



Press Contacts:

John Walmsley + 44 (0) 207 928 1222 or + 44 (0) 7887 700022

Liz Bossley + 44 (0) 207 928 3111 or + 44 (0) 7901 555556

Climate Change and Emissions Trading: What Every Business Needs to Know

The Second edition of “Climate Change and Emission Trading: What Every business Needs to Know” is now available (Brochure Attached). If you would like a review copy please respond with a contact name and address and we will despatch it to you.

The book is designed for business executives, advisors, administrators and financiers seeking to understand the strategic context and the practical implications of both the policy framework and the market instruments that shape the price of carbon. It is practical rather than polemic. It provides a handy detailed reference guide to the emissions industry in general and the operation of the market in particular.

Key Issues

In this comprehensive and meticulously researched 280 page guide, Liz Bossley, CEO of CEAG and director of the London Climate Change Services trade association, and Dr Andrew Kerr, environmental scientist and Honorary Fellow of Edinburgh University, have identified a number of key issues.

Europe and Kyoto

- The European market for allowances is working well: appropriate instruments have been created; trade is active; and, the correct price signals for the supply of and demand for emissions allowances are being generated. The solution to the current low price of CO₂ - which has fallen from a high of €30/tonne a current price of €1.3/tonne - lies with the European Member States who have over-issued allowances, failed to enforce fines on non-compliers and lack discipline in the dissemination of information to market players.
- The Kyoto market for allowances may well rely on the attitude and behaviour of Russia because its potential surplus Kyoto allowances will give it a dominant market position. Russia does not have a domestic emissions trading scheme so the deployment of this surplus in the market will be under government control and is likely to generate non-arm's length prices.
- The ability of carbon markets to deliver a meaningful international carbon price that encourages modified behaviour is at risk from market fragmentation. New schemes such as the U.S. Regional Greenhouse Gas Initiative are not fungible with existing schemes. The European registry system may bridge this gap by providing a standard trading currency- the European Allowance.
- A secure investment platform to stimulate growth in Kyoto CDM and JI projects needs the certainty of a second Kyoto commitment period after 2012 to provide a market in which allowances can be cashed.



Wider Public Engagement

- Engagement of the wider public in carbon mitigation is a rapidly growing force and signals the next evolutionary stage in the market. The market is equipped to deliver a retail emissions instrument once local and regional emissions schemes, either voluntary or mandatory, have generated demand at the household or individual level.
- The potentially rapid development of local and regional schemes risks a lack of transparency and comparability between the costs and benefits of a range of domestic and international green initiatives. Unless an internationally tradable compliance instrument, such as European Allowances or Kyoto Clean Development Mechanism allowances, are used as the unit of account, such schemes may be difficult to administer and may create conflicts in methodology and objectives.
- The rapid growth in voluntary carbon offsets, where individuals choose to offset their personal carbon footprint by buying and retiring emissions allowances, is a sector in need of central or industry-based standards. The public needs clear and objective guidance on the efficacy of the arrangements they are entering into and the transparency of the prices on offer.

Contents

The book provides:

- A detailed summary of the current state of play in the regulation, the markets and the scientific background with an informed look forward to the next likely major developments.
- A synopsis of all the legislation arising from the UNFCCC, including Kyoto, the European Emissions Trading Scheme (EU ETS), the Asia Pacific Partnership and the American regional initiatives.
- Analysis in detail of the developing market instruments and the price relationships between them (EUAs, AAUs, CERs, ERUs and RMUs).
- A review of the history of EU ETS trading to date. It offers informed views on the factors driving future price movements in the EU ETS and the likely developments in Kyoto once it goes live.
- A brief look at carbon offsets and the likely early development of a retail emissions market that would engage the general public.



-
- A chapter on the energy community including power trading (calculations affecting the the clean spark spread and clean dark spread), oil company issues, such as the the potential conflict between production sharing contracts and clean development mechanisms project documentation and the management of joint venture partner issues.
 - A wealth of detailed data and references to provide a platform for independent research.

CEAG Ltd

311 East Block, County Hall

Forum Magnum Square

London SE1 7GN

Tel: +44 (0) 20 7928 1222/3111

Fax: +44 (0) 20 7401 9040

Mobile: +44 (0) 7901 555 556

Website: www.ceag.org