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## EU EMISSION TRADING SCHEME

### *Emission reduced in 2007*

Preliminary government data showed Hungary's emissions were 74.9 million tonnes of carbon dioxide equivalent in 2007, down 3.72 million from the previous year. Slovakia's emissions were 46.84 million tonnes of carbon dioxide equivalent in 2007, down 2.05 million from the previous year and well below the target under the Kyoto protocol.

### *Report proposes emission standards for power plants*

A new report commissioned by environmental groups WWF, Bellona Europa, ClientEarth, E3G and the Green Alliance to the consultancy Ecofys investigates alternatives to reduce emissions from the power sector. In particular, the report concludes that Europe could cut greenhouse gases emitted by large power plants by more than two-thirds by 2020 if mandatory emissions caps were introduced in stages between 2010 and 2020. A limit of 350g CO<sub>2</sub>/kWh for new plants from 2010 and for existing plants from 2015 could cut power sector emissions by up to 46%, while stricter limits imposed on new plants only would deliver much smaller savings.

The report can be downloaded at

[http://www.ecofys.com/com/publications/reports\\_books.asp](http://www.ecofys.com/com/publications/reports_books.asp)

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## NEWS FROM THE WORLD

### *International transport climate conference*

Transport ministers from the world's 22 major carbon dioxide emitting countries met in Tokyo on Wednesday at the Ministerial Conference on Global Environment and Energy in Transport (MEET). Financial and technological assistance from developed countries to developing countries, where CO<sub>2</sub> emissions from the transport sector are expected to keep rising sharply, was one of the main issues discussed. The conference concluded that more international co-operation to cut emissions from aviation and shipping is needed to achieve significant reductions, and that international organisations that represent the aviation and shipping industries should try and improve navigation and shorten routes and draw up specific proposals by the end of this year. The final declaration called for stricter fuel efficiency or CO<sub>2</sub> emission standards and energy-saving technologies and for ways to encourage efforts by the private sector, besides requesting a further understanding of ways in which the transport sector can use carbon finance.

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### *Kyoto outperformers rewarded*

Having outperformed their Kyoto target by more than 20 percent in 2008, nine European countries will receive 120 million extra allowances to use in the 2013-2020 period: Poland can expect 3.44 million, Bulgaria 2.58 million, Latvia 0.76 million, Lithuania 1.32 million, Estonia 1.1 million, Hungary 0.75 million, the Czech Republic 0.02 million, and Slovakia 0.36 million. The possibility to hand out extra allowances to new entrant countries was contested last year since their emissions reductions were not prompted by climate protection measures. After months of rifts, EU lawmakers in December had agreed to give the nine countries 2 per cent of allowances that governments can auction off - which amounts to an average of around 15 million per year during the period 2013-2020.

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## THE CARBON MARKET

The first week of 2009 was characterised by relevant losses in the carbon market, mainly due to the row over Russian gas supplies to the EU. Carbon shed about 8 percent of its value, with the benchmark contract (EUA2009) valued €14.65, down €1.25 from the close at the end of 2008. The bearish sentiment carried over to the secondary CER market, with CER2009 at €12.75, down €0.90 from the end of last year. On Monday, the warmer weather caused carbon to hit its lowest level since February 2007, with the EUA2009 at €13.85. Besides the weather, traders attribute the weakness of carbon prices also to the release of manufacturing data for some European countries, which showed a decrease in productivity. Carbon was so weak it did not respond to the bullish signal sent by the increase in gas prices due to the Russia-Ukraine row over gas supplies, which caused a 3 percent increase in gas prices. A 9 percent decrease in coal prices did not improve the picture, with carbon prices stuck on a bearish trend that left EUA2009 at €12.74 by the end of the week. Secondary CER did not escape the bearish trend, closing 7.8 percent over the previous week at €11.78, bringing the EUA/CER spread to €1.50.

In 2008 the carbon market saw an 83 percent increase in volumes compared to 2007, with some 4.9 billion tonnes allowances exchanged.

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## SOURCES TO THIS ISSUE

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