

SCRIPT: VNR "Emissions trading - putting a price on carbon"

TC IN	TC OUT	REFERENCE DG COMM – EC : I -I-054248
00:00:00	00:01:30	Colour bars/ 1000 Hz
00:01:30	00:02:00	Black
00:02:00	00:12:22	<i>Emissions trading - putting a price on carbon</i>
00:12:30	00:22:52	International version
TC IN	TC OUT	REFERENCE DG COMM – EC : I -I-054249
00:23:00	00:34:06	B-roll
TOTAL DURATION	32:06	

INTERVIEWEES

NAME	TITLE
Thomas Wyns	Climate Action Network Europe
Jos Delbeke	Director of climate change policy, European Commission
Sara Ståhl	European Climate Exchange
Gerhard Mulder	ABN-Amro
Annemarie van der Rest	Shell
Marc van Doorn	DSM
Julia Williams-Jacobse	Dutch Environment Ministry
Dr. Bert Metz	Intergovernmental Panel on Climate Change

ENGLISH SCRIPT REPORT : "Emissions trading - putting a price on carbon"

TC LANG	TC VI	
00:02:00	00:12:30	<u>COMMENTARY (climate change)</u> Since 2005, a new battlefield has emerged in Europe's fight against climate change.
00:02:07	00:12:37	<u>COMMENTARY (trading floor)</u> In the boardrooms of the EU's biggest firms, company directors now discuss greenhouse gas emissions in the same hard-nosed business terms as balance sheets, shareholder dividends or annual reports. The reason for this change is simple. Thanks to the European Emissions Trading Scheme - which began operating in January 2005 –carbon dioxide emissions are now a tradable commodity. They can be bought and sold in exactly the same way as any of the other thousands of products traded on world markets every day.
00:02:40	00:13:10	<u>COMMENTARY (Graphic)</u> The emissions trading scheme works by placing a limit or a 'cap' on the amount of carbon dioxide companies can emit every year. At present around 10,500 European installations are covered by the scheme and each has been awarded an annual quota of carbon dioxide emission units. One unit equals one tonne of CO2. Firms that emit more than their allowance must either pay a very hefty fine or buy surplus allowances from companies that manage to stay below their limit.

00:03:26	00:13:56	<p>The system ensures that overall CO2 emissions from the plants covered are cut in the most cost effective way. Over time the total number of quotas available will be reduced, making CO2 credits an increasingly scarce, and therefore expensive, commodity.</p>
00:04:02	00:14:32	<p><u>COMMENTARY (Windfarms etc.)</u> The idea is that as the price of CO2 rises, companies will prefer investing to ensure that they produce less greenhouses gases rather than paying for emissions allowances. And of course firms that make these kinds of investments can offset at least some of their costs by selling their unused emissions credits. Emissions trading has received widespread support, not least from environmental protection groups. Thomas Wyns works for Climate Action Network Europe, who's members include green campaigners Friends of the Earth and Greenpeace.</p>
00:04:26	00:14:56	<p><u>INTERVIEW Thomas Wyns - Climate Action Network Europe (néerlandais)</u> <i>The emissions trading scheme is one of the most powerful instruments for reducing CO₂ and greenhouse gas emissions. Indeed, it limits total emissions by setting a ceiling for the European Union. On top of that, there is a market price for emission allowances, for authorised quantities of tonnes of CO₂.</i></p>
00:04:43	00:15:13	<p><u>COMMENTARY (Factories, emissions etc)</u> Since 2005, the Emissions Trading Scheme has been operating under what's known as a 'learning by doing' phase. This 'start up' period is drawing to a close at the end of 2007 and permits us to review how the scheme has worked and where it can be improved.</p>
00:05:29	00:15:59	<p><u>COMMENTARY (Kyoto archive shots, factories)</u> The first phase was important because from 2008 the European Union must start delivering on promises it made at the 1997 Kyoto climate change conference, where it committed to reduce its greenhouse gas emissions to 5.5 percent below 1990 levels by 2012 at the latest. Without a properly functioning emissions trading scheme, most experts agree it will be very hard for the EU to respect these engagements. So what are the lessons learned so far? One key finding is that the scheme can only work effectively if EU governments realistically restrict the total amount of carbon dioxide emissions they make available to companies.</p>
00:05:49	00:16:19	<p><u>COMMENTARY (National Action Plans)</u> Governments set these overall limits in documents called National Allocation Plans. And it is generally agreed today that the plans for 2005 to 2007 were too generous, a situation that led the price of a tonne of CO2 to fall below fifty cents, too low to provide a real incentive for companies to invest in clean technologies. <u>INTERVIEW Jos Delbeke, Director of climate change policy – European Commission (English)</u> <i>The scarcity of allowances is essential for having a positive market price and we need a positive market price so as to drive into the economy, the right technologies to make entrepreneurs making the right investment decisions. And that's now what is being addressed, we have had national allocation plans for the second period. The Commission took decision up to now more</i></p>

		<i>than 20 decisions have been taken that means that the market is established for a second period and we observe that the market prices today are around 20 € per tonne of CO2. So, that's not too bad.</i>
00:06:23	00:16:53	<p><u>COMMENTARY</u></p> <p>With so-called futures deals already being done for the 2008 to 2012 trading period, the Commission's strict stance certainly seems to have paid off. Sarah Ståhl, who works for the Amsterdam-based European Climate Exchange, one of the EU's biggest marketplaces for trading CO2 quotas, explains.</p>
00:06:43	00:17:13	<p><u>INTERVIEW Sara Ståhl, European Climate Exchange (English)</u></p> <p><i>The price currently for the phase one is 45 cents. - so it's quite big difference if you look at phase 2 where the price is 19 euros 75. If it's so cheap to emit a ton of CO2...45 cents you know, why would this company have to do anything. It's cheaper to call ECX and buy the tons you need than to make a huge investment in your factory to clean up your dirty technology.</i></p>
00:07:11	00:17:41	<p><u>COMMENTARY (ABN Amro trading floor)</u></p> <p>And the traders themselves seem to agree that CO2 emission credits are now changing hands for a realistic price.</p>
00:07:19	00:17:49	<p><u>INTERVIEW Gerhard Mulder., ABN-Amro (English)</u></p> <p><i>An EU launch price of around 20 €, I believe, is a very credible price. Anything between, let's say, 10€ and 25 € should be a credible price. If it goes below 10 then there is lot less incentive to start investing in clean technologies.</i></p>
00:07:34	00:18:04	<p><u>COMMENTARY Pernis oil refinery</u></p> <p>And how do firms taking part in the scheme view emissions trading? With sites across Europe and the rest of the world, oil company Shell is one of the biggest firms covered. It's plant here at Pernis near Rotterdam in the Netherlands is Europe's biggest oil refinery, treating a staggering 800 litres of crude oil every single second. The company says emissions trading has brought carbon dioxide well and truly into the boardroom.</p>
00:08:03	00:18:33	<p><u>INTERVIEW Annemarie van der Rest, Shell (EN)</u></p> <p><i>We now know that our roll product has a price. The energy we have to use has a price but CO2, the emission, also has a price. So, it's now part parcel of in doing business in industry refinery.</i></p>
00:08:18	00:18:48	<p><u>COMMENTARY India factory</u></p> <p>Over the coming years there are plans to expand the scheme. One area that is likely to develop further is the Clean Development Mechanism. This is an already functioning strategy, which allows EU companies to offset some of their greenhouse gas emissions by helping to finance the emergence of environmentally sound industries in developing countries. Here for example, Dutch firms have helped fund the construction of a power station in India that is fuelled by plant waste.</p>
00:08:50	00:19:20	<p><u>COMMENTARY General factories</u></p> <p>There are also plans to include more industrial sectors in the Emissions trading scheme. At present it covers major sites like steelworks, cement factories, some chemical works, oil refineries and power stations.</p>

00:09:04	00:19:34	<p><u>COMMENTARY (Aircraft, DSM plant)</u></p> <p>But the European Commission is keen for the scheme's scope to be widened. Recently for example, it called for the aviation industry to be covered.</p> <p>And there are plans to extend the trading scheme to cover more greenhouse gases as well. Nitrous Oxide for example, which is over three hundred times more dangerous for the climate than CO₂, has already been highlighted as a probable candidate.</p> <p>Dutch chemicals firm DSM, which makes nitric acid for the fertiliser industry and runs plants that emit nitrous oxide, says it would welcome such a move.</p>
00:09:38	00:20:08	<p><u>INTERVIEW Marc van Doorn, DSM (English)</u></p> <p><i>DSM are very interested in a having this nitrous oxide into the European trading system. In fact, together with the Dutch Fertiliser Association we requested to our government to have this inside of the system. If you put this into the system, there is the ability that if you reduce the emissions let's say further than the benchmark level you have actually an option to create a value for your own company and get the money that you put iton the investment you can earn it back.</i></p>
00:10:14	00:20:44	<p><u>COMMENTARY (General factories)</u></p> <p>Many EU governments also appear to support the principle of expanding the scheme.</p> <p>But experts stress that it will always suit certain sorts of companies more than others.</p> <p>In some cases, different strategies for reducing greenhouse gas emissions would be more appropriate, which is why emissions trading is by no means the only policy the EU has at its disposal for tackling climate change.</p> <p>Julia Williams-Jacobse of the Dutch Environment Ministry explains.</p>
00:10:42	00:21:12	<p><u>INTERVIEW Julia Williams-Jacobse, Dutch Environment Ministry (English)</u></p> <p><i>Basically economic theory says that there must be a bottom line where the costs can never be earned back and we don't know exactly where it will end. Some people think maybe you could can even put households into the system. Most people say or think that it will be taking it a bit too far but the larger sectors like aviation, large transport, ocean going vessels, that kind of thing, look quite possible, quite promising candidates.</i></p>
00:11:16	00:21:46	<p><u>COMMENTARY (Climate change. Factories)</u></p> <p>Europe's Emissions Trading Scheme was designed from the outset to be compatible with similar initiatives that could soon emerge in other parts of the world. This is because climate change is a global problem that will only be resolved by global solutions.</p>
00:11:30	00:22:00	<p><u>INTERVIEW Dr. Bert Metz, Intergovernmental Panel on Climate Change (English)</u></p> <p><i>The EU is definitely leading the way on this. Everybody looks at the EU for this how the emission trading works for climate. Australia is seriously discussing an emission trading system and the United-States is seriously discussing the Emission trading system in the Congress and those are the two main countries that are outside Kyoto.</i></p>
00:11:56	00:22:27	<p><u>COMMENTARY (General factories)</u></p> <p>The battle against climate change certainly hasn't been won yet and no one should be under any illusions. There is still a great deal to be achieved.</p> <p>But with a properly functioning emissions trading scheme working alongside</p>

		a series of other innovative policies on climate change, the EU looks well on the way to making good on the commitments it made a decade ago in Kyoto.
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B-ROLL		
<i>TC IN</i>	<i>DESCRIPTION</i>	<i>CONTENT</i>
00:23:00	Interview	Thomas Wyns - Climate Action Network Europe
00:24:50	Interview	Jos Delbeke Director of climate change policy – European Commission
00:26:39	Interview	Sara Ståhl, European Climate Exchange
00:28:12	Interview	Gerhard Mulder. ABN-Amro
00:29:19	Interview	Annemarie van der Rest, Shell
00:30:17	Interview	Marc van Doom, DSM
00:31:38	Interview	Julia Williams-Jacobse, Dutch Environment Ministry
00:33:26	Interview	Dr. Bert Metz, Intergovernmental Panel on Climate Change

SHOOTING INFORMATION	
<i>COUNTRY/TOWN</i>	<i>PERIOD</i>
Belgium / Brussels	May 07
The Netherlands / Leiden, Rotterdam, Vondelingenplaat, Geleen	May 07

OTHER REMARKS
none

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