
EU EMISSION TRADING SCHEME

Dat3 for verified emission data released

The environment department of the European Commission has announced that if 80 per cent of the emissions data that Member States has to submit regarding 2008 emission will be collected by 10 am on April 1, the public will be given real time access to the data in the Community Independent Transaction Log, which collects the information, already at 3 pm on the same day. Judging from the forecasts recently published by four analyst groups, there should be few surprises on verified emissions data for 2008: all forecasts are within 1.2 percent of each other, with Deutsche Bank predicting 2,120 million tonnes of carbon dioxide in 2008, Pointcarbon 2,125.5 million tonnes, Société Générale 2,109 million tonnes and New Carbon Finance 2,100 million tonnes.

CCS funding: 2013 allowances auctioned in 2011?

According to article 10 of the revised EU ETS directive, 300 million carbon allowances taken from the new entrant's reserve of the emission trading scheme in 2013 should fund 12 CCS demonstration plants. This week a EC spokeswoman has declared that 2013 allowances could be auctioned already in 2011, with some of the proceeds going to financing these CCS demonstration plants. Currently seven power plants are in line to receive €1.05 billion between them from the EU recovery package to help CCS development in 2009 and 2010, but power companies are likely to need more funds well before 2013 in order to commit to CCS projects and the Commission is wondering whether to further anticipate the auction of at least a part of the 300 million allowances earmarked to finance CCS.

NEWS FROM THE WORLD

New climate bill put forward in US Parliament

On Monday, Lloyd Doggett, a member of the House Ways and means committee, and Jim Cooper, a co-author of the 1990 acid rain cap-and-trade system, introduced the Safe Markets Development Act, according to which an independent board would have to establish an annual allowance price path for Phase I (2012-19) of a federal emissions cap-and-trade system, with auctions held quarterly, in order to meet annual and cumulative emission reduction targets.

Each year the Board would have to meet and verify that the price path is consistent with the 2020 objective, revising projections if necessary. A second phase, starting in 2020 should resume to more traditional cap and trade with annual emission caps.

AAUs: IETA calls for boycott while trades multiply

In the last weeks trades in Assigned Amount Units (AAUs) have multiplied: after concluding a 30-million AAU deal with Ukraine, the Japanese government is supposedly about to sign a deal with the Czech Republic to buy another 40 million AAUs. In an open letter published on Thursday, the International Emission Trading Association (IETA) has warned about such trades, manifesting the preoccupation that the proceeds of AAU trading are not being spent on environmental projects, breaching promises made by seller countries. According to IETA the entire carbon market could be at risk because some countries are buying government emission units that have little or no environmental benefit, and called for a boycott of such credits by governments.

THE CARBON MARKET

Carbon prices opened the week on a bullish trend, with strong gains in the energy complex leading the way for both EUAs and secondary CERS, closing up €0.65 and €0.50 over Friday's close respectively. On Tuesday, preoccupation over the upcoming release of verified emissions for 2008 and the a softer energy complex drove carbon prices down, with the EUA2009 closing down €0.75 at €11.20. Strong losses in German power prices caused the EUA2009 to hit its lowest level since the beginning of the month, at €10.45, with similar losses in all vintages, while all CER vintage shed €0.70, with the CER2009 closing at 9.50. A bearish trend kicked in on Thursday, pushing carbon up until the end of the week, when the EUA2009 closed at €11.10, about 5 percent below last week's level, despite stronger energy prices. Secondary CER for 2009 closed at €10.00, 6.7 percent below last Friday's close. Traded volumes were up to 135 millions from last week's 88 millions over all platforms.

On Tuesday, the UK auctioned 4 million spot EUAs, with price settling at €10.98, about €0.25 below the price traded at that moment on the spot market.

SOURCES TO THIS ISSUE

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