

## EU EMISSION TRADING SCHEME

### *Poland and Estonia defeat EC in court*

On Wednesday, the European Court of First Instance annulled the European Commission (EC) decisions over the Polish and Estonian National Allocation Plans (NAP) for the second phase of the EU ETS. Back in 2007 the EC had slashed the caps proposed by the two countries for the 2008-2012 period: Poland presented an annual cap of 284.6 million EU allowances, but was forced to lower it to 208.5 million EUAs a year, while the Estonian plan was cut by almost a half to 11.7 million EUAs a year. According to the ruling the EC exceeded in its powers when it imposed such strong cuts to the proposed plans, with cuts therefore annulled. The commission has two months to appeal the court decision before the European Court of Justice. Following this court decision the market suffered heavy losses and preoccupation remains over the possible rulings over the other court cases the EC is involved in -those over the NAPs of Bulgaria, Czech Republic, Hungary, Latvia, Lithuania and Romania, which have not yet reached the court debating stage. In the aftermath of the defeat of the EC in Court, Italian President Silvio Berlusconi wrote a letter asking the EC to increase the Italian cap, which has been already accepted. This request was immediately dismissed as ex-post adjustments to an approved plan are not possible under the EU ETS rules.

## NEWS FROM THE WORLD

### *G20 leaders agree to submission date for financing proposals*

During the G20 meeting held this week in Pittsburgh, USA, the world's richest countries agreed to come up with proposals financing actions against climate change by the next finance ministers meeting at the beginning of November. The preparation of a financing proposals is seen as crucial in light of the upcoming UN Conference of Parties meeting in Copenhagen this December. So far the only quantified proposal is that of the European Union €22-50 billions a year for climate change financing and adaptation. A pledge to phase out fossil-fuel subsidies and thereby curb world emissions by a tenth by 2050 was undertaken by world leaders, but no deadline for doing so was presented.

### *Obama: the US no more dragging feet on climate change*

At a UN climate summit held in New York on Tuesday, the

US President Barack Obama described how America has stopped avoiding climate change issues since he took office with \$80 billion investment in clean energy, increased energy efficiency standards for vehicles, and new incentives for conservation. Moreover, Obama introduced the need to phase out fossil fuel subsidies, an issue later debated during the G20 meeting. During the same meeting in New York, the Chinese President Hu Jintao committed to reducing emissions by a "notable" amount, with other leaders presenting even vaguer pledges.

### *California passes biggest energy efficiency plan*

On Thursday California approved the world's biggest energy efficiency plans, featuring a \$3.1 billion retrofit program to cut energy use by 20 percent for up to 130,000 homes in the state by 2012, a \$175 million investment for innovative programs to make zero net energy homes and commercial buildings, a \$260 million investment for local efforts to retrofit public sector buildings and save energy and more than \$100 million investment for education and training programs. Overall the plan should save the same amount of energy that could be produced by three 500 megawatt power plants, according the California Public Utilities and also avoid 3 million tons of greenhouse gas emissions and create between 15,000 and 18,000 jobs.

### *China launches first voluntary carbon standard*

The Panda standard, launched in a joint initiative between the European exchange Bluenext and the China Beijing Environment Exchange is initially targeted to agriculture and forestry projects in China and will be designed following existing voluntary carbon offset methodologies, such as the Gold Standard and Voluntary Carbon Standard.

## THE CARBON MARKET

A court ruling regarding National Allocation plans characterized the carbon market this week: the EUA2009 lost almost 6 percent of its value from the previous week, recovering after heavier drops on Wednesday at the end of the week, when the Commission ensured the market it is committed to ensure the stability of the market. The EUA2009 closed at €13.10 after a mildly traded week, with only 95 million allowances traded across all platforms.

## SOURCES TO THIS ISSUE

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

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