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## EU EMISSION TRADING SCHEME

### **Czech Republic to withdraw lawsuit against EC**

The Czech environment minister has declared it will suggest the government to withdraw its lawsuit against the European Commission over its ruling on the nation's National Allocation Plan for the second phase of the EU ETS. No specific reasons have been presented, but it is possible that the country fears ending up worse off: if the court rules in favour of Czech Republic, the current economic downturn could affect the new cap the country could receive in light of the new GDP projections.

### **EU leaders postpone decision on climate finance**

European leaders meeting this week in Brussels backed completely the position taken last week by Finance ministers at Ecofin: not only they stressed that the principles of responsibility and ability to pay should shape financial commitments towards climate change, but avoided deciding on the precise figures, postponing the discussion until next fall at the next EU leaders summit in October. EU leaders supported the proposal of the incoming Swedish presidency to draw up a work programme and ensure proper EU coordination and decision-making ahead of international negotiating meetings leading to the Copenhagen conference.

### **New funding opportunity for CCS**

After receiving €1.05 billion financing through an economic stimulus package called the European Energy Programme for Recovery and becoming the beneficiary of 300 million EUAs set aside to provide further financing, Carbon Capture and Storage could benefit from another important funding opportunity. Plans to draw up resources from the European Regional Development Fund and the Cohesion Fund could help realize the 12 CCS demonstration plants that the EU wants to complete by 2015. Money from the Recovery package and the EUA reserves may finance only up to 50 percent of each single plant, but thanks to the additional funding power companies could extend the financing through EU funds.

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## NEWS FROM THE WORLD

### **Australian ETS draft released**

On Friday the Australian government released a draft of its emission trading scheme, called carbon pollution reduction scheme (CPRS) in which it details how some

economic sector will be compensated for the increased costs imposed by the new scheme. Emission-intensive sectors such as production of carbon black, methanol, silicon, bulk flat glass, newsprint, and zinc will receive up to 94.5 percent of projected needed permits for free; less emission-intensive sectors such as production of glass containers and white titanium dioxide pigment will receive up to 66 percent of free permits. The Australian labour government is disclosing several information regarding the scheme in light of parliamentary discussion, which the government hopes will see the bill pass the Senate vote by the end of next week.

The CPRS is expected to be finalised and approved by the end of 2009, to allow for the generation of forestry credits starting in 2010, with full flexible price trading starting only in July 2012 after a year of fixed-price (\$10) trading.

### **Russia releases climate targets**

This Friday, Russian President Medvedev formalised the proposed cuts that its country plans to put into place by 2020: a 10-15 percent reduction from Russia's emissions in 1990, before the collapse of the Soviet Union. Under this target Russia will in fact increase its emissions going from 2.2 billion tonnes in 2007 to 3 billion tonnes in 2020. After remaining the last rich country to provide information on mid-term targets, Russia managed to come up with mild targets that do not meet the expectations of neither environmental groups nor developing countries, which had asked for bolder targets of at least 25-40 percent reduction. So far the Russian government has made clear that it will not undertake environmental commitments that may hamper the country's economic development.

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## THE CARBON MARKET

After an unimpressive start on Monday, when the EUA2009 followed the bearish trend in the energy complex and lost €0.50 closing at €12.50, carbon prices recovered during the week starting on Tuesday, when the EUA2009 hit €12.97, responding to a surge in energy prices. On Friday carbon prices hit the highest level of the week, with EUA2009 at € 13.29 and secondary CER2009 at €11.41. A strong buying interest supported this result despite mixed signals in the energy complex, which saw gas slightly down and coal prices basically flat.

Almost 97 million allowances exchanged hands this week over all platforms.

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## SOURCES TO THIS ISSUE

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