

E-news update 11 August 2008

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CLIMATE

1.1. What we are doing about climate change

11 August 2008, Features

In developing countries, where survival is often a daily struggle, people cannot afford to wait for their government to bail them out. Many are living in the grip of climate change, coping with frequent droughts, heavy flooding, intense cyclones and other extreme weather events, and have found ways to adapt:

In Bangladesh, women farmers faced with frequent floods are building 'floating gardens' - hyacinth rafts on which to grow vegetables in flood-prone areas.

In Sri Lanka, farmers are experimenting with rice varieties that can cope with less water and higher levels of salinity in the water.

In Malawi, some small-scale farmers dependent on rain-fed agriculture have begun planting faster maturing maize to cope with more frequent droughts.

But, on a global scale Governments continue to be deadlocked on the issue of reducing the emission of dangerous greenhouse gases, such as water vapour, carbon dioxide, ozone and methane, which are making the earth warmer.

According to the UN World Meteorological Organisation (WMO) the decade from 1998 to 2007 was the warmest on record.

Governments began to sit up and take notice of the environment more than 30 years ago, in 1972 in Stockholm, where the decision to set up the UN Environment Programme (UNEP) was taken.

Seven years later, the first World Climate Conference, organised by WMO, noted the impact of man's activities on earth and called for global cooperation to explore the future of the earth's climate.

UNEP, WMO and the International Council for Science, a non-governmental organisation (NGO), called a meeting in 1985 to discuss an 'Assessment of the Role of Carbon Dioxide and of Other Greenhouse Gases in Climate Variations and Associated Impacts'.

The conference concluded that "as a result of the increasing greenhouse gases it is now believed that in the first half of the next century (the 21st) a rise in global mean temperature could occur which is greater than in any man's history."

In 1987 the WMO's 10th Congress recognised the need for a scientific assessment of the impact of greenhouse gases on the environment, as well the socio-economic implications.

WMO and UNEP coordinated an intergovernmental mechanism for drawing up these assessments, and realised that besides the scientific investigations, strategies to help countries and the world respond to the crisis would also be needed.

A year later the Intergovernmental Panel on Climate Change (IPCC) was set up, comprising three working groups to look at the science, the environmental and socio-economic impacts, and the response.

The findings of the first IPCC Assessment Report in 1990 played a decisive role in the formulation of the UN Framework Convention on Climate Change (UNFCCC), adopted at the 1992 Earth Summit in Rio de Janeiro, Brazil.

This Convention was the first global attempt to tackle climate change. It recognised that the climate system is a shared resource whose stability can be affected by industrial and other emissions of carbon dioxide and other greenhouse gases.

The Convention, which enjoys near universal membership, with 192 countries having ratified it, came into effect in 1994.

Financial resources

The 192 Parties to the Convention are divided into groups:

Annex I countries are industrialised countries - the 24 original Organisation for Economic Cooperation and Development (OECD) members, the European Union, and 14 countries with economies in transition. (Croatia, Liechtenstein, Monaco and Slovenia joined Annex 1 in 1997, and the Czech Republic and Slovakia replaced Czechoslovakia.)

Annex II countries have a special obligation to provide financial resources and facilitate technology transfer to developing countries; they include the 24 original OECD members plus the European Union.

Non-Annex I countries have ratified or acceded to the UNFCCC but are not included in Annex I of the Convention.

A number of institutions, set up under the Convention, facilitate and monitor its implementation.

These include the Subsidiary Body on Scientific and Technological Advice (SBSTA), the Subsidiary Body on Implementation (SBI) and a financial mechanism, entrusted to the Global Environment Facility (GEF).

While the UNFCCC encouraged members to stabilise the emission of greenhouse gases, the Kyoto Protocol committed them to do so.

The Protocol sets binding targets for 37 industrialised countries and the European community - called the Annex-B parties - for lowering greenhouse gas emissions, which must be reduced during the five-year period from 2008 to 2012 by an average of five per cent below the levels in 1990.

The Protocol was adopted in Kyoto, Japan, in 1997 and came into force in 2005. It has been ratified by 180 countries so far.

The agreement recognises that developed countries are principally responsible for the current high levels of greenhouse gas emissions into the atmosphere as a result of more than 150 years of industrial activity, and places a heavier burden on them under the principle of 'common but differentiated responsibilities.' The protocol provides three tools to help the developed countries reach their targets:

international emissions trading between countries with targets

joint implementation of emissions-reducing projects

the Clean Development Mechanism (CDM).

This mechanism allows industrialised countries to earn and trade emissions credits by implementing projects in other developed countries or developing countries, and put the credits towards meeting their targets.

Greenhouse gases

Non-Annex I countries do not have legally binding targets to reduce or limit their greenhouse gas emissions during the first commitment period.

The first commitment phase of the Kyoto Protocol expires in 2012, and countries have begun talks to negotiate the reduction targets for the next phase. But the process has been deadlocked, as the United States, often identified as one of the world's largest emitters of greenhouse gases, has yet to ratify the protocol.

The US has objected because the protocol excluded China and India, two of the world's fastest growing economies and among the world's biggest polluters, from making mandatory commitments to cut.

The world has until the climate change summit in Copenhagen, Denmark, in December 2009, when a new post-2012 agreement to cut greenhouse gas emissions is expected to be approved, to implement the current agreed cuts.

None of the leading industrialised nations is on target to reduce greenhouse gas emissions enough to avoid the threshold level for unacceptable risk of catastrophic climate change, according to several environmental NGOs.

The IPCC has suggested cuts of between 25 and 40 per cent by 2020 to avoid a 2ø Celsius increase in global temperature, which is expected to destroy 30 to 40 per cent of all known species, generate bigger, fiercer and more frequent heat waves and droughts, and more intense weather events like floods and cyclones.

Most scientists, including members of the IPCC, have suggested that some developing countries should agree to take on cuts by 2020, and that all countries should take on cuts by 2050.

The big developing countries, such as China, India, South Africa and Brazil, have said they are willing to take on mandatory 50 per cent cuts in emissions by 2050, if the rich countries agree at least to take on 25 to 40 per cent cuts in emissions below 1990 levels by 2020.

Adaptation, technology transfer and financing

Developing countries require international assistance to support adaptation, including funding, technology transfer and insurance, as well as resources to reduce the risk of disasters and raise the resilience of communities to increasingly extreme events.

The Least Developed Countries Fund (LDCF), controlled by the GEF, is one of two funds set up by UNFCCC to help these countries adapt to global warming.

The Special Climate Change Fund (SCCF) finances projects related to capacity building, technology transfer and mitigation, and helps countries highly dependent on income from fossil fuels to diversify, but the UN Development Programme's annual development report in 2007 noted that little of this money had actually been delivered to the developing countries.

The UNFCCC has pinned its hopes on an Adaptation Fund, set up under the Kyoto Protocol, to support adaptation to climate change in developing nations.

It is financed by a 2 percent levy on the value of credits resulting from emission reduction projects under the CDM.

The UNFCCC estimates that the fund will raise up to \$300 million a year by 2030, depending on the level of demand in the carbon market.

However, development agency Oxfam has pointed out that Ethiopia's immediate climate adaptation needs alone will amount to US\$800 million.

Link: <http://www.dailynews.lk/2008/08/11/fea01.asp>

1.2. OECD calls for Australia to lead on climate change

6 August 2008, ABC Rural

The OECD is calling on Australia to lead the way on climate change.

Angel Gurría, secretary general of the OECD, says because Australia is a big exporter of raw materials, including coal, it has a greater responsibility to set the example to other countries.

The OECD represents the 30 mostly wealthy nations who have embraced democracy and the market economy, with members including Australia, the US, Japan and the UK.

Mr Gurría says the world is watching the evolution of Australia's emissions trading scheme and this country's efforts to reduce greenhouse gas emissions will "absolutely" influence other governments to follow suit.

Link: <http://www.abc.net.au/rural/news/content/200808/s2325770.htm>

1.3. Commission launches public consultation on post-2012 agreement

4 August 2005, EC

The European Commission launches today a public consultation on the European Union's approach to a global climate change agreement up to and beyond 2012 when the current Kyoto Protocol targets will end. Stakeholders and the general public are invited to put forward their views on a number of critical issues, such as mid-term emission reduction targets for developed countries and emission reduction actions for developing countries, adaptation to climate change, technology cooperation and finance. The results of the survey will help shape the EU's position on the global post-2012 agreement.

Environment Commissioner Stavros Dimas said: "It was agreed in Bali last year that a new global climate change agreement should be adopted by the end of 2009. The ambitious agreement that needs to be reached in Copenhagen must bring together the world's nations to tackle this global challenge effectively. It is important that our contribution to this discussion is shaped by the knowledge and expertise of the different EU stakeholders."

The Commission launches today a public consultation on the approach the European Union should take on the global post-2012 climate change agreement. The consultation follows the Commission's Communication "Limiting Global Climate Change to 2°Celsius: The way ahead for 2020 and beyond". Stakeholders are being asked for their views on the different building blocks of the Bali Road Map. These include a shared vision guiding commitments to mid-term targets by developed countries and greater collaboration on emission reduction and adaptation to climate change with the support of technology and finance.

The Commission welcomes comments from all interested parties, including individual citizens, industry, trade unions and consumer representatives, interest groups, the NGO community and other organisations. A conference for stakeholders is planned for autumn this year.

The consultation runs until 29 September 2008. Interested stakeholders are invited to participate by filling in the online questionnaire at:

<http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=climatepost2012>

Background

The Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) was a vital first step in addressing the serious threat of climate change. Under the Kyoto Protocol, the EU committed itself to reducing its greenhouse gas emissions by 8%, compared to 1990 levels between 2008 and 2012. In December 2007, at the UN conference on climate change in Bali, Indonesia, participating countries set out an action plan for an agreement on a post 2012 framework, to be completed by 2009 when the parties of the UNFCCC meet in Copenhagen.

More information about climate change is available at:

http://ec.europa.eu/environment/climat/home_en.htm

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1239&format=PDF&aged=0&language=EN&guiLanguage=en>

ENERGY

2.1. Climate protesters fail to stop E.ON output

9 August 2008, Reuters

KINGSNORTH (Reuters) - Climate protesters scaled security fences to enter the site of a coal-fired power station in southeast England on Saturday but German firm E.ON, which runs the plant, said output had not been disrupted.

The protesters oppose plans for two new coal units at the facility, which will also be operated by E.ON.

Police said they arrested about 50 people during the protest, which began as a peaceful march but descended into violent scuffles with police in riot gear as activists raced at the site's perimeter fences.

Four protesters got into the grounds of the power station before being arrested. Others were detained on a nearby river as they tried to access the site by raft, boat or kayak.

The demonstrators had aimed to stop output for a day but failed.

"We've had to increase security at the power station and members of staff have been worried by what might happen to them," said an E.ON spokesman.

"The power station is generating. It's business as usual ... to the extent it can be on this extraordinary day."

The protesters say coal emits unacceptably high levels of carbon dioxide, the gas held responsible for climate change.

"We just want to try and send a message to people that we don't want any more new coal ... it's something that's not going to help our future at all," said Helen Atkinson, 26, a medical photographer from Cumbria.

E.ON argues emissions from the new units will be cleaner. It hopes to bury them underground using so-far commercially unproven carbon capture and storage (CCS) technology.

Protest organisers said about 1,000 people had gathered at a nearby field for a music-festival-like "Climate Camp", which has been running workshops on climate change all week.

Since the start of the camp, police have staged a 24-hour security operation involving between 350 and 1,400 police and civilian staff, at a cost of millions of pounds.

Some protesters called the police tactics heavy-handed. At one point, protesters clashed with officers who tried to arrest a man after he was seen ripping a police barrier tape.

Television cameras captured police in riot gear and brandishing batons scuffling with protesters who in turn pushed against police shields.

E.ON, which plans to close the existing plant at Kingsnorth in 2015 and replace it with the new facility, said it was a partner in the world's largest offshore wind farm off the coast of Kent and it was also building one of the world's largest heat and power plants close to Kingsnorth.

Link:

<http://uk.reuters.com/article/topNews/idUKL936327420080809?pageNumber=1&virtualBrandChannel=10174>

EMISSIONS

3.1. Region aims for greener future

10 August 2008, The National

ABU DHABI // A recent surge in local businesses aiming to profit from curbing air pollution shows that Middle Eastern countries are "waking up to the potential economic benefits of carbon emission reduction", the UN's chief diplomat for climate change says.

Yvo de Boer, the executive undersecretary of the UN Framework Convention on Climate Change, said that the number of companies seeking certification to sell carbon credits on European markets had increased by more than 12 times.

Where there are six companies certified now, another 76 are in the pipeline, according to Point Carbon, a Norwegian consultancy. Twelve of these projects are in the UAE.

"Countries in the region are really beginning to pick up on this," Mr de Boer said in an interview from Bonn, Germany. "There is a recognition that there is a potential economic advantage to becoming a low emissions economy."

The carbon credit market is a product of the Kyoto Protocol, which set limits for carbon emissions from developed countries. Under the so-called "cap and trade" system, companies in developed countries can buy "credits" from companies in developing countries that reduce their emissions.

This way, developed nations can achieve the protocol's emission reduction targets while giving developing countries an incentive to reduce their own emissions without specific targets. A key component of gaining certification is that companies must prove that operational improvements to reduce emissions would not be economical without carbon credits. The protocol specifically excludes awarding credits for operational upgrades that may be environmentally friendly, but are commercially driven.

The largest producer of carbon credits in the Middle East right now is the Al Shaheen Oil Field Gas Recovery and Utilisation programme in Qatar. It is set to generate about 14 million tonnes of carbon dioxide reductions by 2012, which is worth more than €140 million (Dh771m) at current carbon credit prices.

Mr de Boer said carbon capture and storage, a relatively new technology, had the potential to be a major economic boon to the oil producing countries of the Middle East. The Intergovernmental Panel on Climate Change is studying the feasibility of awarding carbon credits to companies that install the technology.

"It would potentially increase opportunities in oil producing countries enormously," Mr de Boer said. "But there are still a couple of concerns. It is not a proven technology on a large scale."

He said it would be one of the key issues at the Copenhagen Climate Summit in 2009, where countries will discuss how countries can cut back their environmental impact in coming decades.

The Gulf region is especially good for carbon capture and storage because of the prevalence of salt domes, which are lined with material that is highly impermeable. Still, there are questions about the possibility of long-term seepage of the stored carbon, and who will maintain them decades down the road.

"It's still an unproven methodology from an engineering and a scientific point of view," said Shezan Amiji, the founder of Ecoventures, an environmental consultancy. "The jury is still out on whether this technology will work, but if it can be proven to work on a large scale, this region will play a major role."

The Abu Dhabi Future Energy Company (Masdar) has set its sights on carbon capture and storage as a major opportunity to turn a profit on environmentally friendly technology.

Sam Nader, the director of Masdar's carbon management unit, said the company's CO₂ capture and storage network was planning to begin engineering work on the first phase of the project in September and become operational by early 2013. The system will capture CO₂ from power and industrial plants in Abu Dhabi and send it through pipelines to be injected into oil reservoirs.

"CO₂ is important for regional economies since it is integrated in their oil and gas sector," he said. "CO₂ could be captured and injected in oil reservoirs for pressure maintenance and enhanced oil recovery. This constitutes a win-win scenario for both the environment and regional economies."

It is also working with Abu Dhabi Ports Company to develop ways to collect emissions from its planned Khalifa Port and Industrial Zone.

Middle Eastern countries face some of the biggest difficulties in cutting down emissions because of their harsh climates and reliance on the oil and gas industry – but these challenges can be reversed with innovative thinking, Mr de Boer added.

"This is not a war on oil, it's a war on emissions," he said. "The more incentives we can create to reduce CO₂, the more likely it'll be possible to reduce the impact on the environment."

Link: <http://www.thenational.ae/article/20080810/BUSINESS/519581109/-1/NEWS>

3.2. Japan Power Exchange to Start Carbon-Credit Trading in October

11 August 2008, Bloomberg.com

The Japan Electric Power Exchange will start trading carbon credits in October on a trial basis as part of Prime Minister Yasuo Fukuda's goal to cut greenhouse gases by more than half, officials said.

The trade ministry has directed the 39-member bourse in Tokyo to design a Web-based trading platform, a ministry official said under condition of anonymity because details haven't been completed. The credits will be traded in yen per metric ton.

Fukuda's cabinet last month endorsed a plan that includes carbon trading among measures to slash Japan's output of gases blamed for global warming by between 60 percent and 80 percent by 2050. Tokyo Electric Power Co., Merrill Lynch & Co. and a unit of trading house Mitsubishi Corp. are among exchange members expected to use the trading platform.

"The creation of a new marketplace is going to be a big step," said Itaru Shiraishi, an Amsterdam-based carbon trader with Fortis, Belgium's biggest investment bank. "But liquidity is a key to developing the right kind of trading marketplace."

Under the plan, the bourse will match the bids and offers placed on the exchange's trading platform. The exchange is unlikely to have a clearing function for the trades, said a senior bourse official, who declined to be named before details are worked out.

The UN's Clean Development Mechanism, or CDM, allows polluters in rich countries to buy credits from projects that cut emissions in poor nations. The certified emissions credits, granted by the UN, are already tradable on the European Climate Exchange.

European Exchange

The European climate exchange has more than 90 members including Lehman Brothers International, Morgan Stanley & Co. International and JP Morgan Securities, whereas no financial institutions are members of the Japanese power bourse except Merrill Lynch Commodities Inc.

"The Japanese market should be globally competitive and transparent, and the liquidity of its trading should grow," Yutaka Hayashi, an emission trader with Marubeni Corp., which has trading members both on the European Climate Exchange and the Japanese power exchange. "The market must be the place where participants are all able to easily join."

In the European Union, companies use the credits to meet compulsory caps on emissions set by the government. In Japan, they're used to meet voluntary targets.

"We see significant potential to provide liquidity in the Japanese carbon-credit market and to help counterparties with managing their combined power-fuel-emissions-weather cross commodity hedging and risk management," said Abyd Karmali, global head of carbon emissions at Merrill Lynch, the first overseas company to get a license to trade on the power exchange.

