

EU Considers Russian Emission Ban

By [The Moscow Times](#)

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Russia issued 529,000 tons of emission reduction units, with 234,810 tons going to French venture Orbeo. **Vladimir Filonov**

Some emission offsets from Russia, as well as those from large hydropower and coal projects, may be banned by regulators of the European Union carbon market, Sindicatum Sustainable Resources Group said.

Certain projects approved by nations including Russia and Ukraine under the Joint Implementation program of the Kyoto Protocol could be barred by the EU under proposals made as soon as early next year, Gareth Phillips, chief climate change officer at the Singapore-based developer of carbon offset credits, said Wednesday.

Other projects under the Clean Development Mechanism may also face bans, he said. UN Certified Emission Reduction credits dropped as much as 9.8 percent today to a record low 4.42 euros (\$5.77) a metric ton on the ICE Futures Europe exchange in London. The European Union's administrative arm in Brussels said last month that it may consider proposing a ban on some credits for use in bloc's carbon market under a process called comitology —

a procedure where a plan is first discussed by experts from national governments and, if approved, becomes subject to scrutiny by governments and the European Parliament.

"I want them to do the comitology and get it out of the way," Phillips said. Regulators also need to consider tightening the EU market by temporarily setting aside allowances or adopting a stricter 2020 target, he said. An EU official in Brussels didn't immediately comment.

At last week's climate talks in Durban, South Africa the EU failed to stop some emission-reduction projects in developing nations getting United Nations carbon credits. This means companies will keep investing in greenhouse gas-cutting projects, Sindicatum said Dec. 9.

The EU was seeking to prevent projects from securing carbon credits where those credits make up only a small portion of the project's revenue, Phillips said. That may prevent renewable energy plants such as wind farms and coal stations, as well as mass transit systems, from winning credits.

The fact that regulators are seeking restrictions may be helping to prompt this week's selling, said Tom Greenwood, an analyst for IdeaCarbon in London, which rates emission-reduction projects. "It's uncertainty about eligibility criteria that is increasing the risk of holding CER futures contracts," he said by phone Wednesday. So-called track one projects created under the UN's Joint Implementation mechanism are approved for credits by countries, while UN regulators oversee track two projects.

"There is almost no way for the UN to act decisively" to limit supply under track one, said Jerome Whittington, a research fellow at the National University of Singapore. "So it's up to the EU to decide if their market will be further undermined," Whittington said Wednesday. Russia issued 592,000 tons of Emission Reduction Units, including 234,810 tons to Orbeo, the carbon-trading venture of Societe Generale and Rhodia, the Russian carbon registry said Wednesday.

The Joint Implementation program focuses on Eastern Europe and Russia and is the second-biggest greenhouse gas offset program overseen by the UN after the Clean Development Mechanism, which oversees projects in emerging and developing nations. Each ERU and CER corresponds to one metric ton of carbon dioxide.

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