



Fourth Annual Workshop on Greenhouse Gas Emission Trading

4th - 5th October 2004

*IEA Headquarters
9 Rue de la Fédération, 75015 Paris
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<http://www.iea.org/new/planiae.gif>*

Monday, 4 October

The first day of the workshop will review practical experiences in the development of domestic and regional emissions trading schemes, and will explore how these schemes might be linked together to expand markets.

9.30 Welcome Address – Mr Noé van Hulst, Director, Office of Long-Term Co-operation and Policy Analysis, IEA

9.40 Roundtable: Summary of recent developments on emission trading

Chair: Rick Bradley (IEA)

Country representatives will be asked to provide a written summary of how GHG emission trading is developing in their country (domestic system, linkages to international regime, regional initiatives, etc.). This information will be collated into a single document made available to all participants. Each country will be invited to speak for **3 minutes**, answering to specific questions.

11.00 Coffee

11.30 Linking Domestic Emissions Trading Schemes

Chair: Andrei Marcu (IETA)

Linking of emissions trading schemes is expected to bring benefits in terms of a more liquid and efficient emissions trading market, as well as providing participants with access to a wider range of emission reduction opportunities and reducing overall compliance costs. This session will explore some of the practical aspects of linking, taking into account the current proposals on the design of different schemes. What is the likely scale of the benefits of linking? What barriers to linking might arise as a result of differences in the design of schemes?

Panellist: William Blyth (IEA), Grant Macpherson (Canada), Frede Cappelen (Statoil), Maurits Blanson-Henkemans (Netherlands)

12.30 LUNCH

14.0 Linking Emission Trading Schemes and Project-Based Mechanisms

Chair: Tom Wilson (EPRI)

Another important element will be the linking of project-based mechanisms. In practice, this may proceed before Kyoto enters into force. What institutions would need to be put in place to manage these mechanisms outside of the Kyoto framework? How would this affect the linking of different schemes? How would the linking countries co-ordinate their efforts? What happens when subsequent countries wants to join?

Presentation: Martina Bosi (IEA)

Discussants: Paul Vickers (Natsource), Toshiyuki Sakamoto (Japan), Andrei Marcu (IETA)

15.30 Coffee Break

16.00 Linking Trading Schemes dealing with non-Parties

Chair: Lee Solsbery (ERM)

Linking of domestic or state-level trading schemes is one way in which bottom-up progress towards international action could be achieved, based on a 'coalition of the willing' type approach. What are the prospects for such a process? What are the issues that would have to be resolved to maximise its success? Who might the players in this process be? How would such a process link with the UNFCCC process?

Panellists: Jonathan Pershing (WRI), Peter Vis (EU), Rob Fowler (NSW), Erin Crotty (NE States)

17.30 ADJOURN

18.00 Cocktail sponsored by



Tuesday, 5 October

Managing Policy and Market Risks

The second day of the workshop will explore how the new risks posed by climate change regulation and the introduction of emissions trading markets could impact on industry, particularly in the energy sector.

9.00 Managing Policy Risk in a Carbon Constrained World

Chair: Richard Baron (IEA)

Uncertainty about future climate change policy is a relatively new, and potentially significant source of risk to businesses and investors. Decision-making in the face of uncertainty is nevertheless a feature of business management. What is important is to find ways of managing the risks that arise from this uncertainty. Emissions trading brings these climate change policy risks into a more manageable form, transferring them from regulatory to a market (price) risk. Nevertheless, in the early stages of the carbon market, these risks will be relatively high, and could affect investments.

The intent of this session is to evaluate what are the key features of a trading scheme that maximises this risk reduction? How do currently proposed trading schemes match up to these requirements? What are the risks currently emerging from the emissions trading market?

Presentations: Tom Wilson (EPRI)

Discussants: J-P Bouttes (EDF), Chris Walker (SwissRe)

11.00 Coffee Break

11:30 Emissions Trading and Competitiveness Risks

Chair: Tom Wilson (EPRI)

This session will explore the potential competitiveness impacts of emissions trading on the energy industries and downstream energy intensive users. The costs of production for power intensive sectors, will increase both as a direct consequence of their need to purchase or use allowances, and as a result of potential increases in power prices. By how much their production costs are likely to increase? Will emission trading systems lead to the relocation of companies? What are the likely effects on energy demand profiles? Are there solutions which governments can use to prevent this leakage or the loss of competitiveness of those companies?

Panellists: Julia Reinaud (IEA), Michael Grubb (Carbon Trust, Imperial College), Frank Branvoll (Stora Enso)

13:00 LUNCH

14:30 Market risks currently emerging

Chair: Andrei Marcu (IETA)

This session will investigate the outlook for prices and other key elements of risk facing emissions trading players, including the potential liquidity of the emissions trading market. Are there any clear barriers to the proper functioning of the market? What is the outlook for establishing greater policy certainty going forward?

Panellists: Mark Proegler (BP), Claire Byers (Fortis Bank), Peter Koster (ECX), Frederic Baule (Total)

16.00 Wrap-up Roundtable

Chair: Rick Bradley (IEA)

Participants in the roundtable will be asked to offer their views on issues raised at the workshop, as well as to consider what comes next.

Panellists: Chris Leigh (DEFRA), John Scowcroft (Eurelectric), Bruce Braine (AEP)

17.00 Closing Address – William C. Ramsay, Deputy Executive Director, IEA