



Climate Change and Emissions Trading: What Every Business Needs to Know SECOND EDITION 2007

- 200 page second edition of this comprehensive guide to climate change and emissions trading.
- Updated and expanded analysis of regulatory requirements, market intelligence and opportunities for both Kyoto and European countries.
- Includes both the policy context and concise practical advice for businesses, institutions, advisers and regulators.
- First edition bought by the UN, EC, international energy companies, industrial organisations, financial institutions, legal and financial advisers and emissions and climate specialists.

'CO2 molecules, being brainless, are unable to understand the profound idea of national sovereignty.....we are all in this greenhouse together....'

'The only question is whether we manage the crisis or it manages us.'
Carl Sagan

Contents by Chapter

Introduction: A detailed executive summary from a structural, financial and market perspective of the evolving Kyoto Protocol mechanisms and the European Trading Scheme. Review of the science and policies underlying the UN Framework Convention on Climate Change. New: "The Yanks are coming"; the return of the US as a positive player on the climate change stage.

Section One: The state of scientific knowledge. Reports of the Intergovernmental Panel on Climate Change ('IPCC'). The Global Warming Potential of Greenhouse Gases. Carbon capture and storage. Contribution of the energy and transport sectors to global emissions.

Section Two: International regulation. The UN Framework Convention on Climate Change. The Kyoto Protocol: Clean Development Mechanisms ('CDM'), Joint Implementation ('JI') and International Emissions Trading. Sinks and sequestration and the role of carbon capture and storage. Measurement and verification – the Kyoto approach and the establishment of country emissions caps. The role of the International Transaction Log. The Asia Pacific Partnership: complement or distraction?

Section Three: European regulation. The European Emissions Trading Scheme and the European Emissions Directive. A detailed analysis of 2005 verified data and the trading implications, including what went right and what went wrong. The Burden Sharing Agreement. Sectors covered and the Phase One National Allocation Plans ('NAPs') of the 25 member states. The prospects for the rest of Phase One. The operation of the Community Independent Transaction Log and the registries. Measurement and verification; European experience. The Linking Directive to Kyoto and the Phase Two NAPs.

Section Four: The market for emissions allowances. Supply and demand, price history and the shape of the forward curve. The actors in the market, the role of hedge funds and the problem of power. Valuing the different types of allowances. Credit risk, liquidity risk, basis risk and volatility. Physical contracts, Emissions Reduction Purchase Agreements, forward contracts, electronic exchanges and emerging derivatives. Stranded emissions: how to bring them to market. Government auctions and alternative sales mechanisms.

Section Five: The future. Will the Kyoto regulators learn from Europe's experience? Beyond 2012. The emerging role of the US, through both the Asia Pacific Partnership and independent initiatives by individual states. Climate and weather: prospects for the Fourth Assessment report. Impact of weather and weather derivatives on the insurance market. Harnessing the public through mandatory and voluntary retail emissions schemes.

Appendices: Glossary and Bibliography; UNFCCC signatories; Global Warming Potential numbers; CO₂ conversion factors; Kyoto signatories; Conferences and Meetings of Parties; CDM approval process; the JIs (track one and track two); APP working groups; Phase Two National Allocation Plans; US state initiatives; Price indexation methodologies.

Who will benefit from reading this book?

Climate Change and Emissions Trading is required reading for anyone seeking to understand the climate change industry. It provides policy-makers with an insight into the practical consequences of alternative policy choices. It gives executives a rapid grasp of the economic implications of regulation for their companies. It provides traders with the background fundamentals necessary to assess price and manage risk. It informs lawyers on the evolving contractual documentation needed to take part in the market. For planners it looks at the likely future development of the market and what will happen as the Kyoto Protocol comes to fruition in 2008. Climate Change and Emissions Trading is an invaluable training tool for all companies on whom climate regulation has an impact.

Topics included in the chapters by subject:

Markets and Finance: The value of allowances. Contracts and trading issues. Pros and cons of trading and investing in emissions. Financial analysis of European trading and compliance so far. Physical delivery, registries and exchanges. Price drivers and the outlook for prices.

Regulation: A summary of the applicable legislation. The lessons from Europe for making Kyoto work. Kyoto countries' reports of their annual emissions caps. Enforcing compliance with Kyoto targets. The Kyoto projects and sustainable development. Comparing the Kyoto and APP approaches.

Science and measurement: The updated state of knowledge on global warming. The 'inconvenient truth' of an inexact science. Measuring and verifying data and compliance. The role of sinks and sequestration. Carbon capture and storage.

The Future: Beyond President Bush. 2012: what happens next? Market evolution: next stop the retail sector. Weather and climate forecasts: what the experts say. The interaction of weather derivatives and insurance. Engaging OPEC in carbon capture and storage.

Ordering Information

Climate Change and Emissions Trading will be available in early January to allow for the incorporation of the outcome of the 12th Conference of Parties to the UNFCCC and the 2nd Meeting of Parties to the Kyoto Protocol in Nairobi in November 2006. To order, simply fill in the order form on the back of this flyer and return to us. Advance orders will attract a 25% discount. Additionally, if you advance order, you may order for immediate delivery a copy of the first edition at a specially discounted price of £30, including post and packaging. To view the first chapter and extended contents of the first edition see http://www.ceag.org/Emissions_intro_07_05.pdf

About the Authors

The principal author is Liz Bossley, the CEO of CEAG, a consultancy company specializing in the energy markets. With more than 25 years trading experience, Liz acts as an expert witness in disputes and presents regularly on international platforms. Her books include 'Emissions Trading and the City of London', commissioned by the City of London Corporation. She also runs training courses for ICE Futures and the European Climate Exchange among others. She is a director of London Climate Change Services, the UK trade association for service providers to the climate industry.

Her co-author, Dr. Andy Kerr, is a senior CEAG associate and is a principal of E3-CarbonSim, an environmental consultancy specializing in software applications. Andy wrote the chapters on science, measurement and verification and on sinks and sequestration. Andy has more than 10 year's involvement in the climate change field. He has lectured on climate change at Edinburgh University, where he obtained a PhD in the field.

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

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