

FOSTERING SUSTAINABLE DEVELOPMENT

www.bianconiconsulting.com info@bianconiconsulting.com

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Indonesia: more REDD in the pipeline

By Andrea Bianconi

Since the last newsletter was published (8 months ago), I have got a fair number of enquiries from colleagues who asked me why I had discontinued it and whether I was going to resume the publication sooner or later. I used to publish 2 newsletters (almost weekly), one in Italian and the other in English. Now the plan is to publish only one monthly. That one will be in English and it may contain some short commentary on different topics, as well as a collection of the most relevant news of the month. I have binned the Italian version since it took a great effort and failed to give appreciable results. Frankly, I feel that also in the Carbon/Climate Change sector Italy will continue to lag behind its EU partners.

The hope for growth of an Italian green economy/sector, which I have harboured in the early policies of the previous government, has now completely evaporated and the gap/delay accumulated by the country is growing by the day.

As far as our business is concerned, I am pleased to tell you that **BianconiConsulting** has been recently appointed as the **Project Coordinator and Lead Legal Advisor** for a new **REDD project in Indonesia**. Being involved in this cutting edge REDD project will be challenging. Firstly, REDD is going to be a fairly central issue to deal with in Copenhagen and with in any Climate Change agreements beyond 2012. And we will be at the very centre of that, experiencing first hand on our project any new developments. Secondly, it is professionally challenging since most of the "rules of the game" have yet to be written. As far as I am concerned, I am developing the legal framework for this REDD project. It is a gratifying Team work made in conjunction with well known forestry professionals such as **Michael Dutschke** of German based **BioCarbon Consult**. Likely, we will be also the very first to test the application of the **revenue sharing regulations** issued at the end of May by the Indonesian Ministry of Forestry.

These are the first of such regulations in the world and for those interested this is the download-link to the English translation of the law (http://www.bianconiconsulting.com/uploads/Reg22-5-09REDD_Indonesia_Eng.doc). The Project has some key features which make it "highly marketable" and exempt from most of the problems which affect other projects today. In fact, it offers absolute certainty over the ownership of legal logging rights, there are no human settlements in the area and therefore lacks the potential for social conflicts and disputes over land tenure and concession rights. The project is located in the heart of the **Indonesian primary virgin rainforest**. It will preserve from logging an area of **100.000 hectares**, and will keep intact the local biodiversity and animal life. We expect the project to generate in **excess of 10Million carbon credits** during its life and we will seek both **VCS and CCB** validation. Along side the project, a Tropical Biodiversity Research Centre will be also developed. The developers are a major Indonesian public company and a New York based carbon project developer (the names are still subject to confidentiality and hope to tell you more in the coming months).



News of the Month

REDD

Indonesia releases revenue sharing rules for REDD - mongabay.com - July 13, 2009 -- The rules were released to help increase the transparency of carbon transactions in the country, which stands to earn hundreds of millions of dollars a year under a proposed climate change mitigation scheme known as REDD.
http://news.mongabay.com/2009/0713-redd_indonesia.html

Indonesia's roadmap for cutting emissions -- Aug 28 (Reuters) - An Indonesian environment agency has set out a roadmap for the government to adopt forestry (REDD), energy, transport, industrial and agriculture policies that would slash carbon emissions by the world's No. 3 emitter.
<http://communities.thomsonreuters.com/Carbon/408119>

FOOTPRINTING

Moving Beyond GDP -- How can we move beyond measuring economic expansion to broader indicators of progress that assess whether countries are providing for human well-being in a meaningful and lasting way? Check out the works of the French Commission chaired by Nobel Prize winning-economists such as Joseph E. Stiglitz of Columbia University and Amartya Sen of Harvard.
<http://www.stiglitz-sen-fitoussi.fr/en/index.htm>

Tesco becomes UK's first retailer to display carbon footprint on milk - - guardian.co.uk - Aug 17, 2009
 Supermarket giant Tesco has become the first UK retailer to display the full **carbon** footprint of milk – one of the top-selling products in its stores. ...
<http://www.guardian.co.uk/environment/2009/aug/17/tesco-milk-carbon-footprint>

VOLUNTARY MARKETS

VCS Canadian projects will issue VCU's without cancelling AAU's - -Week of July 23, 2009 - VCS Press Release -- The VCS Board concluded that this requirement is not applicable to Canada because there is no regulatory framework to implement the Kyoto Protocol, none is likely to emerge and the country is unlikely to achieve its Kyoto Protocol reduction commitment.
<http://www.v-c-s.org/docs/VCS%20News%20Release,%20Canadian%20VCUs,%20FINAL.PDF>

CLIMATE CHANGE

Climate Change a threat to US Security - NY Times - August 8, 2009 -- The changing global climate will pose profound strategic challenges to the United States in coming decades, raising the prospect of military intervention to deal with the effects of violent storms, drought, mass migration and pandemics, military and intelligence analysts say.
http://www.nytimes.com/2009/08/09/science/earth/09climate.html?_r=1

EU-ETS

Airlines, the first US Industry to deal with Caps - **New York Times** - August 12, 2009. Sometime this month, the European Union will release a list of airlines it will regulate under its existing cap-and-trade system for carbon dioxide. Beginning in 2012, all international flights landing in the region must abide by the regulations.
<http://www.nytimes.com/gwire/2009/08/12/12greenwire-airlines-will-be-first-us-industry-to-confront-77552.html>

Seven arrested in suspected VAT carbon tax fraud - Reuters - - August 19 -- Under the \$90 billion European Union carbon emissions trading market, companies trade permits called EU Allowances that allow them to emit climate-warming ...
<http://www.reuters.com/article/GCA-GreenBusiness/idUSTRE5714NC20090819>

CCS

Germany launches CO2 scrubbing at RWE plant - - Reuters August 18 -- The launch of the pilot plant to test the process at RWE's Niederaussem brown coal plant signifies another step towards coal generators' aims to capture climate-harming CO2 emissions, and in another step burying them safely underground.
<http://communities.thomsonreuters.com/Carbon/398799>

WORLD CARBON POLICIES

Australia's renewable energy at 20% in 2020 -- Reuters August 20 -- Australia passed laws on Thursday requiring the generation of 20 percent of its electricity from renewable energy sources by 2020.
<http://communities.thomsonreuters.com/Carbon/400856>

Workers see safety risks at French Nuclear Plants -- Aug 31 (Reuters) - Worsening working conditions, inadequate pay rises, pressure to work faster and safety concerns -- these are the familiar grievances of a disaffected work force. When such complaints arise in France's most sensitive industry -- nuclear power -- alarm bells start ringing.
<http://communities.thomsonreuters.com/Carbon/409401>

EUA/CER end of day Trading Report of 28/8/09 (data source Reuters)

EUA Prices (EU-ETS)		<u>Date</u>	<u>dic-09</u>	<u>Dec-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>09-12 Strip</u>
ECX Futures	28-Aug	€15,20	€15,58	€16,20	€17,22	€16,05	
BlueNext Spot	28-Aug	€15,02					
CER Prices (OTC)			<u>dic-09</u>	<u>dic-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>09-12 Strip</u>
Broker	-						
CantorCO2e	28-Aug	N/A	N/A	N/A	N/A	N/A	N/A
Evolution	28-Aug	€13,45	€13,22	€13,20	€13,53	€13,35	
GFI Group	28-Aug	€13,45	€13,25	€13,25	€13,55	€13,30	
ICAP	28-Aug	N/A	N/A	N/A	N/A	N/A	
MF Global	28-Aug	N/A	N/A	N/A	N/A	N/A	
Spectron	28-Aug	€13,45	€13,21	€13,19	€13,52	€13,34	
Tradition	28-Aug	N/A	N/A	N/A	N/A	N/A	
Tullett Prebon	28-Aug	€13,40	€13,17	€13,17	€13,52	€13,32	
		<u>dic-09</u>	<u>dic-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>09-12-Strip</u>	
*REUTERS CER INDEX	28-Aug	€13,44	€13,21	€13,20	€13,53	€13,33	
Net Change		€0,04	€0,04	€0,05	€0,05	€0,03	
€ Spread		€1,76	€2,37	€3,00	€3,69	€2,72	
CER Prices (Exchange)			<u>dic-09</u>	<u>Dec-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	-
ECX Futures	28-Aug	€13,40	€13,19	€13,17	€13,50		
BlueNext Spot	28-Aug	€13,43					

Your contact at [BianconiConsulting](http://BianconiConsulting.com):

Andrea Bianconi
Director

e-mail: info@bianconiconsulting.com
Skype Tel. I.D: bianconiconsulting

Web: www.bianconiconsulting.com

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