CLIMATE POLICY AFTER COPENHAGEN

At the UN climate negotiations in Copenhagen, 117 heads of state concluded that low-emissions development is necessary in order to combat climate change. However, they also understood that transition to a low-carbon economy requires the implementation of a portfolio of policies and programmes – a challenging endeavour for any nation. This book addresses the need for information about factors impacting on climate policy implementation, using as a case study one effort that is at the heart of attempts to create a low-carbon future: the European Union emissions-trading scheme (ETS). It explores the experience with the implementation of the ETS, including the role of vested interests, the impact of design details and opportunities to attract long-term investments. It also discusses how international climate co-operation can support the domestic implementation of low-carbon policies. This timely analysis of carbon pricing contains important lessons for all those concerned with the development of post-Copenhagen climate policy.

Karsten Neuhoff is Director of the Berlin office of Climate Policy Initiative, a global research organisation whose mission is to assess, diagnose and support the efforts of nations to achieve low-carbon growth. He is also Research Director for Climate Policy Impact and Industry Response at the German Institute for Economic Research (DIW Berlin). He was previously an economist at the University of Cambridge leading climate policy and energy research projects, and worked with Climate Strategies on projects related to the European Union emissions-trading scheme.

Climate Policy after Copenhagen

THE ROLE OF CARBON PRICING

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Abbreviations

AAU	assigned amount unit
BAT	best available technology
BAU	business as usual
BOF	basic oxygen furnace
CCGT	combined-cycle gas turbine
CCS	carbon capture and sequestration
CDM	clean development mechanism
CER	certified emission reduction
CfD	contract for difference
COMETR	Competitiveness Effects of Environmental Tax Reforms
COP	Conference of the Parties
EAF	electric arc furnace
EBRD	European Bank for Reconstruction and Development
ECX	European Climate Exchange
EEX	European Energy Exchange
EIT	economies in transition
EPA	Environmental Protection Agency
EU ETS	European Union emissions-trading scheme
EUA	European Union Allowance
GDP	gross domestic product
GEF	Global Environment Facility
GHG	greenhouse gas
IEA	International Energy Agency

IFC	International Finance Corporation
IFI	international financial institution
IISI	International Iron and Steel Institute
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPR	intellectual property rights
JI	joint implementation
LPSA	Local Public Service Agreement
MIGA	Multilateral Investment Guarantee Agency
MOP	Meeting of the Parties
NAMA	nationally appropriate mitigation action
NAP	national allocation plan
ODA	Overseas Development Agency
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
RGGI	Regional Greenhouse Gas Initiative
SRES	Special Report on Emissions Scenarios
UNFCCC	United Nations Framework Convention on Climate Change
VAT	value-added tax
WB	World Bank
WCI	Western Climate Initiative
WTO	World Trade Organization