
EU EMISSION TRADING SCHEME

Bulgaria will not penalize late transfers of EUA

According to the EU ETS rules, all installations in the EU ETS have to transfer 2008 carbon allowances from their individual to the government account by April 30, 2009 with a €100 penalty attributed to the installation for each allowance not transferred on time.

Due to the lack of important details over historical emissions of some of their biggest installations, the Bulgarian NAP, including the distribution of assigned allocation- the EC set Bulgaria a cap of 42.27 million per year through 2012- has not even been approved by the EC as of now and consequently allowances have not yet been allocated to installations. This delay in allocation may cause the country to avoid imposing a penalty for late transfers, although according the EU law, governments must penalise companies for non-compliance regardless of implementation problems and may be subject to legal action by the Commission if they do not.

Czech Republic launches green investment scheme

On April 22, the Czech republic became the first country to launch a green investment scheme (GIS), through which people from the central European country to apply for cash from Kyoto protocol emission unit sales to make their households more energy efficient; according to the Czech government such a scheme should help reduce by 1.1 million tonnes the country's greenhouse gas emissions every year. Last week the Czech Republic concluded the sale of 40 million AAUs, whose proceeds are going to support the GIS and other projects that help cut greenhouse gas emissions, as required by Japan, which bought the allowances for around €400 million. Similar AAU deals have been at the centre of recent debate as concerns have been raised as to whether the proceeds are going to be spent. Unlike the Czech Republic, Hungary has delayed the launching of its GIS in order to use the money from AAUs sales for its threadbare budget.

UK to reduce offset use in absence of global commitment

The UK has announced that if a global deal is signed in Copenhagen it will raise its reduction target from 34% compared with 1990 levels by 2020 to 42%, allowing this extra effort to be met with offset credits. The UK

government has undertaken the ambitious target to reduce emissions by 80 percent from 1990 by 2050, and is currently planning to meet this period target without purchase of overseas credits outside of the EU ETS.

NEWS FROM THE WORLD

G8 Environment ends without improvement in post-2012 negotiations

The three-day meeting of the Environment ministers of the G8 countries, held in Syracuse this week, ended without major breakthroughs on the possible successor to the Kyoto Protocol, despite the great excitement that the first official presence of the delegation of the new Obama administration had caused. Environment ministers from the G8 - UK, Canada, France, Germany, Italy, Japan, Russia and the US - along with their counterparts from Australia, Brazil, China, Egypt, India, Indonesia, Mexico, South Africa and South Korea signed the Syracuse charter pledging to tackle deforestation, trade in illegal wildlife, and to boost research into the rate of species loss, emphasizing the economic value of biodiversity, particularly for developing countries. Despite promising to reduce U.S. greenhouse gas output to 1990 levels by 2020, the Obama administration did not take the lead in negotiations, much to the disappointment of developing countries like Brazil, which are not willing to take a stand before the US does as well. G8 countries have suggested \$100 billion a year be put aside globally to help poorer nations adapt to a low-carbon technology and face the effects of climate change, but Brazil has said that at least twice this amount is required, Minc said.

THE CARBON MARKET

Carbon prices hit a bullish trend on Tuesday, after losing some ground at the beginning of the week due to weaker energy prices; supported by a strengthening in the energy complex, the positive trend carried over to Wednesday, when the EUA2009 was valued €13.65, up €0.40 on Monday's closing level, with CER for the same vintage up at €11.20. A weakening in German power prices caused carbon to shed some value on Thursday, but the losses were recovered on Friday, as the rising crude oil prices affected the entire energy complex, bringing carbon prices back up. Then EUA2009 closed the week at 13.80, while on the secondary CER market, CER2009 closed at €11.55. About 116 million allowances were exchanged this week over all platforms, a little below last week's 118 million.

SOURCES TO THIS ISSUE

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