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ENERGY

Russia delivers first nuclear fuel to Iran

17 December 2007, Reuters

Iran will not halt uranium enrichment even with delivery of fuel from Russia for its first nuclear power plant, a senior Iranian official said on Monday, adding he could not yet confirm Iran had received the fuel.

The Russian state agency building the station said in a statement on Monday it had delivered the first fuel shipment for the Bushehr plant. Russia's Foreign Ministry said the move would create the conditions for Iran to suspend enrichment.

The UN Security Council has imposed two rounds of sanctions on Iran for its refusal to halt enrichment, a process which the West believes Tehran is seeking to master so that it will have the ability to build nuclear weapons. Tehran insists its plans are peaceful.

"There is no talk of halting enrichment. Nothing is related to freezing enrichment. The delivery (of fuel) is not in the framework of the (U.N.) resolutions or the framework of talks," the official, who asked not to be identified, told Reuters. Asked if Iran would halt enrichment under any condition, he said: "No, not at all."

The delivery of fuel is likely to have far-reaching diplomatic repercussions because the United States and other countries have urged Moscow not to despatch the fuel. Russia's Foreign Ministry said separately it had received additional written assurances from Iran that the fuel would not be used for any other purpose and urged Tehran to drop its own enrichment programme. Tehran says its nuclear programme is designed purely to generate electricity. Russia says Bushehr is being built in line with guidelines set by the United Nation's nuclear watchdog and there is no risk of Iran acquiring military technology.

"The first stage (of delivering fuel) was completed on Dec. 16, 2007: containers with fuel which had previously been sealed by IAEA inspectors were delivered to the site and placed in special storage," plant constructor Atomstroieksport said. Bushehr, which is nearing completion, will be Iran's first nuclear power station. Atomstroieksport's statement said delivering all the fuel for Bushehr would take a total of two months and would be done in several stages. Russian officials have previously said

the Bushehr power station could start operating within six months of the fuel being delivered. "The Iranian side has supplied additional written assurances regarding the fact that the fuel will be used exclusively for the atomic power station at Bushehr," the Russian foreign ministry said in a statement. "We believe that qualitatively new conditions have been created which will allow Iran to take the steps which are demanded of it ... for the restoration of trust in the peaceful nature of the Iranian nuclear programme." "This includes suspending work in the sphere of enriching uranium since, in the medium term, the Iranian side has no objective need for its own enrichment facilities -- the Bushehr plant is supplied with Russian fuel for its entire lifetime."

CLIMATE

White House seeks to reassure on climate deal

17 December 2007, Financial Times

The White House sought to reassure its global partners yesterday that it was committed to the climate change agreement reached in Bali at the weekend, following an early statement that voiced "serious concerns" about the accord.

The decision in Bali paved the way for negotiations to start on a new global warming treaty that is to be agreed by 2009. But the White House quickly flagged up its reservations, saying that for the negotiations to succeed, big emerging economies would have to accept a greater share of responsibility in reducing greenhouse gases.

A senior European Union official said the criticism was "extraordinary", particularly given that the US delegation had been in touch with the White House "almost minute by minute" throughout the final stages of the talks.

However, a senior US official told the Financial Times: "I would not regard the White House statement as backing away from the consensus." Rather, "it is focused on what has to happen next".

The agreement in Bali was sealed by 187 countries at a meeting of the United Nations by mid-afternoon on Saturday, with an isolated US eventually agreeing to join the consensus after Brazil and South Africa offered reassurance on their commitments.

Daniel Price, assistant to the US president for international economic affairs, told the FT: "We support the Bali decision. We think it is an important first step and there are many very significant and positive things in it".

Mr Price said Bali laid out a road map for negotiations on a "global, comprehensive and effective post-2012 framework" on climate change. "Nothing in the Bali decision would preclude addressing our concerns as the negotiations moved forward," he said.

The final hours of the meeting were dramatic. Ban Ki-moon, the UN secretary-general, made an impassioned plea to delegates to come up with a deal, the US was booed by other countries in the plenary session, and the UN's top climate change official left the podium in tears after harsh criticism from the Chinese delegation.

The agreement did not set a target binding the US or developing countries to emissions reductions, though it promised "deep cuts" in emissions; the developed country parties to the Kyoto protocol agreed to cut emissions by 25 per cent to 40 per cent by 2020. The agenda for the next two years includes talks on the extent of cuts required, how these should be shared between rich and poor countries, the mechanisms by which cuts will be achieved, how rich countries will help poor countries to reduce emissions, and the question of how both rich and poor countries should adapt to climate change.

Many businesses welcomed the agreement, as it helped to clarify international climate change policy.

International campaigning groups criticised it because it failed to set a target on emissions cuts. But US environmental groups were more welcoming - some noting that a new president would be sworn in before the negotiations ended. Peter Goldmark, at Environmental Defense, said: "This agreement presents a workable path to a global climate change deal."

Disappointments on Climate

17 December 2007, NEW YORK TIMES

A week that could have brought important progress on climate change ended in disappointment.

In Bali, where delegates from 187 countries met to begin framing anew global warming treaty, America's negotiators were in full foot-dragging mode, acting as spoilers rather than providing the leadership the world needs.

In Washington, caving to pressures from the White House, the utilities and the oil companies, the Senate settled for a merely decent energy bill instead of a very good one that would have set the country on a clear path to a cleaner energy future.

The news from Bali was particularly disheartening. The delegates agreed to negotiate by 2009 a new and more comprehensive global treaty to replace the Kyoto Protocol. (Kyoto expires in 2012 and requires that only industrialized nations reduce their production of greenhouse gases.) They pledged for the first time to address deforestation, which accounts for one-fifth of the world's carbon dioxide emissions. And they received vague assurances from China — which will soon overtake the United States as the biggest emitter of greenhouse gases — and other emerging powers that they would seek "measurable, reportable and verifiable" emissions cuts.

From the United States the delegates got nothing, except a promise to participate in the forthcoming negotiations. Even prying that out of the Bush administration required enormous effort.

Despite pleas from their European allies, the Americans flatly rejected the idea of setting even provisional targets for reductions in greenhouse gases. And they refused to give what the rest of the world wanted most: an unambiguous commitment to reducing America's own emissions. Without that, there is little hope that other large emitters, including China, will change their ways.

There is some consolation in knowing that the energy bill approved last week included several provisions — among them the first significant improvement in automobile mileage standards in more than 30 years — that over time should begin to reduce the United States' dependency on foreign oil and its output of greenhouse gases. The bill would have had much greater impact if the Senate had not killed two important provisions opposed by the White House and its big industrial contributors.

One would have required utilities to generate an increasing share of their power from renewable sources like wind. The other would have rolled back about \$12 billion in tax breaks granted to the oil companies in the last energy bill and used the proceeds to help develop cleaner fuels and new energy technologies.

The decision to maintain the tax breaks was particularly shameful. Blessed by \$90-a-barrel oil, the companies are rolling in profits, and there is no evidence to support the claim that they need these breaks to be able to explore for new resources. Yet the White House had the gall to argue that the breaks are necessary to protect consumers at the pump, and the Senate was craven enough to go along.

This Senate will have another chance to provide the American leadership the world needs on climate change. An ambitious bipartisan bill aimed at cutting America's greenhouse gas emissions by 70 percent by midcentury has been approved by a Senate committee and may come to the floor next year. Though the bill is far from perfect and will provoke intense debate, it could offer a measure of redemption for the administration's embarrassing failure in Bali.

EMISSIONS

EU's carbon trade revision threatens import tax

19 December 2007, ENDS Europe DAILY 2453

Draft proposals to reform the EU's carbon emission trading scheme (ETS) include an import tax on products from any country that does not sign up to "binding and verifiable action" to reduce greenhouse gas emissions, ENDS has learned.

A draft European commission directive text circulated this month (see link below) confirms several elements of reform that have been suggested since very early on the ETS review: longer trading periods, central allocation of carbon allowances and a presumption of more allowance auctioning.

The document does not say what the overall EU cap would be, nor how many allowances would be auctioned. But there would be a guaranteed temporary minimum level of free allocation if no successor to the Kyoto protocol emerges. The European commission is due to present finalised proposals in January (EED 22/10/07).

Potentially the most controversial element of the text is a plan to impose from 2015 a "future allowance import requirement" (Fair) on products where there is "significant risk of carbon leakage or...international competition" that would harm EU firms.

This requirement would apply to imports from all countries that had not taken action to cut emissions. Importers would have to buy carbon allowances to get access to the EU market. Conversely, EU exporters of these products would be able to claim additional allowances.

The proposal amounts to a carbon tax on imports - an idea strongly supported by new French president Nicolas Sarkozy (EED 28/11/07) but previously resisted by EU trade commissioner Peter Mandelson (EED 18/12/06).

Since world governments agreed unanimously at the weekend to work for a new global policy to cut greenhouse emissions, and since this would probably come into place in 2013, it is unclear how many imports would be affected by the proposal. Perhaps its main significance will be as a warning to other governments to cooperate in the talks.

Elsewhere, the draft sets out possible future rules for the EU carbon market. New eight-year trading periods would begin from 2013. An overall EU carbon cap would be set for 2020. This would be proposed by the Commission and agreed by governments and MEPs. But the document suggests no figure.

Annual carbon allocations would decline "in a linear manner" from the aggregate EU cap already set for the 2008-12 second phase of the ETS (EED 07/12/07) to the 2020 allocation. The allocation could be increased to accommodate new entrants.

A set of "transitional" rules would guarantee free allocation of a fixed but declining proportion of allowances each year. For the power sector the guarantee would start at 50 per cent of allowances in 2013 and decrease by "ten per cent" each year (it is unclear whether the commission intends for this to mean ten percentage points). For other installations the free allocation would be 90 per cent in 2013, declining by 5 per cent annually.

It is not clear whether all the remaining allowances would be auctioned. The text says a certain proportion would be auctioned from 2013, and that this proportion would rise each year to 2020. But no figures are given. Member states would be responsible for auctioning allowances and collecting revenues.

A certain proportion of the revenues - again, the figure is not specified - would be ring-fenced to reduce emissions, to support climate adaptation measures in the EU and in developing countries, to fund renewable energy development and to develop carbon capture and storage (CCS).

As soon as a new global climate policy has been agreed, and if this leads to "mandatory reductions...in countries representing a critical mass of production" in sectors covered by the ETS, there would be an automatic end to free allowances. The EU cap would also be tightened to reflect the EU's pledge to make deeper domestic emission cuts if other industrialised countries take on cuts.

Though carbon allocations would be set centrally, national authorities would continue to distribute allowances to their firms and oversee ETS compliance. They would have the power to exempt smaller installations (below 25 megawatts) from the ETS if their emissions were consistently below 10,000 tonnes of carbon dioxide annually and if equivalent emission-cutting measures were applied to them.

Credits from Kyoto's JI and CDM project mechanisms that have not been used up in the ETS's second phase could be banked for the third phase. If no international climate agreement is in place from 2013, deals would be struck with other countries to continue to generate CDM-style emission credits.

In other changes proposed in the draft, the penalty for exceeding emission caps would increase along with inflation, biomass-burning plants would be exempted, carbon capture plants would be ineligible for free allowances and the ETS would be extended to some installations in the aluminium, non-ferrous metals and chemicals sectors that are not already covered.

Draft proposal:<http://www.ends.europedaily.com/docs/71219a.pdf>

Aviation to be included in EU emissions trading

21 December 2007, Telegraph.co.uk

Airline passengers face paying up to £13 more for the price of a return flight as a result of an EU agreement to include aviation in the European emissions trading scheme.

Airlines will have to buy carbon credits from renewable-energy schemes to cover any growth.

The scheme, which applies after 2012, means growth in greenhouse gas emissions from flying will have to be cancelled out by buying "carbon credits".

The decision by EU ministers to include aviation in the Emissions Trading Scheme means emissions from aviation will be capped at 2004-06 levels. Airlines will have to buy credits from renewable-energy schemes or emission-reduction schemes to cover any growth.

If they choose to pass on the cost of the credits to passengers, they will be able to charge up to €9 (£6.50) per flight, leading to an extra cost per person of as much as £13 on the cost of a return trip.

The scheme will apply to all flights between EU countries and flights taking off from or landing in an EU country, including all intercontinental flights, not simply the part of the journey in European airspace.

Hilary Benn, the Environment Secretary, hailed the agreement by all 27 EU countries supporting the proposal as a bold step by Europe following the Bali agreement.

He said "I welcome this agreement, which the UK has long campaigned for. This immediate step following Bali demonstrates our commitment to making sure that aviation plays its part in tackling emissions."

Airlines will be regulated by the EU country in which they run the majority of their flights. Any airline in breach of the regulation will face legal action.

The adopted proposal now goes to the European Parliament.

Environmental campaigning group WWF said the decision let the aviation industry off too lightly.

"This is a Christmas gift to the aviation industry which should be required to do its fair share in tackling climate change" said Delia Villagrasa, Senior Advisor at WWF's European Policy Office.

"The sector's carbon emissions are growing by four to five per cent per year, and ministers' failure to grapple with this is completely at odds with the European pledge to reduce emissions by 20-30 per cent by 2020."

She said such a "lenient" approach to airlines was a backward step from the Bali climate change pledges.

Friends of the Earth (FoE) described the aviation deal as "feeble", and urged more measures, including a tax on aviation fuel - currently zero-rated for VAT.

FoE aviation campaigner Richard Dyer said: "These feeble proposals will do little to curb the growing impact of European air travel on global warming. Aviation is the fastest growing EU source of carbon dioxide emissions. This deal will not do much to force airlines to become more efficient.

"It fails to tackle air travel's extra climate impact at altitude and is likely to give the aviation industry windfall profits from the handout of free pollution permits.

"Last week the EU called for tough climate action at Bali. It must now show global leadership and put forward a much tougher scheme as well as other policies to curb the mounting threat from growing aviation emissions.

"The UK Government should also take action at home. It must include Britain's share of international aviation and shipping emissions in its Climate Change Bill, and scrap its insane plans to expand our airports."

CONFERENCES:

World Biofuels Markets '08, 12th - 14th March 2008, Brussels Expo

www.worldbiofuelsmarkets.com

Where the world comes to do business

New speakers have recently been announced for World Biofuels Markets '08, taking place on 12-14 March 2008 at the Brussels Expo in Belgium. Download the latest brochure here:

<http://greenpower.msgfocus.com/c/13x1sgLqHtozKss>

Abu Dhabi Hosts 1st Energy Summit Post Bali, 21-23 January 2008

The world's 5th largest oil producer, Abu Dhabi, is taking the lead in addressing the need for developing alternatives for cleaner and safer sources of energy hosting the inaugural World Future Energy Summit (WFES) in Abu Dhabi from 21-23 January 2008. Since the dramatic UN conference on climate change in Bali, this will be the first major summit, where Government, Business and NGOs gather in Abu Dhabi next month to address energy alternatives and progress global co-operation on future energy.

Under the patronage of the Crown Prince of Abu Dhabi, HH Sheikh Mohamed bin Zayed Al Nahyan, the Summit promises to be the largest and most comprehensive event on future energy to date and will include 78 high profile speakers. Over 180 leading international exhibitors from energy, finance, green construction, government and environment sectors will be on show.

Major announcements and contributions are expected from HRH Prince Charles, President Maumoon Abdul Gayoom of the Maldives, President Ólafur Ragnar Grímsson of Iceland and President Ismail Omer Guelleh of Djibouti. There will be 13 overseas Energy Ministers, State Secretaries from Germany and Norway also participating.

