
Carbon Monitor

Volume 12 Issue 06

July 2007

Urgent Need to Decide on Trading Platform and Allocation Program

With the deadline for the implementation of the Kyoto Protocol mere months away the New Zealand Government has yet to allocate industry responsibility for emissions caps and provide a mechanism to move forward

Recent announcements of TZ1 or time zone one the so called ideal place to trade emissions credits is a farce without the first participant – the New Zealand economy.

At this time, the word from Government that legislation will be enacted shortly to allow for allocation and trading of emissions credits.

This is somewhat surprising given as recently MAF were discussing allocating emissions credits from the proposed permanent forest sinks initiative (PFSI) after 2012.

Meantime, those with the 'credits' would rely on NZ Government promissory notes to 'trade' Hardly a commodity that would be internationally recognized. Cynically one would say that this was not the outcome wanted by MAF, and that keeping the units in NZ would be the preferential outcome.

The RMU units resulting from the PFSI of course are not bankable to the next commitment period (starting 2013) so imagine the rush of selling when they are finally issued.

That's 2012 you may say, what about 2007? Simply put no sector of the New Zealand economy wants to be seen to be acting on Kyoto for fear that their allocation of the AAU units (for emissions to 1990 levels) be changed.

Meanwhile if you listen to Government the allocations belong to the Government because it has the responsibility for Kyoto. You have to ask the question when will officials actually realize the AAU units are not 'theirs' and that the emissions are necessary for the economy to function. Somehow they cannot let go and the result to date is uncertainty for the economy as a whole.

Moreover even with the 'windfall' of the forest based carbon sinks Government is looking at a multi billion

dollar shortfall, which is increasing at a rate that must make treasury grimace.

CM calls for the politicians to come up with an allocation plan NOW. Imperfect as it has to be some can be kept in reserve to correct glaring errors. Meanwhile industry can at least start building a response to the issue of climate change and start on the journey to the end game, carbon neutral or better lowering CO2 levels!

It has to be rather simple to let the emissions obligations lie where they fall and then provide assistance rather than simply 'fiddle while Rome Burns' or while it disappears under the sea or turns arid.

Trouble is its election year next year and that's much more compelling than the thought of 2012 and the penalties we must surely face if we don't get our act together now.

CM says that sectors that know their obligations will at least start actions now. Let them do so. Also let the public see the real costs of emitting carbon.

And finally don't fall prey to the easy way out – a carbon tax, its just another mortgage that the next generation will start having to pay handsomely for come 2013

EU Price Update

The Dec08 eased from a 13 month peak of €25.40 to close down at 22.67.



2009 Market Price Emerges



Strong price growth in the 2009 forward market has seen EUA prices increase from around 12 Euro to 23 Euro in recent months.

www.leba.org.uk

Biogas injected into Natural Gas System

LONDON, UK – 28 June 2007 – CantorCO2e Limited announced today the approval of a new and unique Clean Development Mechanism (CDM) methodology involving the use of biogas sourced from Methane Capture Projects in Chile.

Having just been approved by the CDM Executive Board, the new methodology, known as '**CDM methodology AM0053**', is the "injection of biogenic methane into a natural gas distribution grid." Specifically this involves the use of captured biogas, perhaps methane from existing landfill sites or coal mines, and injecting that biogas into existing natural gas distribution grids whilst at the same time displacing more harmful fossil fuels that would normally be used within these grids.

This new methodology was developed by CantorCO2e, which researched, advised upon and established the methodology for and on behalf of Metrogas S.A., the largest natural gas distributor in Chile. The biogas used in the implementation of this methodology may be sourced from registered or non-registered methane capture CDM projects and so also enhances the scope of other CDM methodologies already in use.

The methodology could help reduce the current natural gas crisis that Chile faces. Currently Chile produces very little of the natural gas that it currently consumes with all imports coming from Argentina. However, availability of imported natural gas from Argentina is limited. According to the Chilean Natural Gas Association, the country has faced several shutdowns due to interruptions in the supply of natural gas from Argentina which impacts heavily on the Chilean people.

Now that the methodology has been approved, it is expected that most landfill sites in the Metropolitan

Region of Santiago, the capital of Chile, will supply its biogas to the natural gas distribution grid as an alternative to current electricity generation methods.

In addition to the reduction of greenhouse gas emissions, the implementation of this methodology in developing economies is of great sustainable benefit since it will result in a reduction in the dependence of other countries on the importation of fossil fuels and will instead enable them to become more self sufficient.

Steve Drummond, Managing Director at CO2e.com said, "This methodology encapsulates the spirit of the flexible mechanisms under the terms of the Kyoto Protocol. Not only is it beneficial to the environment, but it is key to the economies of developing countries such as Chile."

Contact Details

Terry Quilty ph 64 21 250 6789
 fax 64 9 920 1093
 skype terryquilty
 email terry.quilty@eitg.co.nz

Richard Hayes ph 64 21 310 301
 fax 64 9 920 1093
 skype richardshayes
 email richard.hayes@eitg.co.nz

Simon Baillieu ph 27 82 558 9616
 skype sbailieu
 email simon.baillieu@eitg.co.nz

'Carbon Monitor' is a client service of EITG. EITG develops, facilitates and engineers Carbon Mitigation projects and strategies.

EITG corporate advisory provides high-level briefings and advice on building robust responses to emerging regulatory structures.

EITG provides trading platforms and strategies based on extensive mitigation and avoidance platforms under JI and CDM, with matched offset packages for emitters.

EITG is part of an international consortium with representation in Asia/Pacific, UK, USA and South Africa

To subscribe email Richard Hayes with your full contact details.

Portions © 2007 Environmental Intermediaries & Trading Group Limited all rights reserved

www.eitg.co.nz

EITG

Environmental Intermediaries & Trading Group Limited

