
Carbon Trading

Center for Strategic & International Studies

Linking Markets

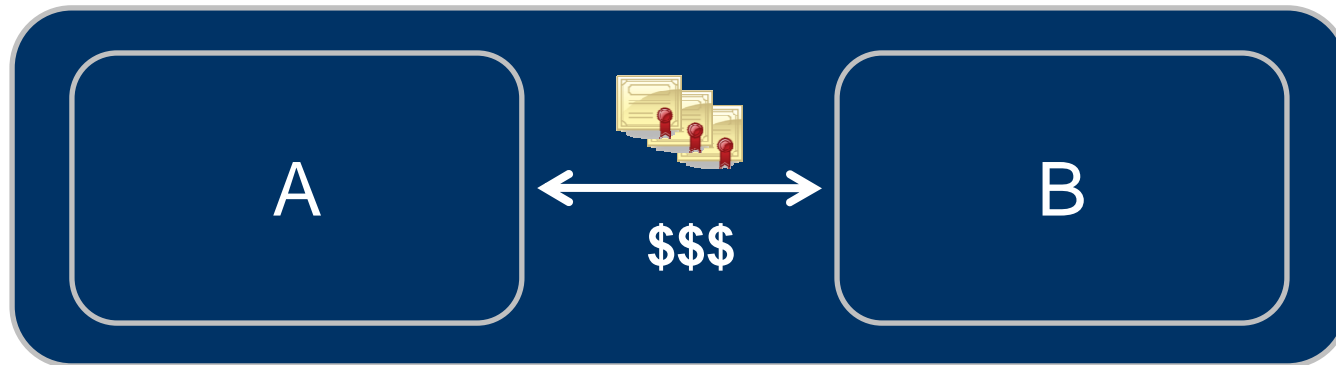
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Point Carbon

Washington, DC, November 17, 2009

Point Carbon

- Forecasting, analysis, advisory, news and conferences
- Carbon, power and gas markets
- 200+ employees
- Oslo, London, Washington DC, Kiev, Malmö, Beijing, Tokyo, Hamburg, Zürich
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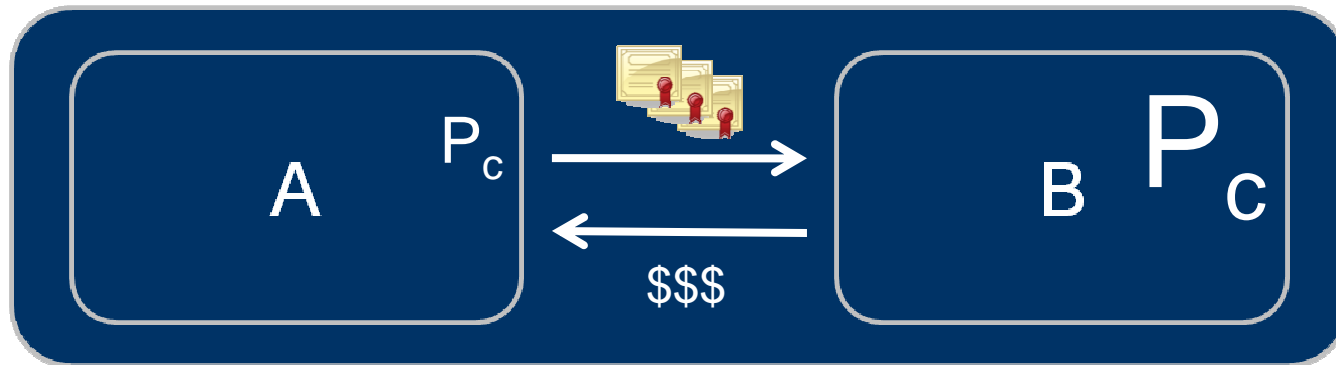
Linking basics



- Price equalization
- Lower Price Volatility
- Improved Market Liquidity
- Less vulnerable to market manipulation

Total abatement cost will be lower for the two collectively than for each individually

Linking basics



What will A get?

- A higher price for carbon
- Higher cost of compliance
- Investments – Inflow of capital
- More domestic reductions
- Jobs, technology, energy security

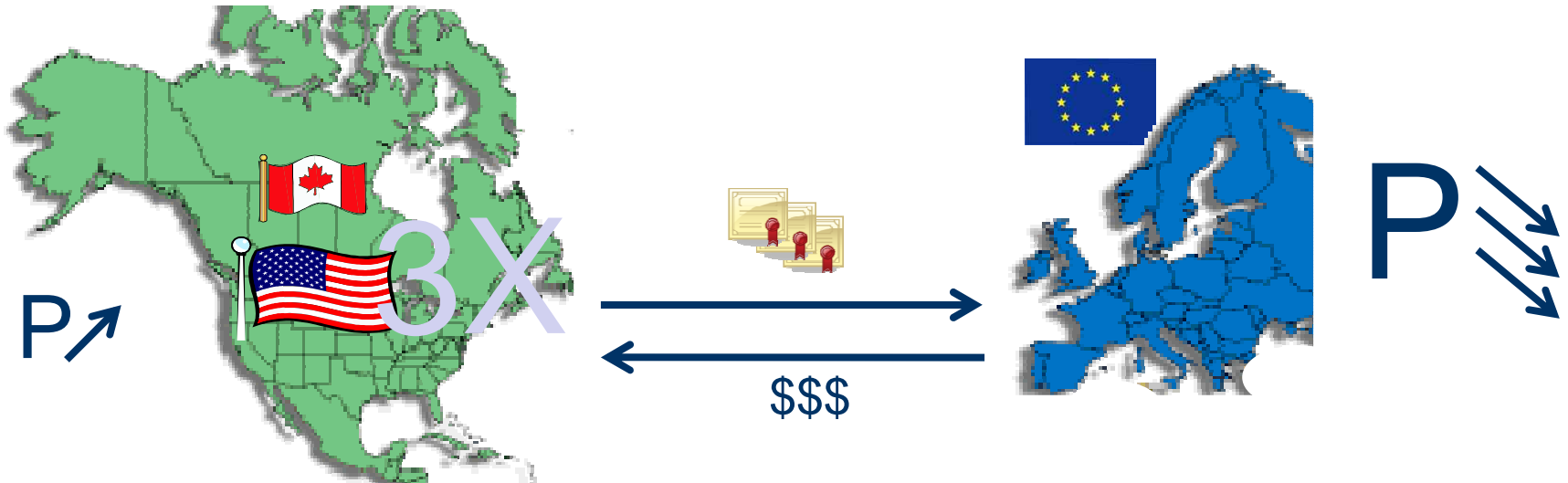
What will B get?

- A lower price for carbon
- Lower cost of compliance
- Outflow of capital
- Fewer domestic reductions

What is in it for both?

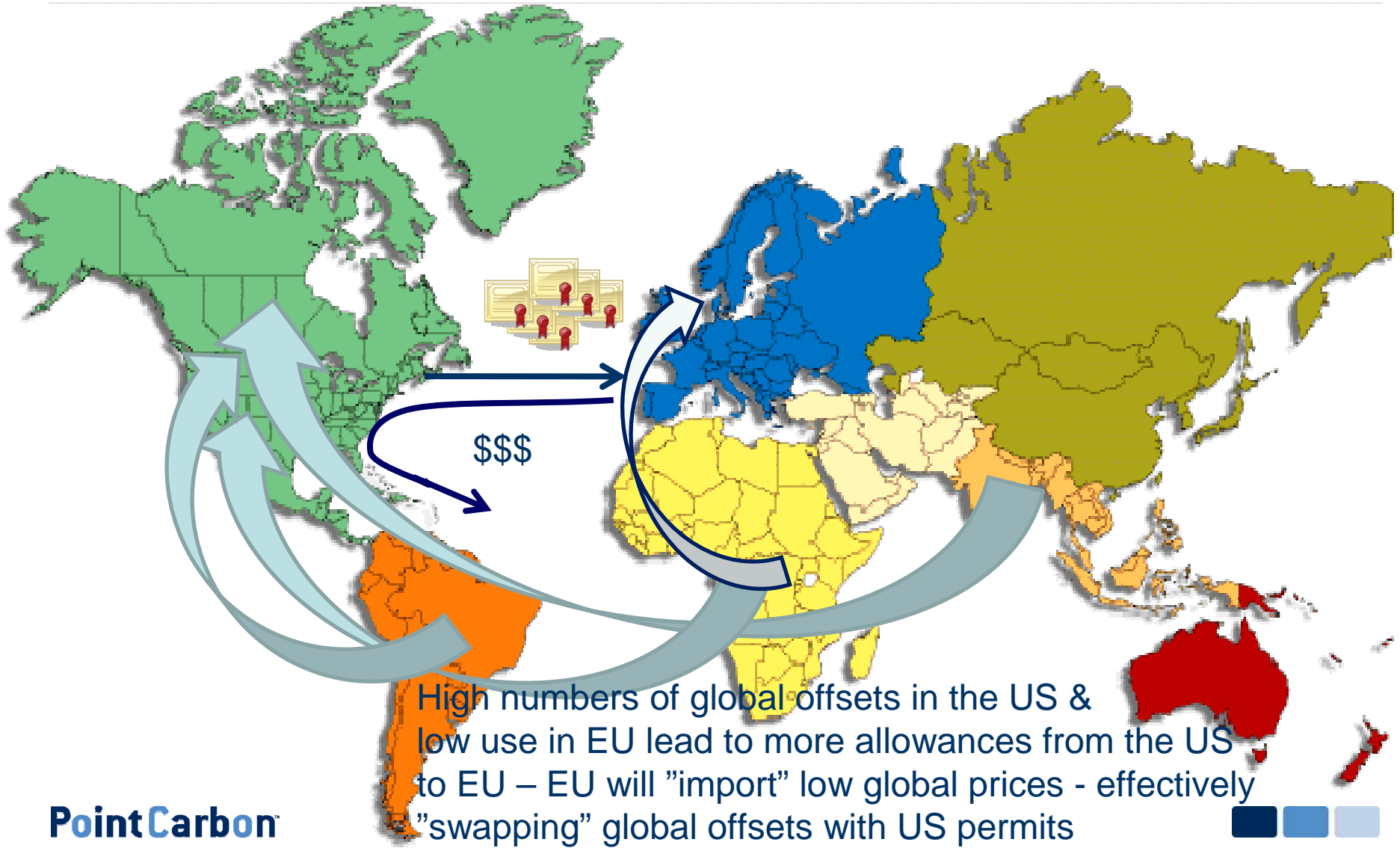
- Lower total abatement cost
- More efficient market

North America – EU Case Study



- A somewhat higher price for carbon
- Higher cost of compliance
- BUT: Investments – Inflow of capital
- More domestic reductions
- Economic stimulus, green jobs, technology
- Clean energy, Energy security
- A much lower price for carbon
- Much lower cost of compliance
- Outflow of capital
- Fewer domestic reductions

North America – EU – Effects of Global Offsets



North America – EU – Effects of Forestry & Ag



Low cost forestry offsets & Low cost US agricultural offsets may not become eligible in EU ETS

Low US prices may lead to more permits from the US to EU. EU will "import" low forestry offset prices - effectively "swapping" forestry offsets with US permits

Partial linking does not prevent "price penetration" & "policy leakage"

Contact

Thank you for your attention!

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