



Carbon Trading International Sustainable Logistics Conference Network

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What is Carbon Trading?

- Market based approach used to control carbon emissions
- Provides economic incentives for achieving reduction in carbon emissions
- Increasingly becoming adopted – US scheme in place by 2015

How Trading Works

- Central authority sets a cap on the level of Green House Gases that can be emitted
- Limit or cap is allocated or sold to firms by way of permits or credits
- Permits grant the rights to emit at that level
- Total amount of permits cannot exceed the cap hence limiting emissions



How Trading Works

- Firms needing to increase their emissions must buy permits from those who require fewer than their allocation
- Transfer of the permit is the 'trade'
- Scheme's referred to as Cap and Trade
- Within the UK, we now fall under two 'cap and trade' scheme's.

EU ETS

- Largest multi-national trading scheme in the world
- 10,000 installations of 20MW in energy and industrial sectors
- Close to 50% of all EU CO2 emissions and 40% of GHG's
- 1st period Jan 2005 – Dec 2007, 2nd period to Dec 2012

Carbon Reduction Commitment

- Aimed at large none energy-intensive organisations within public and private sectors
- Anticipated to cut carbon emissions by 4.0 million tonnes per year by 2020
- Currently fall within if your half-hourly metered with usage of 6000MWh of electricity usage per year
- Started April 2010 – Auction commences April 2013

Impact on Logistics Sector

- EU ETS – aimed at large single site emitters
- CRC – covers all energy other than transport fuels
- Impact then on fixed infrastructure e.g. warehouses
- League tables

Impact on Logistics Sector

- EU ETS – Aviation and Maritime being considered for inclusion at phase 3
- CRC – covers all energy other than transport fuels – for how long
- Climate change ACT of 2008
- US and China on the move

Recommendations

- Get ahead of the game
- Information, Data and Governance
- Where is the risk?
- Where is the opportunity?



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carbon sense 2 commercial sense

Rich Hall – Director of Development

e: richard.hall@co2sense.org.uk

t: 0113 237 8443

m: 07525 891140

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