



*We have been advising legislators on how to design policies that will let markets deliver their desired result*

**T**HE CONSILIENCE ENERGY Advisory Group (CEAG) coined its name as a tribute to Edward O. Wilson's book *Consilience: The Unity of Knowledge*. The word 'consilience' means 'bringing together knowledge from different disciplines to make an intellectual leap'. When CEAG was launched in 1999 its main aim was to break down silos of knowledge and bring the much misunderstood discipline of trading into decision making in the energy and climate sectors.

'We have been involved for 10 years now in the development of emissions trading,' begins Liz Bossley, CEO and author of several books in her field. 'The concept of "cap-and-trade" that underlies the Kyoto Protocol and the European Emissions Trading Scheme is one that we wholly endorse, and we see considerable advantages in this approach compared with, say, command and control or taxation as a way of reducing greenhouse gas (GHG) emissions. We have been advising legislators on how to design policies that will let markets deliver their desired result. We have also been helping those who have to comply with the legislation to understand not only what they have to do to comply, but also to work out if they would be better off investing in green technology or buying the emissions allowances they need to stay within government GHG limits. Now we are rolling that knowledge out right across the world as new emissions trading schemes develop from the USA to South Korea and Australia.'

Trading and markets are often misrepresented in the press – with priority given to the damage the trading tool can do when wielded by those who do not appreciate its power and its subtlety. CEAG helps policy makers and companies in the oil, gas, power and emissions sectors to use that tool wisely and in an integrated way, appropriate to what they are trying to achieve. As every company has differing needs depending on their core activities, the guidance CEAG provides also varies accordingly – with the advice given to an independent exploration and production company or a small ceramics firm being entirely different to the advice given to a bank, a utility firm or a hedge fund.

### **T**HE BUSINESS OF TRADING

CEAG's main business is giving consultancy advice to, for example, companies entering markets for the first time or reviewing the existing activities of their traders. The company is frequently asked by nervous audit committees to check that a company's trading book is not only within the letter, but also within the spirit of its trading guidelines and delegated authorities. It also helps out companies who find themselves involved in trading litigation – CEAG can appear as an independent expert witness on what went wrong and what should have happened and, most importantly, establish a fair and objective assessment of damages.

'In order to help companies we sometimes have to educate them, particularly in the case of the new and rapidly evolving emissions market,' concludes Liz. 'That is why we run in-depth, practical training courses with the support of the City of London and the largest broking firm in the emissions market, ICAP. We have also published several advisory books, our latest being the third edition of *Climate Change and Emissions Trading: What Every Business Needs to Know*, which clearly and simply explains the complex international regulations on emissions trading and gives practical advice on how to integrate them into corporate planning and investment strategy. In fact, it helps companies to apply the principle of consilience to their day-to-day business!'

CONTACT: [www.ceag.org](http://www.ceag.org)

75.46'

59.29'

53.9'

48.51'

## DEVELOPING THE RIGHT TOOLS

HELPING COMPANIES UNDERSTAND EMISSIONS TRADING IS PLAIN SAILING FOR THE CONSILIENCE ENERGY ADVISORY GROUP