Pictures from the Emissions Market

Emissions trading

- Delays the transition away from fossil fuels
- Selects against immediate investment in long-term structural change. Short-term and uncertain price signals discourage structural change, cost-spreading discourages innovation.
- Cannot yet be implemented due to measurement problems.
- Involves other enforcement obstacles.
- Creates and hands out property rights to the biggest polluters in the North, increasing their power and the inertia of a fossil-intensive system – "polluter earns".
- Creates large unaccounted stage-setting and opportunity costs.

PRIVATIZATION OF WORLD CARBON DUMP BY THE EU	***Phase 1 gift to big business (MT CO_2)***	***2005 emissions***	***Phase 2 approved gift to big business***	***Increase/ decrease in gift to big business***	***Gift = x% of "world carbon dump" (IPCC)***	***Yearly value of gift @ €30/t***	***Yearly value of gift @ €0.15/t***
Czech R	97.6	82.5	86.8	+5%	~1-2%	€2.6b	€13m
France	156.5	131.3	132.8	+1%	~1-3%	€4.0b	€20m
Germany	499	474	453.1	-4%	~5-9%	€13.6b	€70m
Netherlands	95.3	80.4	85.8	+7%	~1-2%	€2.6b	€13m
Poland	239.1	203.1	208.5	+3%	~2-4%	€6.3b	€31m
Spain	174.4	182.9	152.3	-17%	~2-3%	€4.6b	€23m
Sweden	22.9	19.3	22.8	+18%	<1%	€0.7b	€3m
UK	245.3	242.4	246.2	+2%	~3-5%	€7.4b	€37m
TOTAL EU	**1815.7**	**1672.5**	**1650.7**	**-1%**	**~17-34%**	**€49.52b**	**€248m**

Windfall profits

for European fossil fuel-intensive corporations

BP, Esso, Shell	US$ millions/year
RWE (Germany)	$1 billion/year
Big six UK generators	$1.2 billion/year
CEZ (Czech Rep.)	$150 million/3 years

"The weight of evidence . . . Does not support the superiority of the 1990 Clean Air Act . . . As an inducement for environmental technological innovation, as compared with the effects of traditional environmental policy approaches."

Margaret Taylor, UC Berkeley

"By 2015, the UK's electricity system will look remarkably similar regardless of assumptions on how the EU ETS plays out."

IPA consultants

The EU ETS "has not encouraged meaningful investment in carbon-reducing technologies."

Tony Ward, Ernst & Young

"Coal plants receive more allowances than eco-friendlier" fuels.

Deutsche Bank Research, 6 March 2007

“ETS has done nothing to curb emissions . . . is a highly regressive tax falling mostly on poor people . . . Enhances the market power of generators. Have policy goals been achieved? Prices up, emissions up, profits up . . . so, not really.”

Peter Atherton, Citigroup Global Markets, January 2007

“All generation-based utilities – winners. Coal and nuclear-based generators – biggest winners. Hedge funds and energy traders – even bigger winners. Losers . . . herm . . . Consumers!”

Ibid.

Emissions trading “would make money for some very large corporations, but don’t believe for a minute that this charade would do much about global warming . . . old-fashioned rent-seeking . . . making money by gaming the regulatory process.”

Wall Street Journal, 3 March

“European Commissioner for Energy gives damning verdict . . . ‘A failure’ . . .”

TV Channel 4 Evening News, London, lead story, 7 March

The EU ETS “has not encouraged meaningful investment in carbon-reducing technologies.”

Tony Ward, Ernst & Young, May 2006

“There is no reason to expect that countries will reduce their greenhouse gas emissions to comply with quotas that cannot be effectively monitored and enforced.”

Daniel Cole, Indiana University

Czech Republic: In 2005, the electricity giant CEZ received one-third of the 97.6 million metric tonnes of carbon dioxide emission allowances issued to the country. (Only around 90 million tonnes of carbon dioxide were produced yearly in the country before 2005.) This will enable the company to make as much as US$187 million from trading in carbon credits between 2005 and 2007. After having made profits off carbon allowance sales in 2005 when prices were high, the company is looking to buy them back now that prices have dropped. As a result, ‘we’ve also launched more coal production,’ said Chief Executive Officer Martin Roman.

CARBON TRADING UNDERMINES:

- Subsidy shifting
- Public investment in structural change
- Support for existing efforts to defend or promote low-carbon ways of life
- Legal action
- Taxation
- Attention to historical processes rather than numerical targets
- Recognition that there are no political short cuts; economy through social choice, regulation, standards rather than quantification-heavy focus on individuals
- Promotion of public discussion in plain language rather than the jargon inevitable with carbon trading