

EU EMISSION TRADING SCHEME

European Commission sets up a climate department

On Friday, the European Commission announced that it will re-organize the Directorates general that are currently led by a commissioner from one of the Member Countries. The tasks of the "old" Environment Directorate general will be almost entirely transferred to the new Climate Action directorate-general, which is likely to be set up before next summer. Former Denmark's climate and energy minister Connie Hedegaard will step in as new Climate Action Commissioner, while current environment commissioner, Greece's Stavros Dimas, will step down, leaving the environment directorate-general to be led by Slovenia's Janez Potocnik.

Croatia banned from international emission trading

The Balkan country has been found in breach of Kyoto reporting rules in October and has been suspended from the possibility to participate in emission trading under the Kyoto Protocol. Croatia has a 5 percent reduction target from 1990 by 2012, but is not following an approved procedure for its accounting of 1990 emissions.

NEWS FROM THE WORLD

US and China announce targets for COP 15

US President Obama had sunk hopes of a Copenhagen success when he declared last week that the meeting was not likely to result in a binding agreement. Surprisingly, this week brought two very important "changes of heart" in two of the main players at the negotiating table. On Wednesday, President Obama announced that not only he will participate to COP 15 but that he will put on the table a 17% reductions from 2005 levels by 2020, the reduction target included in the Kerry-Boxer Bill but not yet approved by the US Parliament. On the following day it was the turn of China, whose proposed voluntary target is a reduction in the carbon intensity per unit of GDP by 40-45% by 2020 on 2005 levels. This goal is likely to be part of a nationally-binding 5-year plan following the current one, in which the 10% increase in energy efficiency by 2010 will likely be over complied with. Although Obama will attend the conference during the first week, before the high-level meetings, his presence is already boosting up enthusiasm around the conference.

Gearing up for Copenhagen

After the announcement that US President Obama will participate and bring a reduction pledge to the Copenhagen Conference of Parties, the EU Parliament has passed a resolution urging developed countries to undertake reduction commitments of at least 25-40% by 2020 and put on the negotiating table €30 billion in climate aid. Developing countries should be asked to limit their emission growth by 15-30% and the European Union should be ready to keep up with its leading role in climate negotiation and propose an ambitious 30% reduction by 2020. The Members of the EU Parliament undersigned a proposal previously put forward by EU leaders to provide €5-7 billion of fast-start funding for adaptation purposes in developing countries.

India-US clean energy cooperation

During the first meeting between US President Obama and Indian Prime Minister Manmohan Singh a memorandum of understanding regarding clean energy development was signed. The so-called Green Partnership includes measure to develop clean energy technologies, strengthen adaptation to climate change and reduce GHGs from forests and land use. Several US-Indian joint ventures are also included, among which a public-private Clean Energy Research and Deployment Initiative focussed on energy efficiency and an agreement with the US Environment Protection Agency (US EPA) to help India to develop its own EPA. Both leaders are going to attend the Copenhagen meeting and agreed that any agreement coming out of it should include binding reduction commitments for developed countries and nationally appropriate mitigation actions (NAMAs) for developing ones.

THE CARBON MARKET

Carbon prices suffered relevant losses this week, with EUA2009 hitting its lowest level in 5 months on Tuesday, when it reached €12.58. Trading was brisk, although more so in the EUA compartment than in secondary CERs. The market sentiment slightly improved toward the end of the week, with oil recovering, and the EUA2009 closed at €13.09, just €0.03 up from last week's close. Secondary CER prices closed the week at €12.18, down €0.01 from the previous one.

SOURCES TO THIS ISSUE

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