financial resources by the UN main climate change summit in Mexico later this year.

The Carbon Market

The cold weather helped support carbon prices this week, but was not enough to completely reverse the bearish trend, with the EUA2010 closing at €12.95, well below last week's close. Prices and volumes were very volatile during the week, with a peak in the EUA price at €14.04 on Tuesday (due to increased weather-related power demand) and a low at €12.65 on Thursday and with more than 22 million allowances exchanging hands over the week. On the secondary CER market prices followed a very similar bearish trend over the week, with the CER2010 closing the week at €11.40, down €0.20 on the previous day only.