

EU EMISSION TRADING SCHEME

Bloc's electricity consumption down

According to newly released data from the European commission's Market Observatory for Energy (EC MOE) the European Union's electricity consumption in the second quarter of 2009 went down 23 percent compared to the beginning of the year -mainly thanks to the effects of the economic downturn-and hit the lowest level since the same period in 2003.

EU proposal on technology transfer soon ready?

According to Euractiv, the European Union is coming close to an internal deal regarding a technology-transfer proposal to submit during Copenhagen's international negotiations on climate change. In order to bypass the issue of intellectual property protection, transfers of clean technologies such as wind turbines would take place along country-specific road maps supervised by an international panel of experts, who should verify emission reductions and allocate financial resources according to the progress made by different countries.

NEWS FROM THE WORLD

IEA calls for CCS investment

This week during a meeting of the Carbon Sequestration Leadership Forum (CSLF), the International Energy Agency suggested that 100 Carbon Capture and Storage (CCS) demonstration projects would have to be built by 2020, to make the technology financially viable in time for an affordable and effective action against climate change. The IEA quantifies in \$2.5-3 trillions the additional investment needed for the commercialization of CCS, of which between \$3.5-4 billions should come annually from OECD countries, with developing countries contributing to the financing of CCS up to \$1.5-2 billions annually. The environment and energy ministers taking part to the meeting called for the UN conference in Copenhagen to recognize the role of CCS in achieving the climate goals of the Convention.

Finland sets a new conditional target

Finland upgraded its long-term climate commitment committing to a 80 percent cut in emissions from 1990 levels by 2050 if other countries engage in similarly ambitious binding commitments. This proposal, still under the evaluation of the Parliament, improves on the proposal

to achieve a 50 percent cut in 1990 emission levels by 2050 but clashes with the fact that Finnish emissions actually increased by 10 percent over 1990 up to 2007.

ICAO does not agree on binding targets for aviation

During a meeting of the International Civil Aviation Organization (ICAO) held last weekend in Montreal, the 190 represented states managed to agree to improve annual average fuel efficiency by 2 per cent by 2020, but failed to agree on any binding commitment for the aviation sector. According to analysts, the lack of agreement was driven by the fear of developing countries to weaken their negotiating positions in Copenhagen, since ICAO does not incorporate the principle of common but differentiated responsibility and requires identical commitments from all members.

Brazil presents possible GHG targets

According to the Brazilian environment minister Carlos Minc, the country's emissions could be capped at 2005 levels by 2020, for an average annual cost of \$10 billions but still achieving a 4 percent yearly economic growth. The minister confirmed that the commitment to such a target would require developed country to engage in tougher medium-term emission reductions. A precise figure for the Brazilian commitment regarding emission reduction could be finalized already by October, 20 according to the minister.

India softens requests for a international climate deal

In an interview given to Reuters on Friday, the Indian environment minister Jairam Ramesh declared the India is willing to accept a 25 percent reduction from 1990 emission levels by 2020 by developed countries to engage in negotiations, despite its initial request of a 40 percent reduction. India also reduced its financial demands for the support of developing countries to about \$100 billion annually by 2020 instead of 1 percent of the annual wealth of developed countries.

THE CARBON MARKET

Carbon had quite a bullish week that carried prices above €14.30 during the week, following from much stronger Brent crude prices. At the end of the trading week carbon lost some support but still finished in positive territory compared to the previous week with EUA 2009 at €14.10 and CER2009 at €13.11.

SOURCES TO THIS ISSUE

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

News and updates selected and edited by Caterina Cruciani, Fondazione Eni Enrico Mattei. For questions and comments please contact caterina.cruciani@feem.it