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EU Emission Trading Scheme

EU ministers endorse deal to limit use of biofuels from crops

EU energy ministers on Friday (June, 13) backed a compromise agreement reached in May that set a **7 percent limit on food-based biofuels in transport**. The EU has an **overall goal to get 10 percent of transport fuel from renewable sources by 2020**, including biofuels based on crops such as maize or rapeseed. Currently, around 5 percent of EU transport fuel comes from renewable sources. Growing research and evidences showed that large-scale production of crop-based biofuels is counter-productive, as it can displace other crops, force the clearing of valuable habitats, and raise food prices. The compromise, agreed in a closed-door meeting, included also a **0.5 percent non-binding target for next generation biofuels**, such as those made from waste or algae. The proposed rules still **need the approval of the newly-elected EU Parliament**. According to Reuters, it is expected to consider the agreement later this year.

News from the World

Delegates at Bonn talks announce draft of 2015 deal in July

Mid-year UNFCCC meeting in Bonn, Germany, closed on Saturday (June, 15) in an "atmosphere of cooperation and positivity". According to official release, delegates made progress in delivering a **draft text of the global climate treaty due in 2015 on schedule for COP 20 in Lima** by the end of the year. After two weeks of talks, around 1900 diplomats from 182 countries agreed that **elements of the draft will be made available in July**, in advance of the last Bonn round in October before COP 20. The Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) considered **actions and policies implemented at national level and countries' "national contributions"** that will make up the future climate deal. Little progress was made on which countries should make the strictest contributions, but "governments showed new and higher levels of cooperation and positivity towards a meaningful agreement in Paris", said UNFCCC Executive Secretary Christiana Figueres, and they resumed commitments to **submit contributions well in advance of the 2015's COP 21 in Paris**. With regard to ways and initiatives to **raise pre-2020 ambitions**, June talks **focused on cities' role in achieving**

both adaptation and mitigation goals and on smarter land-use. Members of the IPCC attended the meeting to present policy implications of the latest Assessment Report (whose synthesis will be approved in October), according to which **deforestation and other ways of exploiting land account for almost a quarter of human-induced GHG emissions**. At the next Bonn talks in October discussions will focus on non-CO2 gases and Carbon Capture, Use and Storage technologies. In anticipation of further progress on a climate treaty expected to come into force in 2020, Figueres urged countries to **rapidly ratify the Doha Amendment to the Kyoto Protocol**, adopted in 2012 in Doha, Qatar. On Thursday (June, 12) **Norway became the 11th country to formally accept the eight-year extension of the UN protocol**, whose first commitment period ended in 2012. In addition to Norway, only Bangladesh, Barbados, China, Honduras, Kenya, Mauritius, the Federated States of Micronesia, Monaco, Sudan and the United Arab Emirates ratified the amendment. Figueres said the **ratification of a further 133 countries is needed** to ensure the second commitment period enters into force. Delegates of developing countries in Bonn also called on richer countries to ratify the amendment and to increase their pledged level of emission reductions.

Hawaii launches adaptation law

The Governor of Hawaii on Monday (June, 09) signed a bill establishing an **interagency climate council**, as part of a **statewide adaptation plan** aimed at addressing the effects of climate change on the only US island state through 2050. Hawaiian legislators stated that climate change poses "both an **urgent and long-term threat** to the State's economy, sustainability, security, and way of life". The archipelago is "highly vulnerable", as "**beach erosion, drought, and rising temperature are already having measurable impacts on Hawaii** and are expected to accelerate in the years to come", the document said. The newly-established committee is tasked with identify the major areas of expected climate impacts and provide a **report by the end of 2015**, due to be updated every five years, to assist communities in developing site-specific adaptation plan.

The Carbon Market

EU carbon market sustained its bullish trend from previous week thanks to Germany's statements in favour of implementing the market stability reserve in the EU ETS in 2017, thus earlier than the current proposal setting 2021 as starting date. The EUA contract for December 2014 closed on Friday at €5.71, up 4.2 percent from previous Friday's finish. The front-year CERs gained 5 cent (around 55 percent) week-on-week and ended at €0.14. According to Bloomberg, the CDM Executive Board will consider new rules next month to allow China, the world's largest supplier of credits under the UN's trading system, to use CDM offsets into its regional emissions trading pilot schemes.

SOURCES TO THIS ISSUE

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