

THE DOHA CLIMATE NEGOTIATIONS: WHAT SHOULD ENERGY COMPANIES KNOW?

In Brief:

The recently concluded climate talks held in Doha, Qatar were neither inconsequential nor shocking. But no important policy signal emerged to guide energy companies; what matters for now are national/regional policies and how the negotiations progress and (maybe) conclude in 2015 regarding post-2020 targets.

A Few Details:

- The Kyoto Protocol lives for another eight years, until 2020. Russia, Japan, Canada and New Zealand are no longer participants, leaving mainly European nations and Australia in the Protocol along with developing countries without caps on emissions. Caps have been lowered somewhat.... to 18% below 1990 emissions in 2020.
- Kyoto's "flexible mechanisms" that deliver carbon credits for emissions reducing projects, live on as well.
- New flexible emission reduction market mechanisms, including mechanisms that go beyond project-based activities have been advanced. These mechanisms may be used to meet Kyoto targets.
- The climate negotiations are now under a single track. With the Copenhagen talks in 2009, these talks had split into those with commitments under Kyoto, and those without. This was confusing.
- On the issue of dealing with climate change impacts, the Parties agreed to investigate a mechanism to address loss and damage suffered by developing countries as a result of climate change. Perhaps this means developed countries will financially assist developing countries.

In terms of energy markets in Europe and beyond, what relevant conclusion can be drawn from this? Doha's "Climate Gateway" progresses the international climate process, but at a pace that remains very slow. With carbon prices in the EU Emissions Trading Scheme at very low levels, and with "Kyoto 2" targets not very ambitious, Doha did not signal much at all for energy companies of any stripe. 2015 is when a deal is supposed to be made on post-2020 emission targets; most signals impacting the energy sector are likely to be at the national or regional scale for the next two years.

But watch this space.

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