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## EU EMISSION TRADING SCHEME

### *Allocations, auction date and sales of the week*

Germany announced that it will start allocating the allowances from 2009 on Monday, February 16; within two days, about 453 million allowances, over one-fifth of the total number of allowances due to be issued in 2009, will be transferred to German installations. Austria confirmed that two auctions will take place on March 16, when 200,000 allowances will be sold in a competitive and 100,000 in a non-competitive one. The UK, which has the second biggest permit allocation in the emissions trading scheme, plans to issue its 252 million allowances for 2009 before the deadline of 28 February. Last week, Ukraine passed a decree that allows it to sell 50 million Assigned Amount Units (AAUs) to Japan, and is about to sell 30 million between 2009 and 2010, at a €10-agreed price, which is around halfway between the prices of concluded AAU deals last year, netting about €300 millions.

### *Appeal over EC NAPs' assessments begins*

On Tuesday, the EU lawmakers started the hearing about the Polish lawsuit against the European Commission for the 26.7 percent reduction of the amount of allowances the country can allocate to local installations annually. At the Court of First Instance in Luxembourg, the EU said it had applied the same methodology to all national allocation plans submitted by member states. Poland claimed that the commission illegally ignored its calculations, and is seeking 76 million allowances a year in addition to the 208.5 million per year threshold imposed by the EC. On the same day the Estonian lawsuit was also heard by the Court, with the country trying to increase its allocation, which the EC had reduced from 24.38 to 11.66 millions. Judges in both cases will now deliberate on the case further, with a final ruling possible around six months from now.

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## NEWS FROM THE WORLD

### *International informal meeting on climate change*

The Seventh Informal Meeting on Further Actions against Climate Change was held in Tokyo on Thursday and Friday under the sponsorship of the Japanese Foreign Ministry. Among the 22 countries that participated, all major emitters were present, including United States, major European countries, China, India and Australia.

Developing countries urged developed countries to agree to cut their total emissions by 25 to 40 per cent by 2020 from the 1990 level, while the EU specifically stressed the need for all developing countries, excluding the poorest ones, to cut their emissions by 15 to 30 per cent below business-as-usual levels by 2020.

### *Airlines call for aviation inclusion in Post-Kyoto deal*

On Friday, Air France/KLM, British Airways, Cathay Pacific, Virgin Atlantic and airport operator BAA have joined forces in a new industry coalition, the Aviation Global Deal (AGD) which wants the aviation sector to be included in a new international treaty on climate change, set to be negotiated in Copenhagen in December. The group wants to help providing a practical industry-led solution that creates a level-playing field and appeals to policy-makers.

### *Renewables included in US stimulus bill*

The final version of the Stimulus Bill, the \$789 billion package targeted to help the American economy out of the financial crisis, through a combination of government spending and tax breaks, explicitly favours investment in renewable energy. In fact, it makes it easier for investors in wind and solar projects to convert their tax credits into cash, instead of simply offering tax breaks as was included in the first draft. Funding for research and development in carbon capture and sequestration technology was cut from the final bill. The final bill includes \$71 billion for clean energy programs and \$20 billion in clean energy tax incentives.

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## THE CARBON MARKET

Another bad week for carbon saw prices hit two records in a row on Wednesday, when the EUA2009 reached €8.50, and on Thursday, with the EUA at €8.20. Little support from energy commodities, especially with weaker German power prices, and the economic slowdown have caused a selling trend over all platforms, with exceptional trading levels all week, Wednesday being the most traded day with 28 million EUAs exchanged. This week futures for CERs broke the so-called Chinese floor for CERs—the price at which Chinese primary CERs have been selling in the market equal to €8.00—when CERs2009 hit €7.61. Carbon prices recovered slightly on Friday, when the EUA2009 closed at €8.45 and secondary CERs2009 at €7.80.

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## SOURCES TO THIS ISSUE

*Pointcarbon, Reuters interactive, Climate Ark, Carbon Finance website*  
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