



REUTERS/Aly Song

Counting carbon finance

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Agenda

- Thomson Reuters Point Carbon
- Carbon finance snapshot
- Focus: Primary CDM
- New mechanisms
- Outstanding questions



Carbon finance snapshot in 2010: volume and price

	2009 figures		2010 figures		Change	
	Mt	€ mill	Mt	€ mill	Mt	€ mill
EUA	5,386	69,374	5,172	72,367	-4%	4%
CER	1,590	17,520	1,508	18,100	-5%	3%
ERU	44	399	59	510	33%	28%
AAU	138	1,379	63	463	-62%	-72%
North America	800	1,916	189	367	-76%	-81%
Other	39	141	35	207	-10%	47%
Total	7,998	90,729	7,027	92,014	-12%	1%
pCDM: North-South proxy?	1,629	17,661	1,543	18,307		

How much is unilateral? Relies on domestic finance of underlying project?

Primary CDM is measurable, using a database of projects

- Secondary CER trade accounts for 2/3rds of CDM volume (1.1bn Mt of 1.5bn Mt in 2010)
- Methodology for measuring primary CER market volume:
 - 16,000+ CDM projects in database (almost double UNFCCC pipeline due to early project identification)
 - Team of researchers constantly updating project data
 - A good point of contact: DOEs
- For payment-on-future-delivery contracts
 - Risk-adjusted volumes based on empirical data
 - Project type, CDM methodology used, geography



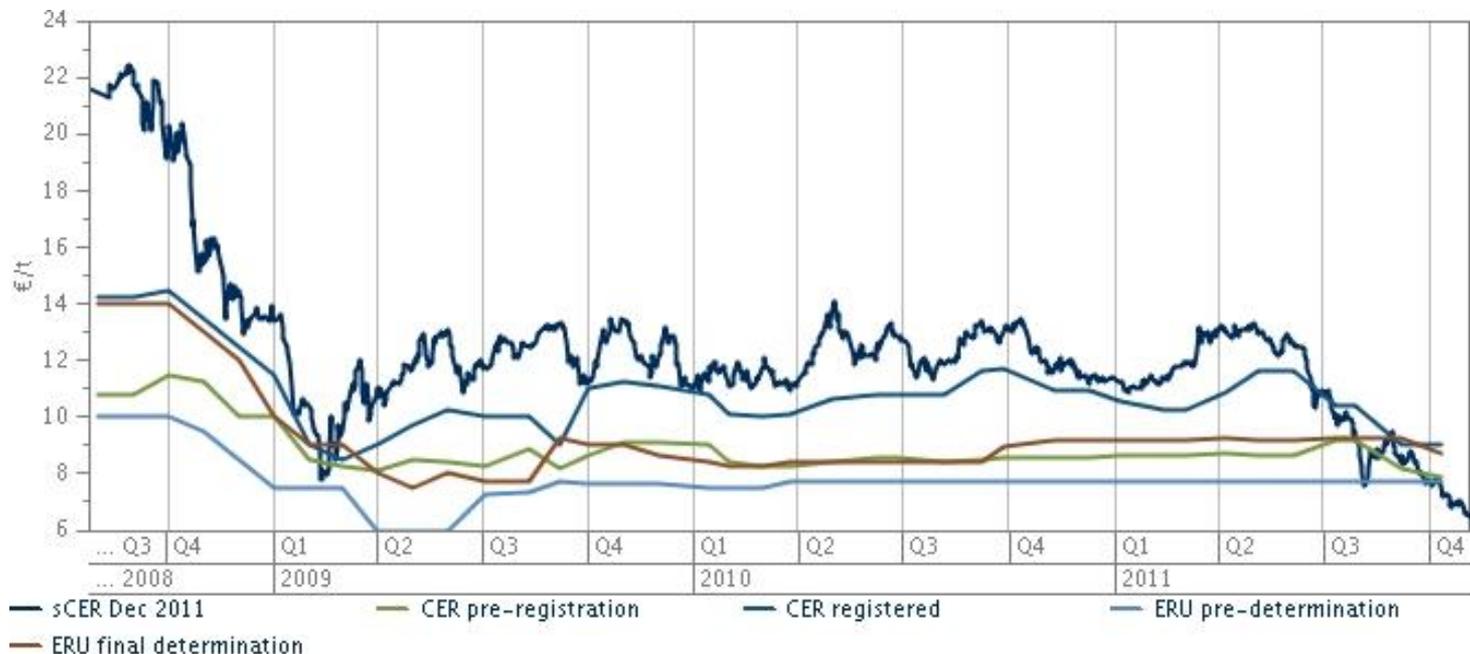
Primary CDM price signals are determined by surveying the market

- Survey undertaken on rolling basis, to provide monthly price assessments
- Survey of aggregators, brokers, project owners and buyers
- Primary CER contracts are uncommoditised, ie they differ in terms and conditions, so we categorise them according to prevailing market signals
- Simplified version: pre-registration and post-registration for CDM pre-2012, with further 'eligible under ETS' criteria post-2012



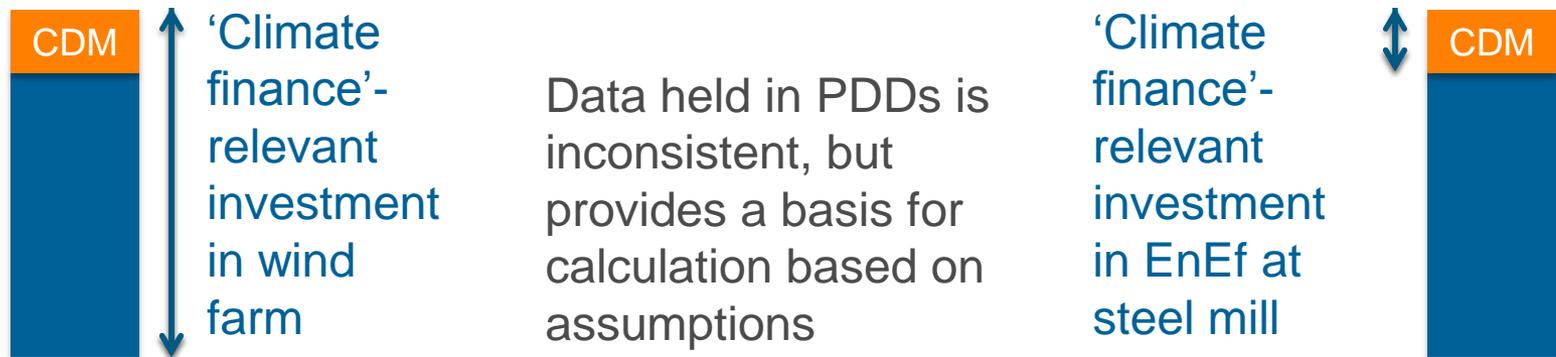
To some extent, primary prices respond to the sCER market, in turn to EU ETS

- But the relationship breaks down at points



Carbon finance represents a small part of overall investment – how much is climate related?

- For example: Country A renewables
 - How much capacity installed in year 1? (eg 100 MW)
 - Climate finance = 100 x Cost of installing capacity 1MW in Country A
 - Technology, permissions, grid, land etc
 - Database exists, but data collected for different purpose!



For now, proxies serve to inform the scale of the investment occurring, but questions remain

- Questions not answered:
- What proportion is climate related and ‘additional’?
eg wind vs steel sectors
- What proportion of the investment was domestic or international? How does it interact with FDI data?
- What of the investment is public vs private?
- Where do Feed-In-Tariffs fit?
- Best collection points for data
 - eg Add financial data to requirements for project documentation?



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Thank you for listening

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