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EU Emission Trading Scheme

NER 300: EIB releases first figures

This week, the European Investment Bank (EIB) released the first **monthly report** concerning the December sale of the **300 million allowances** set aside in the New Entrants Reserve (NER) of the EU ETS. On December 5, indeed, the EIB started sales of emission permits on behalf of the EU, as established by the "NER 300" initiative. According to the report, the EIB sold a total of **12,000,000** EU allowances (EUA) in the final month of 2011, raising a total (gross) revenue of € 97,849,000, which will be used by the EU to fund carbon capture and storage (CCS) demonstration projects and renewable **energy technologies**. All transactions have been executed as EUA December 2013 contracts (with delivery and receipt of revenues scheduled in December 2013) in the bilateral OTC (over-the-counter) market. EIB figures show also that allowances have been sold in 16 trades which ranged in size between 1,100,000 and 200,000 units at an **average price of €8.15**. Market observers said they expected sales for around 20 million units by the end of 2011.

News from the World

Negotiating draft for Rio+20 unveiled

On Tuesday night, a **first draft** of the declaration to be adopted at the UN summit on sustainable development (Rio+20), which will take place in Brazil next June, was unveiled. The 19-page draft, entitled "**The Future We Want**", is the result of more than 600 official submissions coming from individual countries, non-governmental organisations, designated major groups, and civil society groups. It outlines the agenda and the **discussion points** which will guide the debate on the two main themes: (i) a green economy in the context of sustainable development and poverty eradication; and (ii) the institutional framework for sustainable development. At a first sight, the "zero draft" reaffirms the **political commitment** of countries to their previous declaration and lists some proposals for the future transition to a cleaner and fairer economy covering a **whole range** of issues. Among them are an enhanced international cooperation on sustainable development policy and on green technologies' deployment, a regular review of the state of the planet, a strengthened scientific basis in the UN decision-making, a specialised agency for the

environment and a universal access to energy. In the next five months, involved parties will seek to improve and **streamline** the document to be finally agreed by the heads of states attending the Conference in June. The full text is available at www.uncsd2012.org/rio20/index.php?page=view&type=12&nr=324&menu=23

2011 green investments hit new record

According to a short report released by Bloomberg New Energy Finance this week, green energy closed the 2011 with a new record of **\$260 billion** in new investments. Compared to the previous year this represents a **5 percent increase** despite the negative role played by the downturn affecting the global economy. Investments on **solar technology** achieved the most relevant result with a 36 percent of growth to \$136.6 billion even though the price of photovoltaic technology halved in the same period. On the contrary, investments in wind power decreased by 17 percent (totalling \$74.9 bn) compared to 2010. Equally noteworthy is the fact that the **US** spent more than China for the first time since 2008, jumping back **into the lead** in clean energy investment. US total investment, indeed, surged to \$55.9 billion, up 33 percent, while China's investment rose just 1 percent to \$47.4 billion. The Europe area saw around \$100.2 billion clean energy investment up **3 percent**, mainly due to the growing number of solar installations in Germany and Italy, and offshore wind in the North Sea. The document is accessible at www.bnef.com/Downloads/pressreleases/180/pdf/180.pdf

EPA launches new web tool on GHG data

The US Environmental Protection Agency (EPA) launched this week its new **interactive website** which provides information on emissions produced by the country's large facilities including power plants and oil refineries. Based on the EPA **GHG inventories**, the website allows both citizens and **decision makers** to easily see what kinds of federally designated toxic substances are in a specific area and who the major polluters are. In addition, utilities could track their own emissions and those of their competitors. Even though the tool is not a regulatory device, it summarises the EPA efforts to improve its **transparency** process and mobilise public awareness in US. The website is accessible at <http://ghgdata.epa.gov/ghgp/main.do>

The Carbon Market

A bullish trend characterised carbon prices this week. Markets were mainly influenced by the positive economic sentiment about the euro zone, which offset weaker energy prices and bearish supply data by the EIB. After the week's low of €6.42, the EUA 2012 recovered up to €7.37 on Thursday. On Friday, the contract lost some ground but closed at €7.07, around 7 percent more than the week before. The December 2012 CER hit a record low of €3.59 on Friday, ending at €3.68, only 8 cents higher than the previous Friday.

SOURCES TO THIS ISSUE

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