
EU EMISSION TRADING SCHEME

CCS-favouring proposal stumbles on technicality

On Wednesday, the Environment committee did not vote on a proposal to set Emission Performance Standards (EPS), which would have imposed a limit on the carbon dioxide emissions of power plants. The chairman of the committee, Miroslav Ouzky decided that the proposal fell too far from the scope of the Integrated Pollution Prevention and Control (IPPC) directive, which is the main legislation under review, and cancelled the vote that would have opened a new market for CCS technology. The Environment committee had voted in favour of emission limits of 500 grammes of carbon dioxide per kilowatt hour for all new large-scale electricity generating plants built after 2015, already in October 2008, only to see the proposal shelved a few months later during last December's EU-wide climate talks. The European legislations support CCS technology only through the decision to finance the built up of 12 demonstration plants by 2015 all over the Union, but so far this technology has not found much support among policy makers. If the institutional world is not ready for CCS, the financial market is indeed, with the insurance company Zurich announcing the offer to cover liabilities from CCS activities, with the Carbon Capture and Sequestration (CCS) Liability insurance and Geologic Sequestration Financial Assurances (GSFA) policies.

Stricter efficiency targets backed by industry committee

On Thursday, the Industry committee of the European Parliament agreed that a more ambitious EU energy efficiency package, put forward by the European commission last November, should be legally-enforceable across all 27 member states. In fact, unlike most of the other climate targets, the energy-efficiency measures are non-binding. The efficiency plans require each member state to draw up national action plans, which, if delays, could seriously undermine the possibility to achieve the climate objectives, according to the committee. The industry Committing is leading the debate on making binding the energy-efficiency commitments, but the entire parliament is set to vote on the proposal on 3 February. The second body that must agree, the European Council will meet to to decide on the proposal, and a wideranging Second Strategic Energy Review, on 19-20 March.

NEWS FROM THE WORLD

New climate bill finds way forward in USA

On Friday, the governor of Maryland announced the introduction in the national legislation of the Greenhouse gas Reduction Act, which calls on the Maryland Department of the Environment to finalise a plan by 2012 to carry out greenhouse gas emission cuts, which would be based on 2006 levels. A prior version of the plan had not survived industry opposition, but this bill explicitly address the industry concerns by preserving the state's authority to regulate emissions from the manufacturing sector by expanding RGGI, and, if a federal programme does not come into place, by deferring other state regulation of the sector until after legislative review in 2016. Along with the effort required by its participation to the RGGI, Maryland plans to be able to cut emissions by 25 percent by 2020.

Space: last frontier for GHG monitoring

The GHG monitoring has moved a step forward: Ibuki, the new Japanese-made satellite is orbiting around the Earth, collecting data once every three days on the levels of carbon dioxide and methane, at 56,000 locations around the globe. The satellite can measure the increase and decrease of GHGs with high precision in every region of the world and according to the Japan Aerospace Exploration Agency (JAXA) can play a crucial role in climate legislation.

THE CARBON MARKET

This week started off in the worst possible ways, with the new reference contract, the EUA2009, touching the lowest level carbon forward contracts ever reached in the second phase of the EUETS - €11.60. Softer gas and oil prices, besides preoccupation over production levels are the main culprits for this drop in prices, that was mirrored in the secondary CER market, with CER2009 shedding almost 8 percent. Tuesday and Wednesday saw prices basically unchanged, both in the EUA and in the CER compartments, while on Thursday a bullish trend kicked in supporting carbon up to €12 throughout the day, to be offset only by the building up of oil reserves that knocked down oil prices. EUA2009 closed up only by €0.05 at €11.65. Friday cancelled all progress, with carbon for 2009 stabilising at €11.60 and CER2009 closing at €10.00.

SOURCES TO THIS ISSUE

Pointcarbon, Reuters interactive, Climate Ark, Euractiv website
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