

# The EVI Newsletter

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## Emergent Ventures India Pvt. Ltd

### So What's the fuss all about?

**Akshay Vohra**

*"There is no energy crisis, only a crisis of ignorance"*

– R. Buckminster Fuller

Given our ever surging demand of electricity, it is imperative that our power capacity needs to be increased at a tremendous rate. Coal being a fast depleting source, there is a further need to look for alternate sources of energy, which have the capability to provide energy on a large scale at competitive costs. Of all the sources available, probably nuclear energy is the only source which satisfies this demand and has the potential to relieve us of the impending power crisis.

However, unfortunately, this source has often been branded as unsafe and has time and again been put out of reckoning. Perhaps the greatest environmental waste concern at an operating nuclear power plant is spent fuel disposal. However, what is unknown is that the ash generated out of the coal power

plants is also radioactive and poses similar threats. In studies done by J.P.McBride at Ok Ridge National Laboratory in 1978 paper for science, titled "Radiological Impact of Airborne Effluents of Coal and Nuclear Plants", it has been found that the estimated radiation doses ingested by people living near coal plants were equal to or higher than doses for people living around the nuclear facilities.

Further, the fly ash from coal power plants poses a much greater risk than the spent fuel generated from the nuclear power plants, as the former is often carried away by air while the latter is kept under extreme protective cover to minimize the amount of

radiation coming out from it. Even from economic point of view, some sources roughly estimate that the total cost of energy generation is \$30/MWh for nuclear power as compared to \$29.1/MWh.

Given these facts, it is imperative that nuclear power is given due attention, given its immense potential as a major energy source for the future, especially since it is virtually a zero emission source as compared to most other fuels, which lead to tremendous release of greenhouse gases into the atmosphere.

*"...if we get the right kind of energy, there are endless amounts..."*

– Morgan Freeman

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## No Copenhagen deal unless UN talks gather speed.

UN climate chief Yvo de Boer has said that a deal at Copenhagen will not be attainable unless UN climate talks move much faster. Informal talks did take place this week in Bonn but failed to shorten the 200 page draft text. He also added that, if we continue at this rate then we may not be able to make it and that the negotiations would need to gather speed quickly for the world to achieve a successful result at the UN climate change summit in Copenhagen in December.

The UN climate chief called upon countries to do much more in refining the draft text so that it evolves into a workable document at the Copenhagen talks. He said that the governments need to buckle down (to the task), and added that too many

areas of the text had not been consolidated into digestible document. Referring to the gaps in the text that refer to unresolved issues he said that "we seem to be still afloat on a sea of brackets. There are 2,500 of them in the text".

Meanwhile, the US delegation has said that countries would need to get to grips with fundamental divisions in Bangkok, where UN talks will resume for two weeks at the end of September. Head of the US delegation at this week's talks Jonathan Pershing said that the US was prepared to do its part and that the Bangkok meeting needed to move them towards consensus". Developing nations argue that the US and other industrialized countries have failed to pledge

emissions cuts anywhere near what is required to stabilize global temperatures below 2°C.

Figures released by the UN this week showed that emissions cuts outlined so far by rich countries (other than the US) amounted to only 15-21 per cent below 1990 levels by 2050, a figure that would be dragged even lower if a future US cut was to be included. ambassador to the UN from the Alliance of Small Island States, Dessina Williams said that these targets were so low that they risked a three degree celsius temperature increase. An EU representative told a news conference that a 3°C rise in temperature would be the result of the proposals currently on the table at UN talks.

## 80% carbon target for Japan

Japan's Environment minister Tetsuo Saito said that Japan should aim for the upper range of its 60-80 per cent target as announced last year by then Prime Minister Yasuo Fukuda. On Friday he presented two scenarios under which Japan would be able to meet such a target. A nationwide emissions trading scheme, widespread employment of carbon capture and storage technology, improved energy efficiency, a huge increase in the use of

renewable and a cleaner car fleet were among the key factors in the ministry's plans. He said that by 2050, global GHG emissions at least required to be halved from the current levels and to do so, developed countries needed to cut emissions by more than 80 per cent. He further added that Japan should commit itself to the goal of an 80-per cent reduction, these scenarios showed that appropriate policies would enable Japan to achieve

this. The scenarios presented concluded that Japan would be able to achieve annual growth of GDP between 1-2 per cent, despite slashing emissions.

Climate change poses clear, catastrophic threats. We may not agree on the extent, but we certainly can't afford the risk of inaction.

- Rupert Murdoch

## Senate rejects Australia's carbon scheme

The Australian Senate has rejected the government's proposed emissions trading scheme. As expected, the Labor government did not manage to muster the support needed to successfully make the carbon pollution reduction scheme (CPRS) law. Climate Change Minister Penny Wong said the government would continue to push for a carbon trading scheme in Australia. The bill would have created a mandatory carbon trading scheme in Australia from July 2011. The delayed legislation adds to concerns for investors looking to establish projects that cut emissions. This development is bound to have business impacts due to regulatory uncertainties. Compounded with uncertain domestic policies in the US, this will impact Copenhagen discussions for post 2012 as well.

Many experts are of the opinion that the scheme is likely to resurface. The government also has an option of dissolving both the houses of parliament and call for a general election in case the bill is voted out again in three month's time. While earlier CPRS was

linked with the Mandatory Renewable Energy Target (MRET), the Labor government now plans to table the latter independently by this week. The law is expected to be passed through the senate. It requires 20 percent of energy to come from renewable sources by 2020. The law is expected to bring in \$22 billion of investment in solar, wind and geothermal energy, providing a much needed boost to the renewable energy generation sector.

## India opposes financing proposal to contain greenhouse emissions

India, along with China, South Africa and Brazil, has opposed a new financing proposal to contain greenhouse gas emissions that was presented to the G-20 group of nations at United Nations conference

on climate change held in Bonn last week. The UK proposed that each of the G-20 nations funds its own efforts to control climate change. This is the latest in a series of efforts by developed countries to take up discussions outside the UN forum and India has been involved in this.

The new proposal goes against the stated stands of emerging economies such as India and China that developed countries need to fund efforts to mitigate the effects of greenhouse gases. India, presented a financing framework suggested by the G-77 nations, emphasizing that financing for climate should be determined in the context of the UNFCCC and not the G-20. Among the several issues that emerging economies have opposed to combat climate change is that for national developmental plans being open to international scrutiny.

Climate change financing, which sets the terms of which countries will pay what to mitigate climate change and how the funds should flow, is one of the key issues being debated in the UNFCCC.

### EVI News



**Wind Project Registered.** EVI has added one more project to its list of registered projects. The latest addition is the 12 MW Ansal API wind power project in Gujarat, taking the total count to 29.

#### **EVI's participation in the Renewable Energy India 2009 Expo.**

EVI participated in the 3<sup>rd</sup> Renewable Energy India 2009 Expo, organized at New Delhi during 10<sup>th</sup>- 12<sup>th</sup> August 2009. EVI conducted a carbon footprinting exercise for the expo and worked towards making it a carbon neutral event.

## Carbon Market Updates

**Madhur Prabhakar**

### Compliance Market

Secondary CER prices remained consistent in the range of €12.6 - €12.8 this month barring the last week of July when the prices fell by almost €0.5, closing at €12.3. As expected, even volumes remained thin considering the summer slowdown in Europe. The EUA-CER spread also narrowed slightly by the month's end, considering the market expected to witness few slow trading weeks as traders take annual leave.

Though slow market has been attributed to summer break but according to many traders, the actual reason is general unwilling-

ness to buy CERs as countdown to Copenhagen has brought in new apprehensions and uncertainty regarding outcome of talks in December.

Even the number of new credits being released into the market remained low during the previous month, especially the last week, after the UN research agency, Unep Risoe, cut its forecast for

ket. Hence, project developers who are holding issued CERs can expect good prices. However, this trend is not expected to remain for long as the uncertainty due to Copenhagen may push the buyers demand back soon.

### Voluntary Market

After being consistent at \$0.60 levels most of the last month, CCX prices fell to \$0.25 per metric ton of CO2

Commodity	16/07/09 Close		17/08/09 Close	
	BlueNext Spot	ECX Dec09	BlueNext Spot	ECX Dec09
EUA	€14.43	€14.41	€14.43	€14.39
CER	€13.01	€13.02	€12.79	€12.82
CCX CFI 2008	US\$ 0.60		US\$ 0.25	

CER issuance between 2008 and 2012.

As there has been a considerable decrease in the volume traded at exchanges, focus of the utilities is again shifting towards spot transactions in the primary CER mar-

ket. Hence, project developers who are holding issued CERs can expect good prices. However, this trend is not expected to remain for long as the uncertainty due to Copenhagen may push the buyers demand back soon. across 2008 vintage with the volume being very low. But, the Enthusiasm among VER buyers given the offsets-friendly nature of the Waxman-Markey bill continued as the VCS prices remained almost unchanged in the range of \$5-\$6



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**Emergent Ventures India** is a global Consulting firm providing Climate Change Mitigation solutions. Our solutions entail emissions reduction & management advisory, clean technology implementation, development of renewable energy projects and carbon finance. At EVI, we pride ourselves on a potent mix of rigorous analytical skills, boundless creativity, and a roving eye for "Sustainable Solutions for the Environment." We provide services to clients in Pakistan, Thailand, Indonesia, Malaysia, Bangladesh, Sri Lanka, Africa and Europe. Recognizing that clients must adapt to the low-carbon society of the future, EVI helps companies understand potential risks & opportunities arising from climate change and provides solutions in the area of risk mitigation and clean technology adoption. In collaboration with our clients, we strive to turn those insights into on-the-ground sustainable development by using innovative financial solutions like Carbon-backed financing and debt-equity sharing, making otherwise expensive technological changes possible by attracting greater investment

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