Special Topic: Emissions Trading and Carbon Taxes

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Articles

Internalising carbon costs in electricity markets: Using certificates in a load-based emissions trading scheme. Gillenwater, Michael and Breidenich, Clare. *Energy Policy*; Vol 37 (1) Jan 2009, p.290-299
Several western states have considered developing a regulatory approach to reduce greenhouse gas (GHG) emissions from the electric power industry, referred to as a load-based (LB) cap-and-trade scheme. This paper discusses the problems with one model for assigning emissions under a LB scheme and proposes an alternative, using unbundled Generation Emission Attribute Certificates.
(To request: email library@energylibrary.org.nz Ref: **1108-Breid**)

Carbon markets – can they duck the financial crisis? Jones, Candida. *Energy World*; Dec 2008 (Issue 366), p.10-11
Suddenly, the daunting political uncertainty surrounding carbon trading in the long term looks minor compared with more immediate concerns in the financial and commodity trading worlds. The author reports on the state of the global carbon market and looks at future carbon trading schemes emerging in several countries outside Europe.
(To request: email library@energylibrary.org.nz Ref: **1108-Jones)**

The fundamentals of the future international emissions trading system. Stankeviciute, Loreta and others. *Energy Policy*; Vol 36 (11) Nov 2008, p.4272-4286
The study aims to analyze the sectoral marginal abatements cost curves for a number of EU countries as well as to examine the efficiency aspects and the economic impacts for the major sectors of the ETS under different carbon market configurations in 2010 and 2020.
(To request: email library@energylibrary.org.nz Ref: **1108-Loreta)**

Taking green power into account. Gillenwater, Michael. *Confronting Climate Risk Oct 2008* (supplement to *Environmental Finance*), p.14-16
Buyer beware – renewable energy purchases may not deliver the climate change credit that companies often assume.
(To request: email library@energylibrary.org.nz Ref **1108-Account**)

Carbon tax or carbon permits: The impact on generators' risks. Green, Richard. *Energy Journal*; Vol 29 (3) 2008, p.67-89
Volatile fuel prices affect both the cost and price of electricity in a liberalized market. Generators with the price-setting technology will face less risk to their profit margins than those with costs that are not correlated with price, even if those costs are not volatile. Emissions permit prices may respond to relative fuel prices, further increasing volatility. This paper simulates the impact of this on generators' profits, comparing an emissions trading scheme and a carbon tax against predictions for the UK in 2020. The carbon tax reduces the volatility faced by nuclear generators, but raises that faced by fossil fuel stations. Optimal portfolios would contain a higher proportion of nuclear plant if a carbon tax was adopted. Use of abstract permitted by IAEE: https://www.iaee.org/en/publications/ejsearch.aspx?user=guest.
(To request: email library@energylibrary.org.nz Ref: **1108-Green**)

A tax-based approach to slowing global climate change. Aldy, Joseph E. and others. *National Tax Journal*; Sep 2008, Vol 61 (3), p.493-517
(To request: email library@energylibrary.org.nz Ref: **1108-Aldy)**

European Emission Trading Scheme and competitiveness: A case study on the iron and steel industry. Demailly, Damien and Quirion, Philippe. *Energy Economics;* Vol 30 (4) Jul 2008, p.2009-2027
We quantify the impact of the European Emission Trading Scheme (ETS) on the two dimensions of competitiveness – production and profitability – for the iron and steel industry. Among those covered by the scheme, this sector is one of the most exposed, since it is both highly CO_2-intensive and relatively open to international trade.
(To request: email library@energylibrary.org.nz Ref: **1108-Demailly)**

Taking the pulse of the carbon market. *Environmental Finance;* Vol 9 (8) Jun 2008, p.33-34
Five leading participants give their views on prospects for EU and US carbon markets and what the successor to the Kyoto Protocol will look like.
(To request: email library@energylibrary.org.nz Ref: **1108-Pulse**)

Redefining RECS—Part 2: Untangling certificates and emission markets. Gillenwater, Michael. *Energy Policy*; Vol 36 (6) Jun 2008, p.2120-2129
Renewable energy and greenhouse gas emissions markets are currently in a state of confusion regarding the treatment of Renewable Energy Certificate (RECs).
(To request: email library@energylibrary.org.nz Ref: **1108-Gillen)**

The windfall profits debate. Holdsworth, Eric. *Environmental Finance;* Vol 9 (8) Jun 2008, p.37 (1p.)
This paper argues that free allocation of allowances in emissions trading schemes doesn't always mean free money for utilities.
(To request: email library@energylibrary.org.nz Ref: **1108-Holdsworth**)

CO_2 cap-and-trade: Should industry speak up or sign on? Winters, Tobey. *The Electricity Journal*; Vol 21 (4) May 2008, p.11-18
Should the energy community support cap-and-trade and work for a common sense method of regulation? If cap-and-trade can be expected to be a major policy blunder, would the wiser course be to support a carbon tax rather than become enablers to a failure that later may be laid at the door of the energy community?
(To request: email library@energylibrary.org.nz Ref: **1108-Winters)**

Climate policy architectures for the post-Kyoto World. Aldy, Joseph E. and Stavins, Robert N. *Environment*; May 2008, Vol 50 (3), p.6-17
(To request: email library@energylibrary.org.nz Ref **1108-Stavins**)

Prosperous negligence: governing the clean development mechanism for markets and development. Bozmoski, Alexander and others. *Environment*; May 2008, Vol 50 (3), p.18-30
(To request: email library@energylibrary.org.nz Ref **1108-Boz**)

The whys and hows of energy taxes. Hassett, Kevin A. and Metcalf, Gilbert E. *Issues in Science & Technology*; Vol 24 (2) Winter 2008, p.45-50
Reports on the disadvantages behind the planned energy independence of the U.S.
(To request: email library@energylibrary.org.nz Ref: **1108-Hassett**)

Making the case for carbon offsets. Braine, Bruce and Buchanan, Marisa. *Environmental Finance;* Vol 9 (7) May 2008, p.S32-S33
As the US considers cap-and-trade legislation, proposals to restrict the use of offsets are gaining currency. Such restrictions would be a grave mistake.
(To request: email library@energylibrary.org.nz Ref: **1108-Braine**)

Tariff reductions, carbon emissions, and poverty. Corong, Erwin L. *ASEAN Economic Bulletin*; Apr 2008, Vol 25 (1), p.20-31
This study investigates the potential impact of a carbon tax on the economy of the Philippines and on the livelihood of its people.
(To request: email library@energylibrary.org.nz Ref: **1108-Erwin)**

Can the future EU ETS support wind energy investments? Blanco, Maria Isabel and Rodrigues, Glória. *Energy Policy;* Vol 36 (4) Apr 2008 p.1509-1520
This article discusses how the future Emissions Trading Scheme legislation should be designed to allow the European Union to comply with the 20% CO_2 emissions reduction target, while at the same time promoting wind energy investments.
(To request: email library@energylibrary.org.nz Ref: **1108-Blanco)**

Technological modifications in the Nitrogen Oxides Tradable Permit Program. Linn, Joshua. *Energy Journal*; Vol 29 (3) 2008, p.153-176
(To request: email library@energylibrary.org.nz Ref: **1108-Linn**)

Greenhouse gas emissions trading among Pacific Rim countries: An analysis of policies to bring developing countries to the bargaining table. Rose, Adam and Wei, Dan. *Energy Policy*; Vol 36 (4) Apr 2008, p.1420-1429
This paper examines the aggregate net costs and individual country cost savings of greenhouse gas emissions trading among Pacific Rim countries. We propose emission permit allocation rules designed to entice developing countries to participate.
(To request: email library@energylibrary.org.nz Ref: **1108-Rose)**

A comparison of three cap-and-trade market designs and incentives for new technologies to reduce greenhouse gases. Van Horn, Andrew and Remedios, Edward. *The Electricity Journal*; Vol 21 (2) Mar 2008, p. 51-62
A source-based market design is preferable for its simplicity, lower costs, faster implementation, more accurate tracking and verification, and greater incentives for the adoption of lower-emitting technologies.
(To request: email library@energylibrary.org.nz Ref: **1108-Horn)**

The impacts of EI CO_2 emissions trading on electricity markets and electricity consumers in Finland. Kara, M and others. *Energy Economics*; Vol 30 (2) Mar 2008, p.193-211
In this paper, the likely impacts of the EU emission trading system on the Nordic electricity market and on the position of various market actors are assessed.
(To request: email library@energylibrary.org.nz Ref: **1108-Kara)**

Analysis of the impacts of combining carbon taxation and emission trading on different industry sectors. Lee, Cheng F. and others. *Energy Policy;* Vol 36 (2) Feb 2008, p.722-729
This study aims to analyze the impacts of combining a carbon tax and emission trading on different industry sectors. Results indicate that the "grandfathering rule (RCE2000)" is the more feasible approach in allocating the emission permit to each industry sector.
(To request: email library@energylibrary.org.nz Ref: **1108-Lee)**

Investors question EU trading. Hamilton, Kirsty. *Environmental Finance;* Vol 9 (3) Jan 2008, p.44,47
Suggestions that the EU's renewable energy targets could be underpinned by a new trading scheme have been given a lukewarm reception by investors.
(To request: email library@energylibrary.org.nz Ref: **1108-Hamilton**)

Adding a dose of complexity. Silver, Nick. *Environmental Finance;* Vol 9 (3) Jan 2008, p.50-51
The new discipline of 'complexity economics' threatens the orthodoxies upon which emissions trading schemes are based.
(To request: email library@energylibrary.org.nz Ref: **1108-Silver**)

Every citizen a carbon trader? Prescott, Matt and Taylor, Matthew. *World Policy Journal*; Spring 2008, Vol 25 (1), p.19-28
(To request: email library@energylibrary.org.nz Ref: **1108-Prescott)**

Firm performance and employment in the EU emissions trading scheme: An empirical assessment for Germany. Anger, Niels and Oberndorfer, Ulrich. *Energy Policy*; Vol 36 (1) Jan 2008, p.12-22
This paper empirically investigates the role of the EU Emissions Trading Scheme (EU ETS) for firm performance and employment in Germany
(To request: email library@energylibrary.org.nz Ref: **1108-Obern)**

Environmental and economic benefits resulting from citizens' participation in the CO_2 emissions trading: An efficient alternative solution to the voluntary compensation of CO_2 emissions. Rousse, Olivier. *Energy Policy;* Vol 36 (1) Jan 2008, p.388-397
Over the last few months in the emerging and lucrative carbon project market, a growing number of organizations have proposed to offset citizens' greenhouse gas emissions. The target of these carbon-offset initiatives is to satisfy the increasing demand of individuals wishing to take part in the fight against climate change. In this paper, we review and criticize these carbon-offsetting programs in general terms. We then propose an alternative that, in our opinion, should prove to be a better solution for citizens who are willing to pay for protecting the environment.
(To request: email library@energylibrary.org.nz Ref: **1108-Rousse)**

Preparing for regulation. Huang, R. *Environmental Finance;* Vol 9 (1) Oct 2007, p.S24
Taiwan is quietly laying the foundations for emission reduction targets. The authors look at how its companies are getting ready.
(To request: email library@energylibrary.org.nz Ref: **1108-Huang**)

Who bears the burden of a tax on carbon emissions in Japan? Fullerton, Don and Heutel, Garth. *Environmental Economics & Policy Studies*; 2007, Vol 8 (4), p.255-270
(To request: email library@energylibrary.org.nz Ref **1108-Fullerton**)

Trading in pollution: Creating markets for carbon and waste. Street, Paul. *Environmental Law Review*; 2007, Vol 9 (4), p.260-278
This article evaluates the initial performance of both the European Union Emissions Trading Scheme (EU ETS) and the Landfill Allowance Trading Scheme (LATS).
(To request: email library@energylibrary.org.nz Ref **1108-Street**)

Turning towards trading? Partington, Mark. *Environmental Finance;* Vol 9 (1) Oct 2007, p.S8, S10
As Japan grapples with rising domestic emissions and nuclear outages, the author reports on its efforts to kickstart its reduction effort and the ongoing emissions trading debate.
(To request: email library@energylibrary.org.nz Ref: **1108-Partington**)

The allocation of free emissions allowances by Germany to its steel industry: A possible subsidy claim under the W.T.O. agreement on subsidies and countervailing measures. Shah, Vidhi R. *American University International Law Review*; 2007, Vol 22 (3), p.445-478
(To request: email library@energylibrary.org.nz Ref: **1108-Shah)**

A scheme with legs. Nollet, P. *Environmental Finance;* Vol 8 (9) Jul-Aug 2007, p.42-43
The author argues for an overhaul of the EU Emissions Trading Scheme – and one that recognises the manufacturing sector's unique challenges.
(To request: email library@energylibrary.org.nz Ref: **1108-Nollet**)

The private sector and the implementation of the Kyoto Protocol: Experiences, challenges and prospects. Kulovesi, Kati. *Review of European Community & International Environmental Law*; Jul 2007, Vol 16 (2), p.145-157
(To request: email library@energylibrary.org.nz Ref: **1108-Kati)**

Governments and Climate Change Issues. Henderson, David. *World Economics*; Apr-Jun 2007, Vol 8 (2), p.183-228
The author questions the authority of the Intergovernmental Panel on Climate Change and suggests there are better approaches for reducing emissions than those that have already been adopted at a policy level.
(To request: email library@energylibrary.org.nz Ref: **1108-Henderson)**

Corporate intentions to participate in emission trading. Pinkse, Jonatan. *Business Strategy & the Environment (John Wiley & Sons, Inc)*; Jan 2007, Vol 16 (1), p.12-25
(To request: email library@energylibrary.org.nz Ref **1108-Pinkse**)

Costs and competitiveness effects of the European Union emissions trading scheme. Oberndorfer, Ulrich and Rennings, Klaus. *European Environment: The Journal of European Environmental Policy (Wiley)*; Jan 2007, Vol 17 (1), p.1-17
(To request: email library@energylibrary.org.nz Ref: **1108-Ulrich)**

The European Union's Emissions Trading Scheme: A policy response to the Kyoto Protocol. Hill, Malcolm R. *Journal of Contemporary European Studies*; Dec 2006, Vol 14 (3), p.393-410
This paper discusses potential implications for the energy and manufacturing industries from the introduction of the European Union's Emissions Trading Scheme in January 2005.
(To request: email library@energylibrary.org.nz Ref: **1108-Hill)**

The Kyoto Protocol, market power, and enforcement. de Brauw, Alan. *Applied Economics*; 10/10/2006, Vol 38 (18), p.2169-2178
(To request: email library@energylibrary.org.nz Ref: **1108-Brauw)**

The role of economic instruments to reduce carbon emission and their implementation: A comparison of environmental policies in New Zealand and Germany. Hoffman, Lars. *New Zealand Journal of Environmental Law*; Vol 10 (2006) p.129-168
Focuses on carbon emission trade and carbon taxes as the economic instruments to ensure compliance with the Kyoto Protocol.
(For a copy of this article email library@energylibrary.org.nz Ref: **1108-Hoffman**)

Using a real-options approach to model technology adoption under carbon price uncertainty: An application to the Australian electricity generation sector. Reedman, Luke and others. *Economic Record*; Sep 2006 Supplement, Vol 82, p.S64-S73
(To request: email library@energylibrary.org.nz Ref: **1108-Luke)**

Implications of alternative emission trading plans: experimental evidence. Buckley, Neil J. and others. *Pacific Economic Review*; Jun 2006, Vol 11 (2), p.149-166
The two plans compared are cap-and-trade, with an aggregate cap on emissions distributed as emission allowances, and baseline-and-credit, with firms earning emission reduction credits for emissions below baselines.
(To request: email library@energylibrary.org.nz Ref: **1108-Buckley)**

An evaluation of the European Union's Emissions Trading Scheme in practice. Kelly, Gerard H. *European Environmental Law Review*; Jun 2006, Vol 15 (6), p.175-185
(To request: email library@energylibrary.org.nz Ref: **1108-Kelly)**

Emission trading beyond Europe: Linking schemes in a post-Kyoto world. (2006) Anger, Niels. ZEW Discussion Paper No. 06-058. Manheim, Centre for European Economic Research. This paper is available online.

Impacts of the European Emissions Trading Scheme directive and permit assignment methods on the Spanish electricity sector. Linares, Pedro and others. *Energy Journal*; 2006, Vol 27 (1), p.79-98
This paper assesses the economic impact of the European Emissions Trading Scheme Directive on the Spanish electricity sector. Although some other studies have been carried out before, our approach uses a more detailed model for the Spanish electricity sector, which provides more realistic results both for the expected price of the carbon allowance and for the evolution of electricity prices, installed power and firms' revenues in Spain. Results show that the implementation of the Directive will result in a significant increase of electricity prices, and also, due to the Spanish pricing system, in a large increase in the revenues of generating firms, unless the regulator intervenes. Results also show the different implications of different assignment methods. This is especially relevant currently given that most European countries are approving their national assignment plans for 2005-07 and have to revise them for 2008. Use of abstract permitted by IAEE: https://www.iaee.org/en/publications/ejsearch.aspx?user=guest.
(To request: email library@energylibrary.org.nz Ref: **1108-Pedro)**

Beyond Kyoto 2012: No prevention of dangerous climate change without an internationally acceptable "Beyond Kyoto" global cap-and-trade scheme. Wicke, Lutz and Duerr-Pucher, Gerd. *International Review for Environmental Strategies*; 2006, Vol 6 (1), p.63-91
(To request: email library@energylibrary.org.nz Ref **1108-Wicke**)

Carbon taxes and carbon emissions trading. Elkins, Paul; Baker, Terry. *Journal of Economic Surveys*; Jul 2001, Vol 15 (3), p.325–376
This paper surveys the literature on, and examples of current implementation of, carbon taxes and carbon emission permits.
(To request: email library@energylibrary.org.nz Ref: **1108-Elkins**)

Special Journal issues

Asia Carbon 2008: A special report on Asia's carbon markets. (*Environmental Finance*; Oct 2008). Features in this special section include:

- How Australia is about to engage with the CDM
- Japan's plans for a wide-ranging emissions trading scheme
- Exchanges line up for a piece of the carbon action

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ETRM technology. (*Energy Risk*; July 2008). The special section of this issue contains 4 articles on energy trading and risk management software, including:

- Making the choice (software selection).
- Grading your upgrade.
- 2008 ETRM software directory.

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Implications of CO2 emissions policies on the electric power sector. (*American Society of Civil Engineers (ASCE) Journal of Energy Engineering*; Vol 134 No. 2, Jun 2008). There are 7 technical papers in this special issue, including:

- Is a cap-and-trade system always efficient? The case of new entrants in the emissions trading system of the EU.
- Greenhouse gas emission permit trading with different uncertainties in emission sources.
- Fuel switching in the electricity sector under the EU ETS: Review and prospective

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Web links: New Zealand

Nielson, Taylor & Clark: Govt should go with emissions trading scheme – 1 Dec 2008 news.

NZ now a joke in Europe, says carbon trader - 21 Nov 2008 Carbon News press release.

Emission Critical – PricewaterhouseCoopers ETS newsletter**.**

New Zealand's Climate Change solutions - Government website.

Factsheets emissions trading scheme – Ministry for the Environment factsheets.

The impact of the proposed Emissions Trading Scheme on New Zealand's economy (April 2008). This NZIER report is available online.

The framework for a New Zealand Emissions Trading Scheme – Ministry for the Environment publication (2007).

A guide to forestry in The Emissions Trading Scheme - October 2008 Ministry of Agriculture and Forestry (MAF) publication.

Climate Change News - New Zealand Business Council for Sustainable Development webpage.

Emissions trading scheme here – 11 Sept 2008 Bell Gully update.

FYI Climate Change and Emissions Trading - Simpson Grierson newsletter.

Motu's environmental trading game - website.

Web links: International

United Nations Climate Change Conference - Poznań, Poland gets underway with calls for urgent need for progress in designing Copenhagen Deal – 1 Dec press release

Emissions trading – webpage from the website of the United Nations Framework Convention on Climate Change.

Cap and dividend, not trade: Making polluters pay – This Dec 2008 *Scientific American* article is online.

AdMit - a new voluntary carbon market product from the New Economics Foundation.

The wrong trousers - Radically rethinking climate policy – James Martin Institute for Science and Civilization discussion paper.

Australia's low pollution future – Treasury report.

Asia-Pacific Emissions Trading Forum (AETF) – website.

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