



Caisse  
des Dépôts

# *OVERVIEW OF THE CARBON FINANCE*

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Mission climat**

**Plan bleu**

**Monaco, March the 29th, 2007**



# The End of Free Carbon

## ■ The Kyoto Protocol: Two Innovations

- ✓ A « Cap and Trade » Trading System between the Annex B countries
- ✓ Two Project Mechanisms: Clean Development Mechanism & Joint Implementation

## ■ The European Trading Scheme

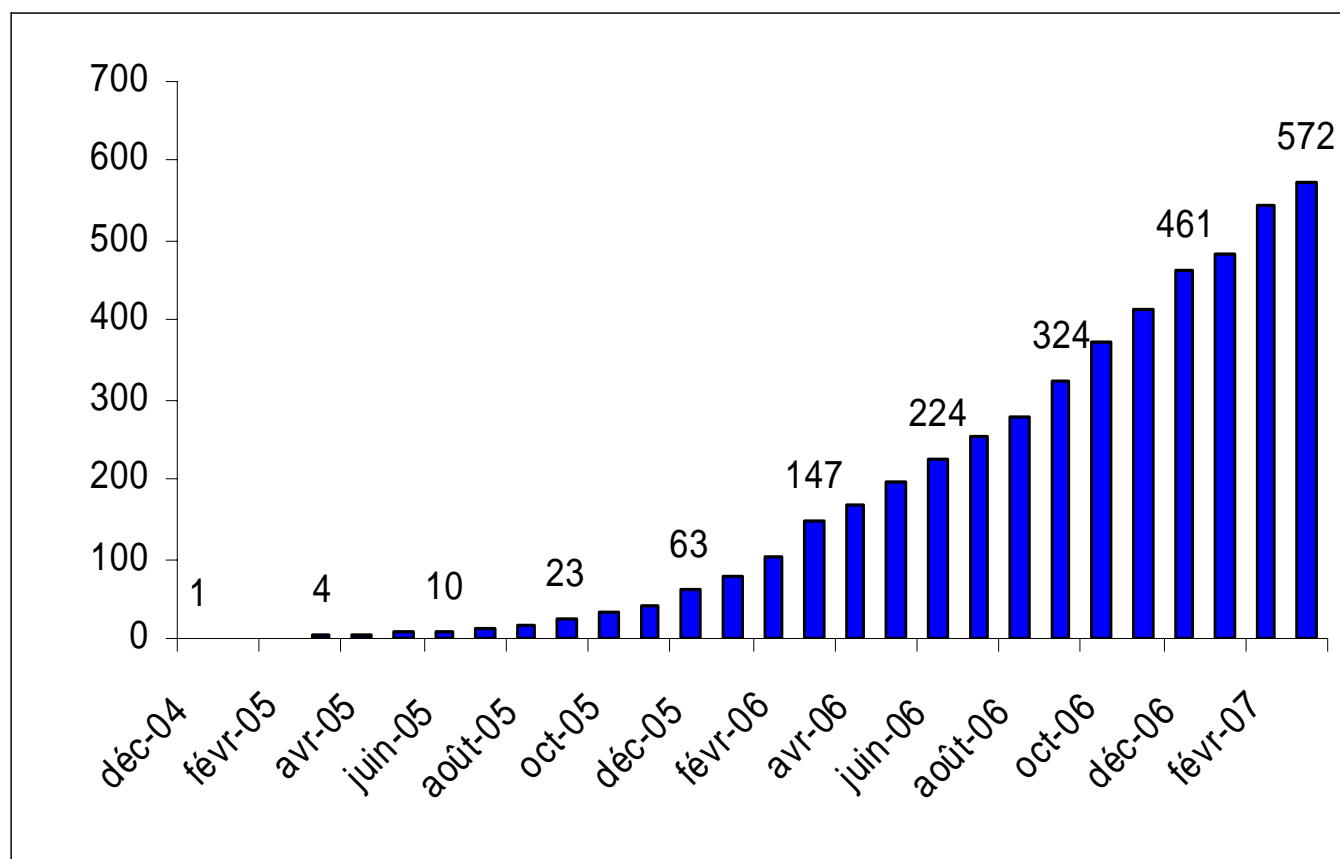
- ✓ The Set-Up Period : 2005/2008
- ✓ The 2008-2012 Period: Kyoto Protocol Compliance Period

## ■ The Non-Kyoto Markets: New South Wales (Australia), The Chicago Climate Exchange (CCX), The Regional Greenhouse Gas Initiative (RGGI), California



# Cumulated number of registered CDM projects (March the 14th, 2007)

## Evolution of registered CDM projects



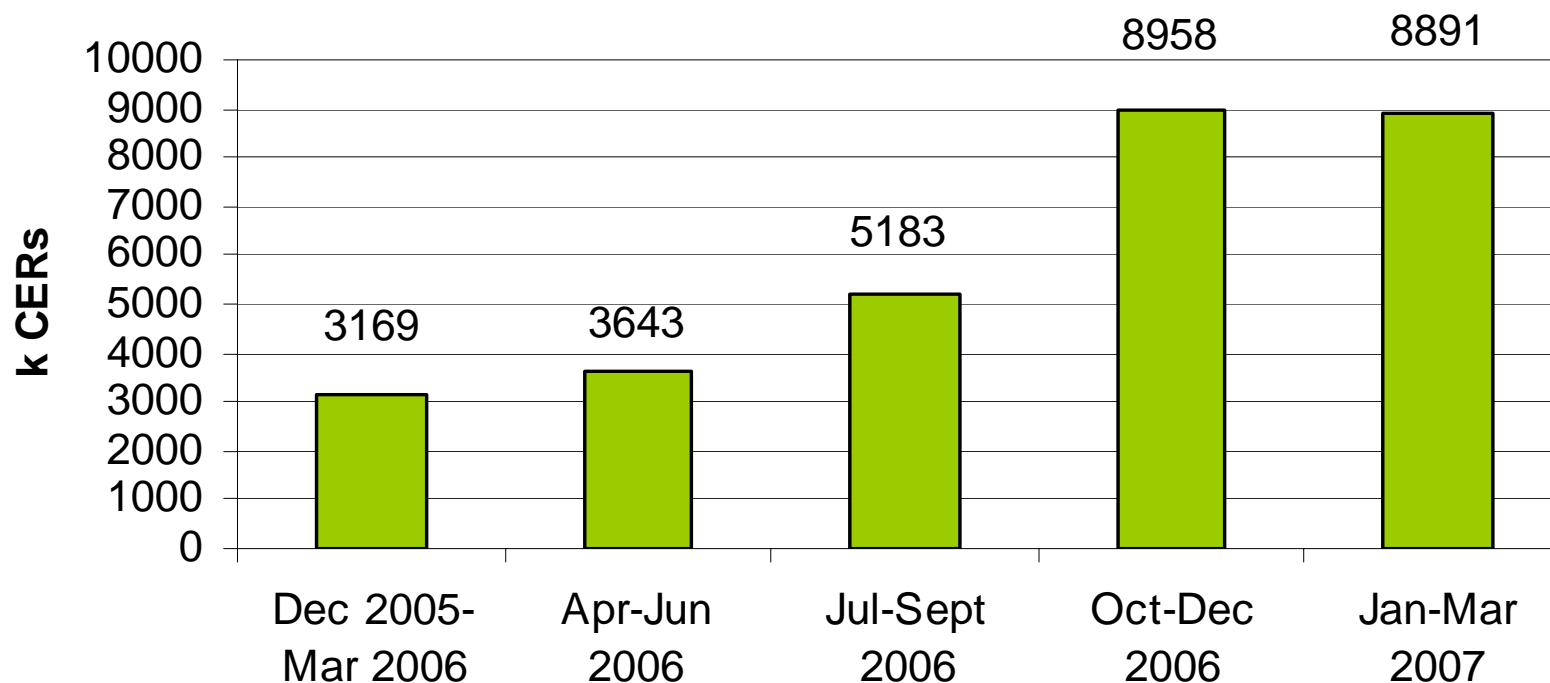
■ >1600 CDM projects in the pipeline (of which 572 registered, 102 requesting registration).

■ 154 JI projects at validation. (February the 1st, 2007)



# Amount of Issued CERs (March the 28th, 2007)

## Quarterly Issuance of CERs

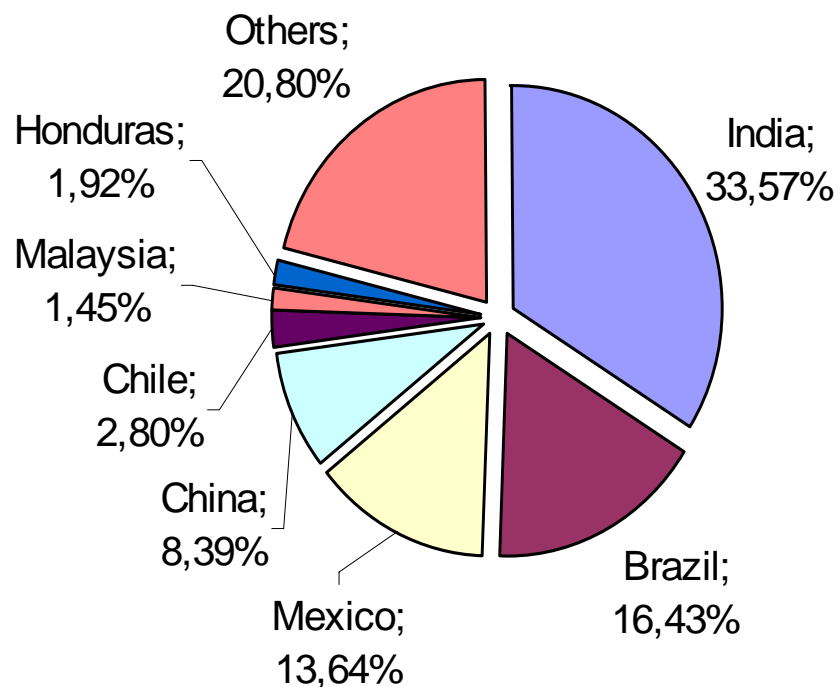


**About 360 M CERs are expected until 2012.  
Total 207 Issuances. Total 40,001,547 CERs issued.**

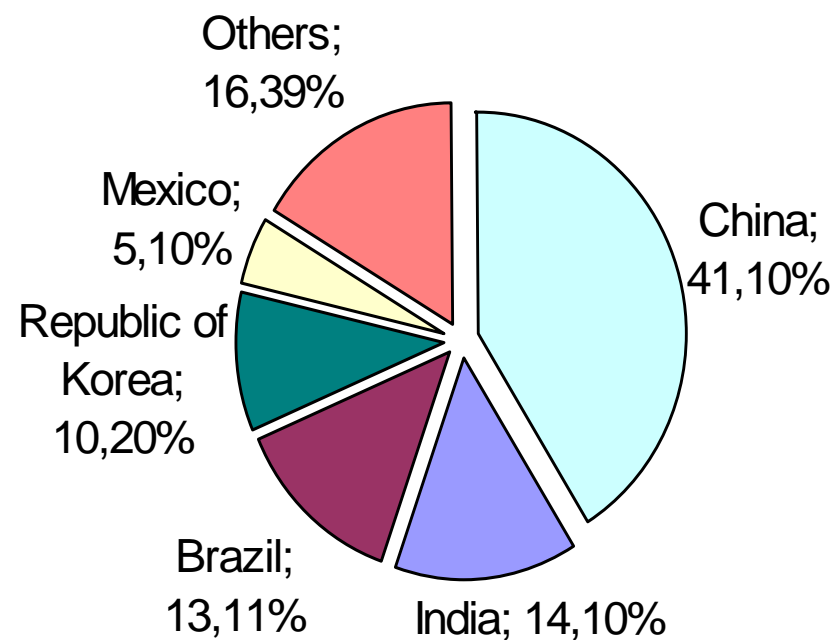


# Registered project activities by host countries (March the 14th, 2007)

**Number of Projects: (Total = 572)**



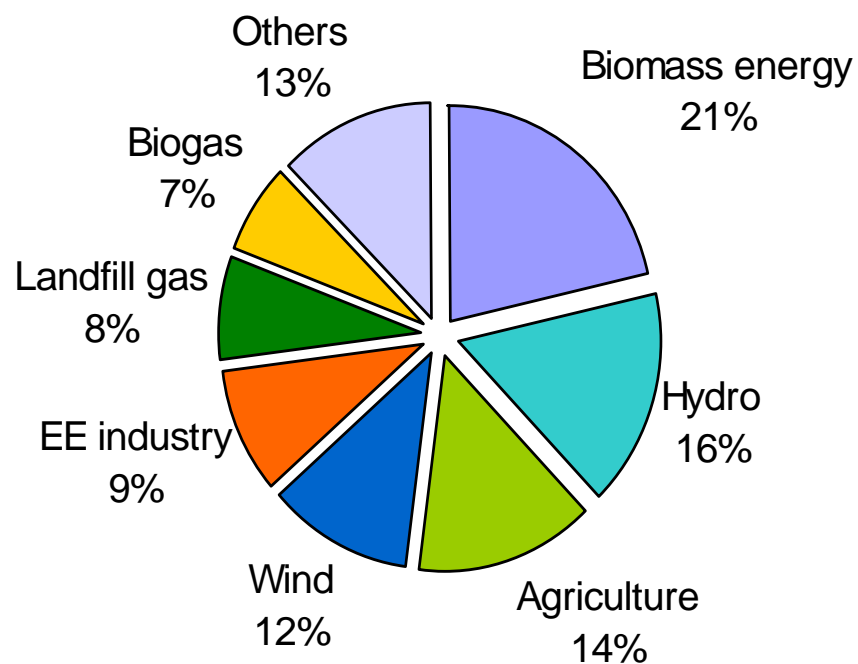
**Expected Average Annual CERs**



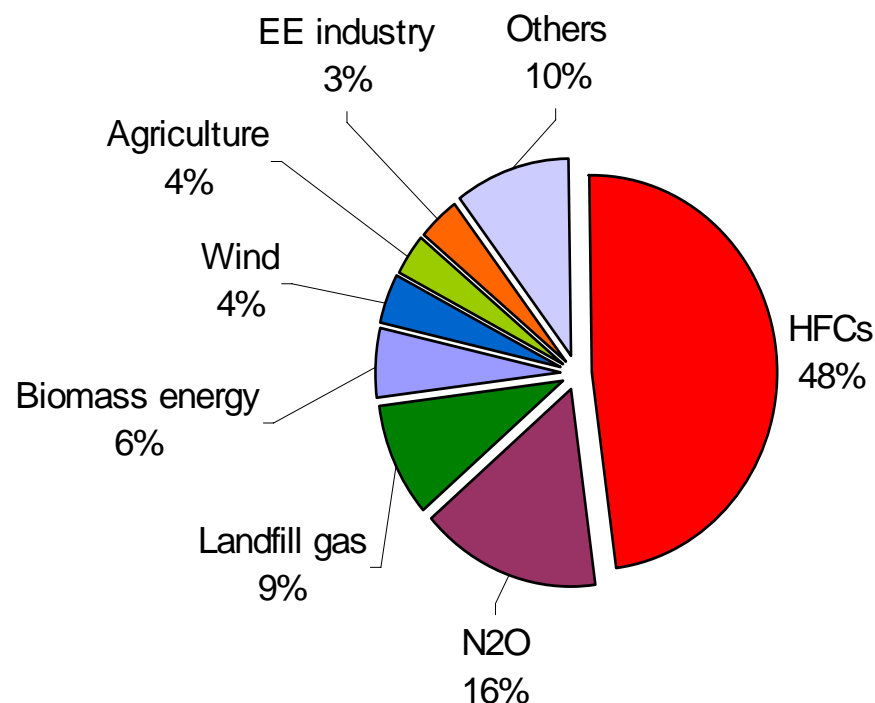


# Distribution of registered projects by scope (March the 14th, 2007)

Number of Projects



Average Annual Credits



- Only 12 HFCs projects (in China (6), India (3), Republic of Korea (1), Mexico(1), Argentina(1) ) provide 48% of the annual credits issued.

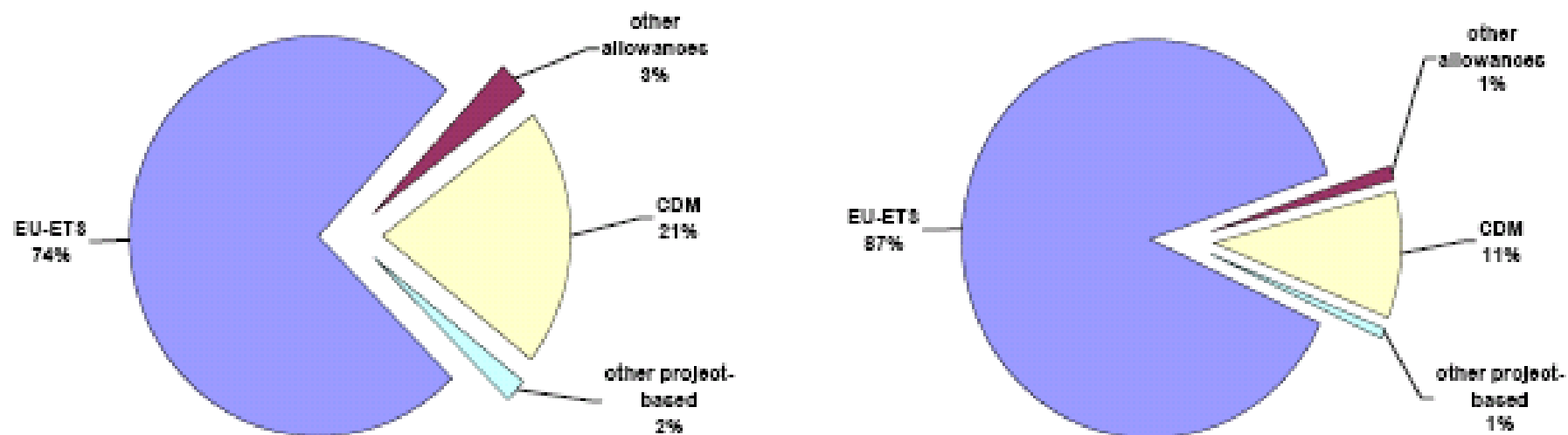


# Focus on the Mediterranean Region (March the 14th, 2007)

- 3 CDM projects registered in Morocco ( 2 Wind, 1 Solar) 223 kCER / year on average and 1 371 kCER expected until 2012
- 5 CDM projects registered in Israel ( 2 Landfill Gas, 1 Wind, 1 EE Industry and 1 Biomass Energy) 241 kCER / year on average and 1 553 kCER expected until 2012
- 2 CDM projects registered in Egypt ( 1 Landfill Gas, 1 N2O ) 1 437 kCER / year on average and 9 055 kCER expected until 2012
- 2 CDM projects registered in Tunisia ( 2 Lanfill Gas ) 688 kCER / year on average and 4 125 kCER expected until 2012
  
- 10 CDM projects at validation:
  - ✓ 2 in Morocco: 1 EE industry and 1 Landfill gas.
  - ✓ 5 in Israel: 2 N2O, 1 Fossil fuel switch, 1 Agriculture and 1 Biogas.
  - ✓ 3 in Egypt: 2 Fossil fuel switch and 1 Wind.



# The importance of the european market



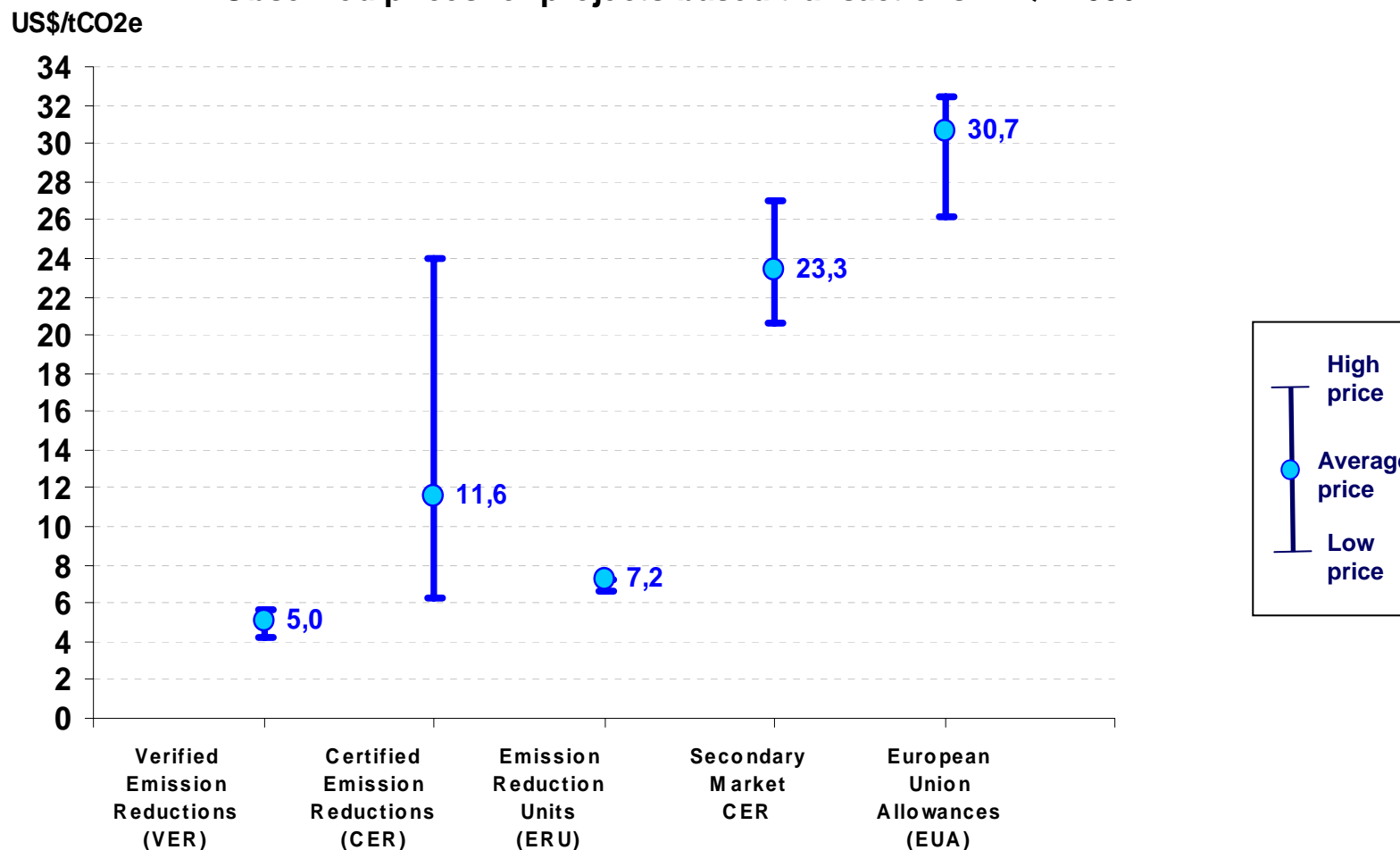
**Figure 1: EU-ETS Takes All: Shares of Volume (left) and Value (right) Transacted in the Carbon Market (2006 until September 30)**

Source : World Bank



# Observed prices for project-based transactions

Observed prices for projects-based transactions in Q1-2006



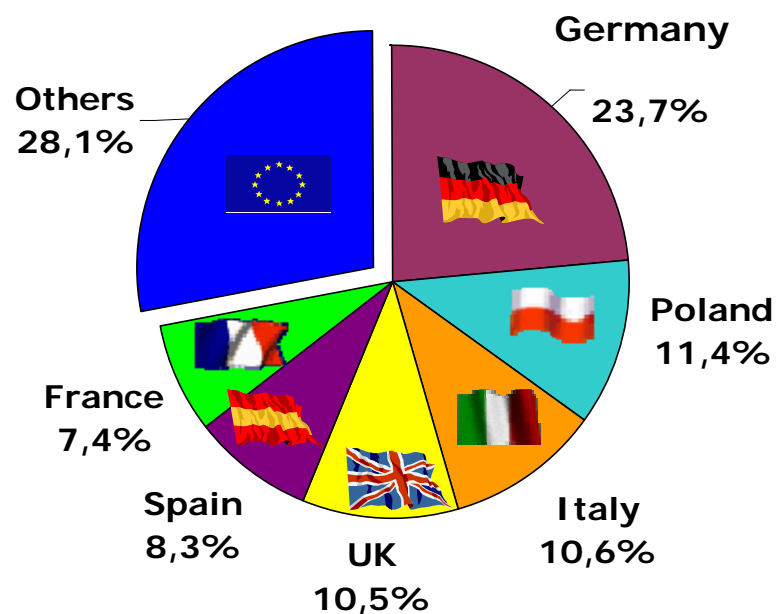
Average exchange rate on the period: 1€=1.2029 US\$



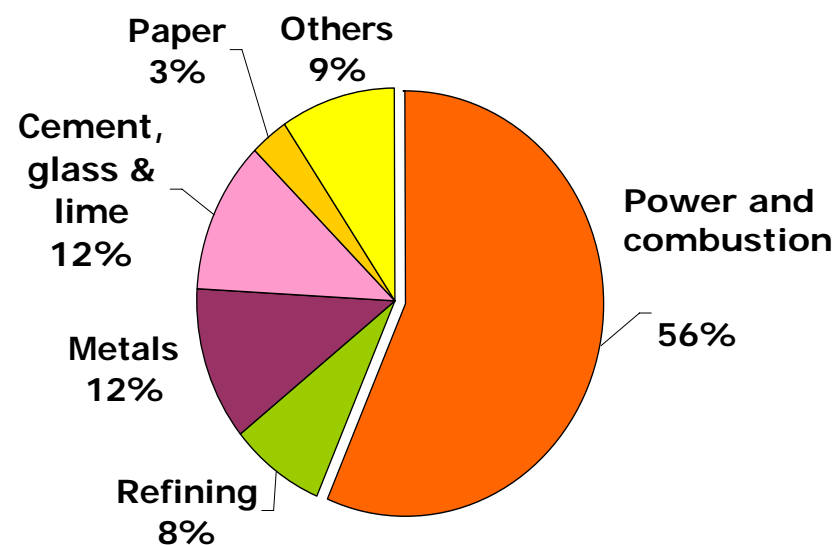
# More than 50 % of the allowances to power and heating activities

**Total : 2.2 billion CO2 (50 % of the EU CO2 emissions)  
11 000 industrial sources**

### Breakdown per country

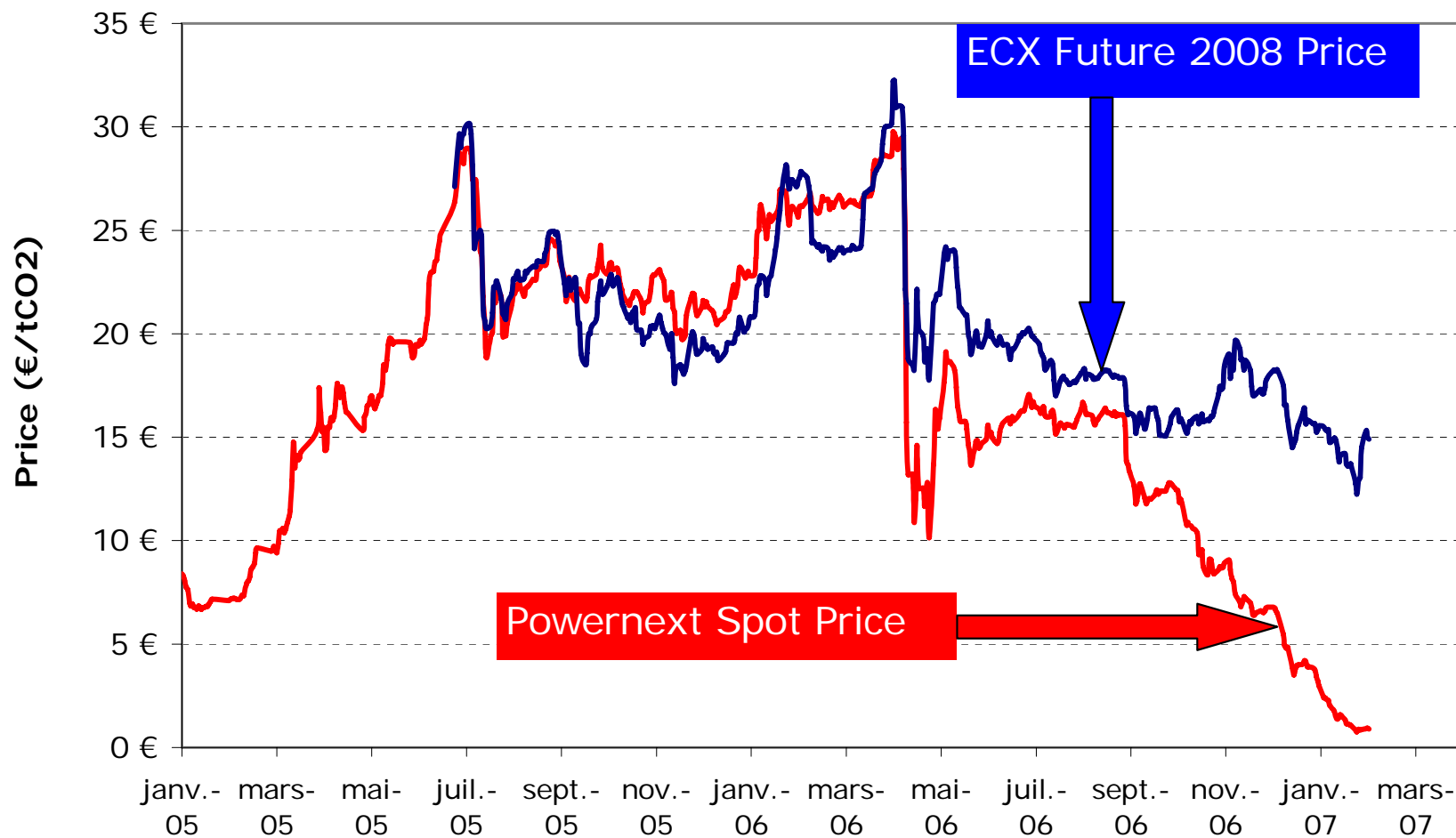


### Breakdown per industry





# The second period price is the appropriate benchmark (February the 28th, 2007)





# Outlooks

- 2008-2012: towards a global market ?  
→ *Will the different systems converge ?*



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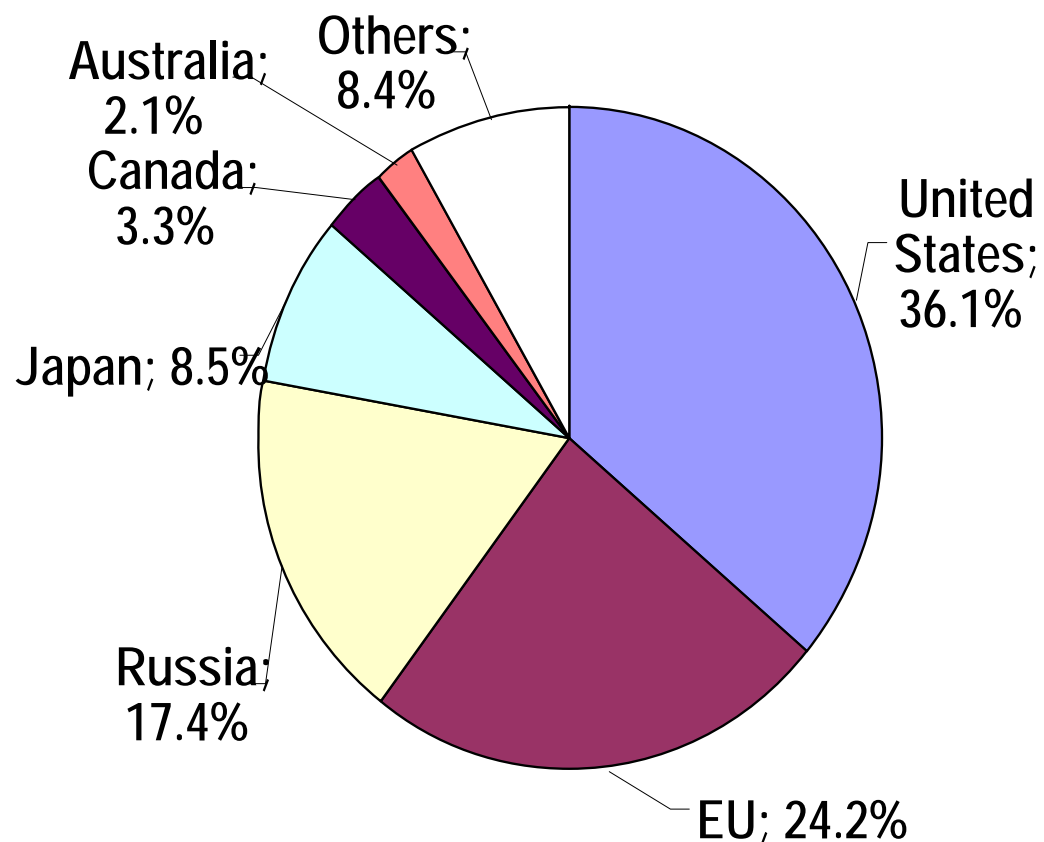
# Appendix

- Emissions levels and Kyoto Commitments
- EU allowances per country
- Caisse des Dépôts Involvement



# Emission Levels and Kyoto Reduction Commitments

## 1990 Emissions – Annex B Countries



	Kyoto commitment
United States	-7.0%
EU	-8.0%
Russia	0.0%
Japan	-6.0%
Canada	-6.0%
Australia	+8.0%
TOTAL Annex I	-5.2%

# The Caisse des Dépôts involvement

- **Development and Management of National registries (Seringas) :**
  - ✓ France : on behalf of the Central Government
  - ✓ Europe: 10 countries use Seringas (60 % of the EU allowances)
- **Associated with Powernext carbon**
- **Sponsor of The European Carbon Fund :**
  - € 143 million to be invested (€ 25 million from CDC)
- **Financial tools for local governments**
- **Coordination and prospects : Mission climat**



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