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The EU emissions trading scheme: an overview

Part II – Operation and impact

Emissions prices hit new highs at the end of May 2005 with trading above Euro 20/tCO₂e following news of Italy 's agreement with the European Commission to a 9% cut in its National Allocation Plan. Meanwhile UK gas prices for next winter also hit record levels above 60p/th, due to a variety of factors, including the impact of emissions trading. Following on from our article on the background and concepts of the EU emissions trading scheme in last month's Mzine ([click here to read it](#)), this month's article explores the operation of the trading market and the impact of emissions trading.

[Read the rest of this article](#)

mZINE



mWELCOME

Hello and welcome to the June issue of **mZINE**, our free monthly newsletter.

This month we will continue our look at Emissions trading, see [MSTORY](#) for our main article and also [MFEATURE](#) where we feature four articles from Heren Energy and Argus Media on latest Emissions news. At [MPRICES](#) we take a look at the Oil Forward Curve, whilst at [MPHASIC](#) Derek, has produced yet another new angle on emissions trading in this month's cartoon. Don't forget to check out our thought of the month at [MPATHY](#), or our latest training news and courses at [MTRAIN](#).

If you have an article you would like to contribute, then please let me know, we can't promise to include everything, but we will do our best.

And if you have enjoyed reading this newsletter and think you know someone who might also enjoy it then feel free to forward it on.

Any one may sign up for this monthly newsletter, it is free and your details are protected.

Email:

Kind regards

A handwritten signature in black ink that reads 'Paul Cassar'.

Paul Cassar
Editor

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After a successful presentation of our Emissions trading course, we are pleased to announce that all of our training courses can now earn, participating solicitors, CPD points from the law society. Attendance at any of our events may also contribute to meeting accountancy CPD requirements under the terms of the ICAEW's CPD policy. Please visit www.icaew.co.uk/cpd for full details.

Over the [next few months](#), the following training courses are being held in **Oxford, England**. They are all one-day events apart from the **EU Gas Markets course** which is an exciting two-day examination of EU gas market principles including an analysis of six European countries. We have also negotiated with the Chemical Industries Association another Gas Buyers course, which proved popular in March, which will be hosted by them in London with a substantial discount for CIA members!

More information about these courses can be found by clicking on the course title or visiting energytrainingnetwork.com and clicking on public courses. Alternatively you can contact me by [email](#) or phone +44 (0) 1865 395826, fax +44 (0) 1865 395959

June 16th	The Global LNG Market	OXFORD
June 27/28th	EU Gas Markets	OXFORD
July 6th	Buying industrial & commercial gas	LONDON
July 7th	An INTRODUCTION to the UK GAS MARKET	OXFORD
July 8th	An INTRODUCTION to the NETWORK CODE	OXFORD

OTHER DATES



Course Review

EU gas markets course

In 1998 the EU launched a hugely ambitious plan to liberalise gas markets across all EU states. Following EU enlargement and the accelerated energy directive in 2003, there should now be full competition to all non-domestic customers in most EU states, with full competition to almost 100m domestic customers required by July 2007. The principles may be in place for market liberalisation, but the actual state of competition on the ground is very varied across the EU. ETN's EU gas markets course provides a vital overview of the theory and practice of competition across the major markets of Europe and is an essential tool for understanding the evolving European gas market.

[Read the rest of this review](#)

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Forward Oil Curve

Further large gains in Atlantic Basin crude stocks coupled with higher OPEC output have triggered a sharp fall in oil prices this month. With US crude oil stocks now over 330 mn bbls, the front end of the forward curve is in deep contango, providing high returns to storage. However, rising refinery runs and a decline in westbound liftings are expected to reverse the crude stockbuild over the next month. Product stocks remain on the low side and refinery margins are good.

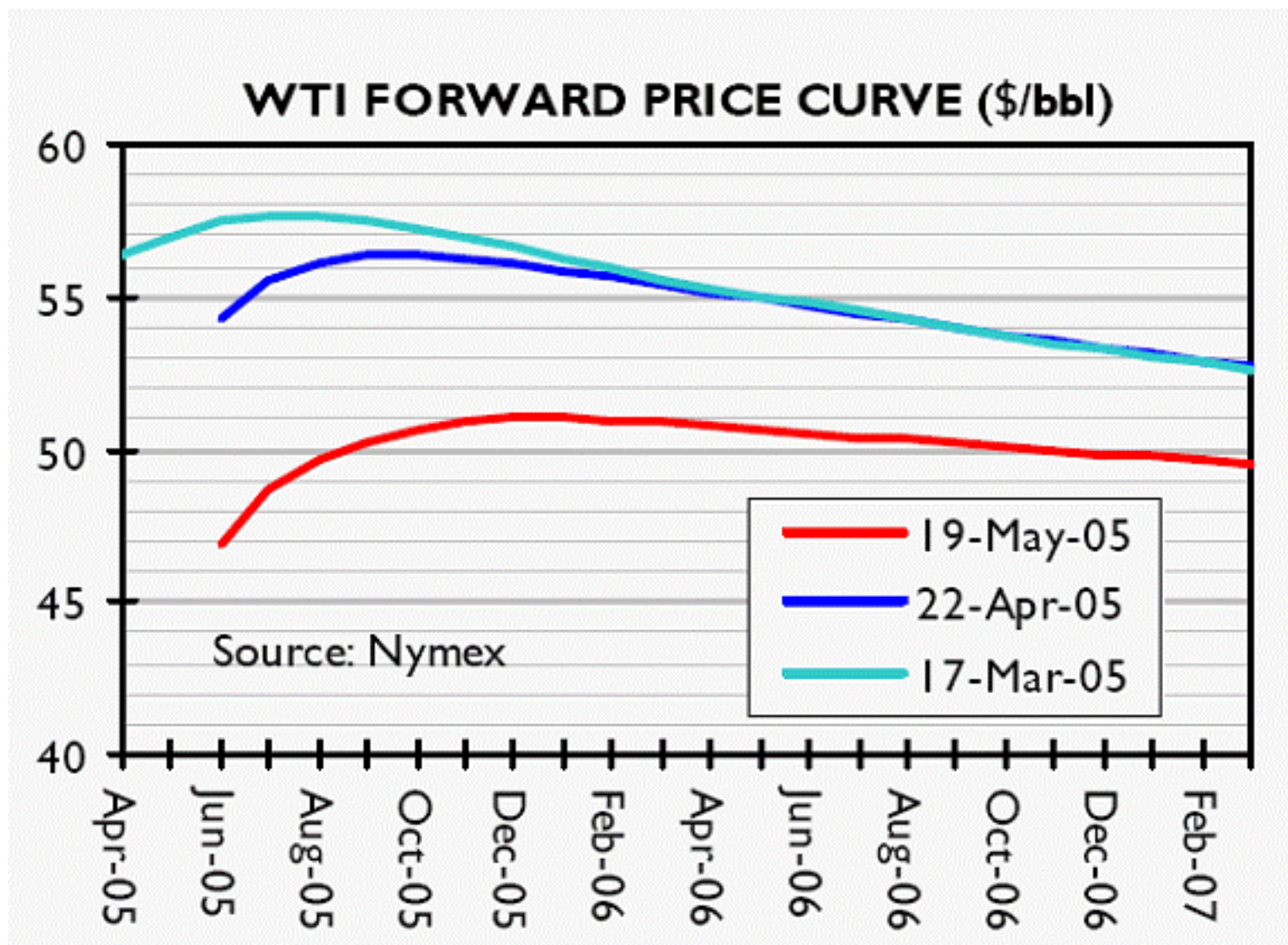
SWAPS PRICES

Period averages at close of business on 19/05/2005

\$/bbl	3Q05	4Q05	1Q06	2Q06	2006	2007	2008
WTI	50.29	51.00	50.80	50.47	50.31	49.03	47.81

Source: Intercapital Commodity Swaps Ltd.

Longer-term prices also weakened after Saudi Arabia expressed concern about recent high prices and promised to boost output to meet demand. The market, though, is worried that investment plans are not keeping pace with future demand growth – providing firm support for the back end of the forward curve. The balance of Calendar 2005 WTI is still over \$50/bbl – equivalent to just over \$49/bbl for Brent and more than \$47/bbl for the OPEC basket of crudes.



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Emissions News

Monday 18th May 2020

Price: UK€250

Tree-raising schemes 'too successful' says energy minister



The tree-planting scheme implemented by Horticulectric in 2005 to meet emissions targets has helped them become the UK's top electricity supplier. However, there are now concerns over the impact of over-planting on the environment, as shown in this view of Leeds city centre yesterday.

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mPATHY

thought of the month!

All men dream, but not equally. Those who dream by night in the dusty recesses of their minds wake in the day to find that it was vanity; but the dreamers of the day are dangerous men, for they may act on their dream with open eyes, to make it possible.

T. E. Lawrence

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mOFFERS

this month's exciting offers!

We are pleased to be able to offer you **European Spot Gas Markets (ESGM)** on a two week trial basis. [More information here.](#)

We are also able to offer you a trial of **Argus Global Emissions** and **Argus European Emissions Markets** from the publisher Argus Media. [More information here.](#)

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Majority of UK companies financially unprepared for EU ETS compliance

Eighty three percent of companies in the UK have made no financial provisions in case of a failure to comply with the European Union's Emissions Trading Scheme (EUETS), according to a study commissioned by LogicaCMG published on Monday.

[Read the rest of this article taken with permission by Heren from ESGM 23/05/05](#)

The following three articles have been reproduced with permission from Argus media.

UK registry launches at last

The UK and the European Commission have finally agreed the country's national allocation plan (Nap), clearing the way for the opening of the UK emissions registry and for UK firms to take part in spot trading. [More](#)

As Bush fiddles...

US corporations are no longer sitting idly by while US president George Bush goes slow on climate change policy. Bush faces rising pressure from many businesses to get his policy act together. [more](#)

Traders scrutinise EU ETS oddities

Traders active in the EU emissions trading scheme (ETS) had a chance to put over their own views about a market that still does not seem to quite add up. [More](#)

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