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und Reaktorsicherheit

Carbon Market
The policy framework

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Long-term orientation

European Council, March 2007

- 2°C objective
- -50% global reduction by 2050 (v. 1990)
- 2020: -30% for industrialised countries
- Energy efficiency: 20% improvement by 2020 above BAU.
- A binding target for renewable energies: raising the share to 20% by 2020

G8: Heiligendamm Summit –

- Central role of UN climate process; energy efficiency

Germany

- - 40% by 2020
- Integrated Climate and Energy Programme (IKEP)

UN Climate Conference, Bali

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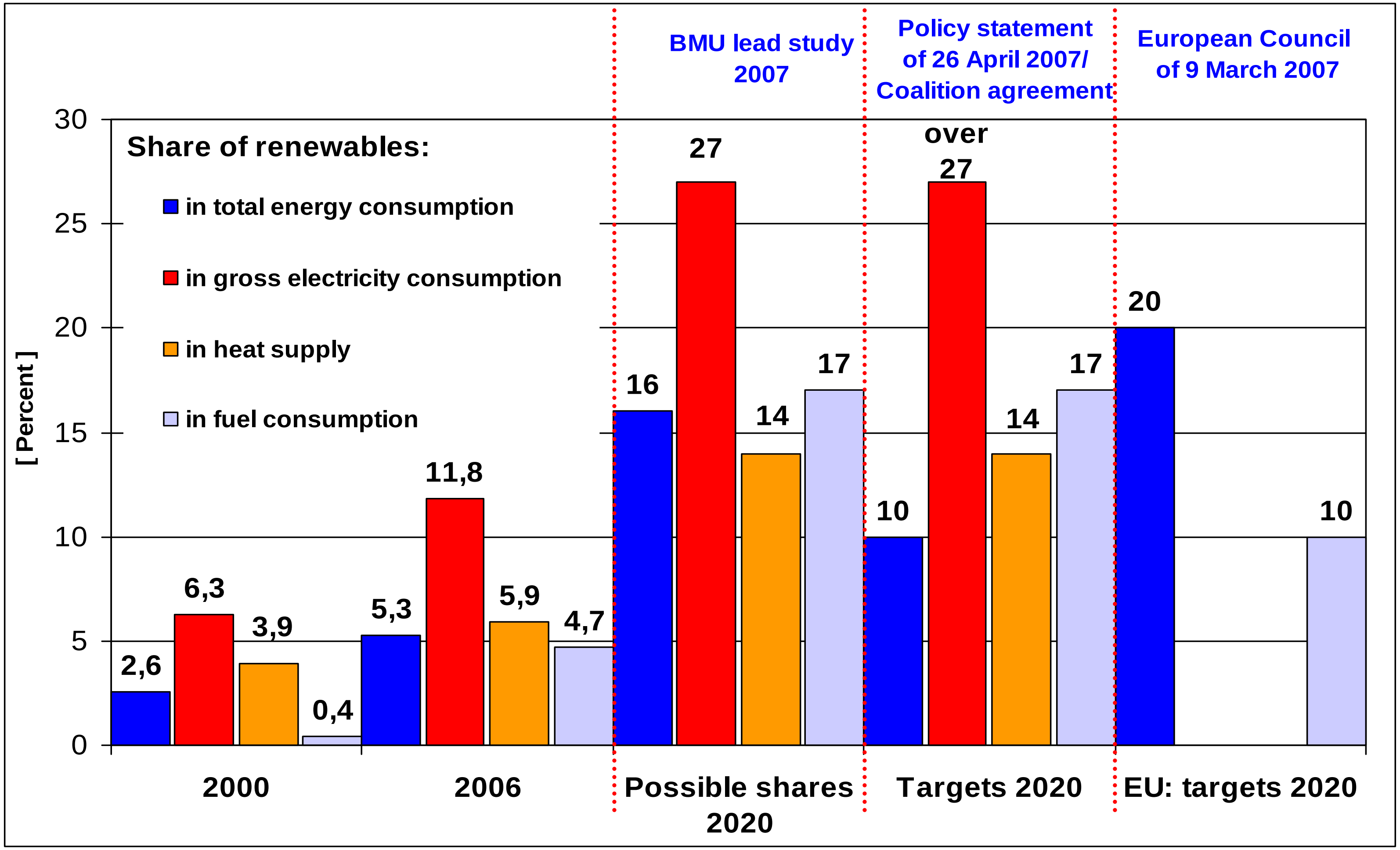
Share of renewable energies in Germany
and targets up to 2020



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Development of EU ETS

2005-7: Start-up period

•Robust emissions' monitoring and verification
•Efficient electronic registry system
•Allowances mostly allocated for free (auctioning limited to 5%)
•However, insufficiently ambitious levels for emission reductions

2008-12: First commitment period of Kyoto Protocol

•Commission approval given to 23 plans up until now
•Auctioning possible up to 10%
•Extension of EU ETS taking place to other GHG via 'opt-in'
•Linking option to Norway and other Kyoto ratifiers

Post-2012: subsequent periods

Legislative review underway: *Building a global carbon market*
•Scope of the Directive (incl. Non-CO_2, CCS, Aviation)
•Further harmonisation and increased predictability (allocation)
•More auctioning most likely.
•Linking with emission trading schemes in third countries

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EU ETS market expanding rapidly

In parallel global carbon market develops dynamically

Table 1: Carbon Market at a Glance, Volumes & Values in 2005-06

	2005		2006	
	Volume ($MtCO_2e$)	Value (MUS$)	Volume ($MtCO_2e$)	Value (MUS$)
Allowances				
EU ETS	321	7,908	1,101	24,357
New South Wales	6	59	20	225
Chicago Climate Exchange	1	3	10	38
UK-ETS	0	1	na	na
Sub total	**328**	**7,971**	**1,131**	**24,620**
Project-based transactions				
Primary CDM	341	2,417	450	4,813
Secondary CDM	10	221	25	444
JI	11	68	16	141
Other compliance	20	187	17	79
Sub total	**382**	**2,894**	**508**	**5,477**
TOTAL	**710**	**10,864**	**1,639**	**30,098**

Source: World Bank, State and Trends of the Carbon Market 2007

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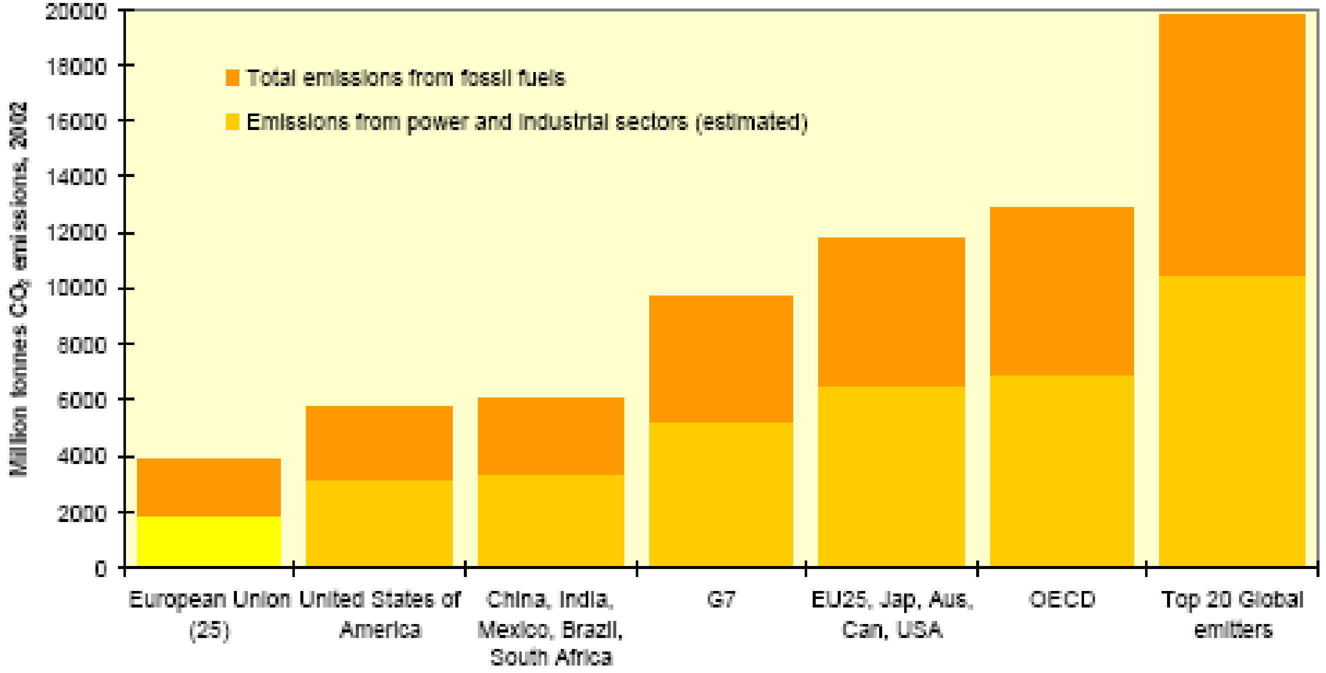
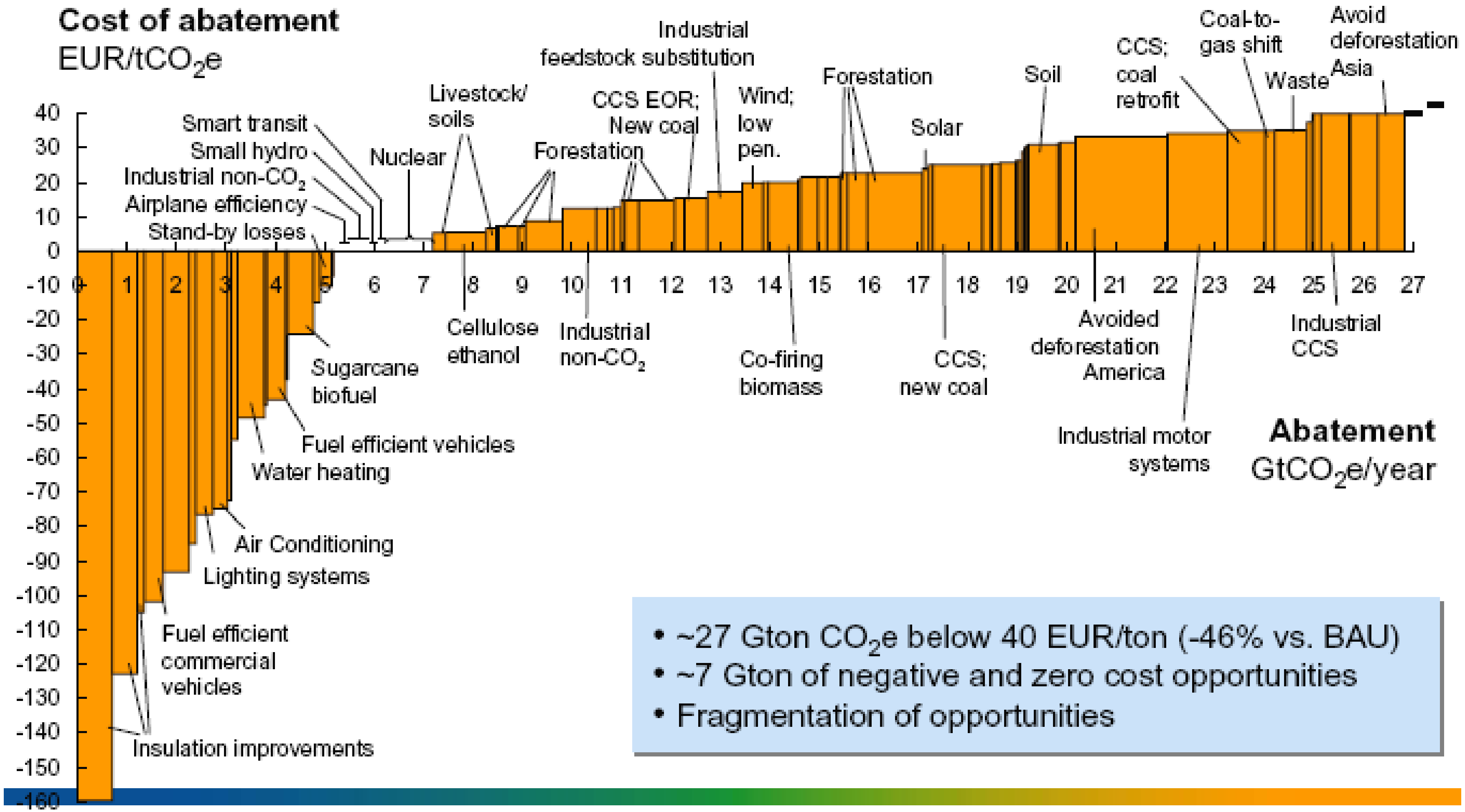
Potential Emissions Markets from Power and Industrial Sectors



Source: Stern Review

Stabilization is possible at limited costs – markets can supply

2030



- ~27 Gton CO_2e below 40 EUR/ton (-46% vs. BAU)
- ~7 Gton of negative and zero cost opportunities
- Fragmentation of opportunities

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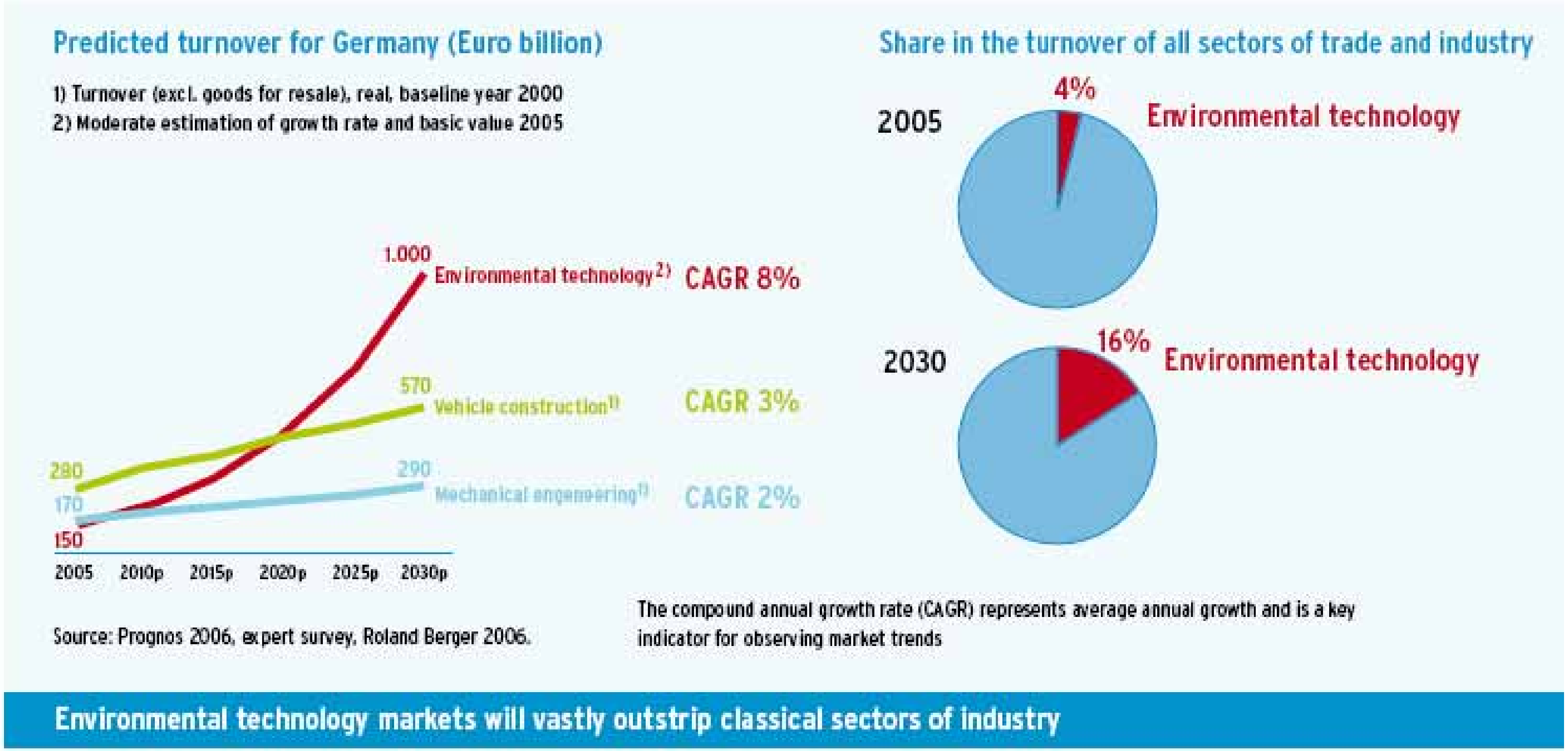

Source: Roland Berger