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## Group Crafts 1st US renewable energy credits trading contract

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**The Environmental Markets Association released the industry's first standardized contract for trading US renewable energy credits.**

The association, whose members include companies such as **Dynegy Inc.**, and **BP Plc**, and government agencies like the *US Environmental Protection Agency*, said their effort is an attempt to introduce within the US renewable energy credit market a contract written to uniform standards. The US has yet to adopt national standards for the use of renewable power or for the reduction of greenhouse gases believed to contribute to global warming. A standardized contract will help buyers and sellers trade with each other, promote renewable resource development and avoid the potential clash of separately written documents, the association said. „Renewable energy credits enable you to buy from the owner of the windmill the right to say I used that energy," said Jeremy Weinstein, an attorney who participated in the development of the contract. A formalized contract allows „you to take these instruments and trade them across programs." „The contract is technology-neutral, usable in both the voluntary and compliance markets, and legally robust regardless of American jurisdiction," the association said. Some US states require energy providers to include renewable sources such as wind power in their energy portfolio.

California last year approved the toughest greenhouse gas curbs in the US by requiring energy-intensive businesses to cut discharges by 25% over 14 years.

„It's a great first step," said Andrew Kolchins, director of renewable energy markets for **Evolution Markets LLC**, an emissions broker. „I think it will take some time for this to be widely accepted," Kolchins said the contract's viability will come if hedge funds and investment banks trading credits in regions requiring the use of renewable energy embrace the standard contract. Trading is typically done through bilateral contracts. „Getting a contract that will be more widely accepted by these participants will be the great next step," Kolchins said. Global emissions-permit trading was worth about \$21.5 billion in the first nine months of 2006, almost double the \$11 billion in all of the previous year, the **World Bank** said in October. The Democratic takeover of the US Congress in November has increased expectations for some type of national emissions trading program. Last month, *US House Speaker* Nancy Pelosi, a California Democrat, and *Senate Majority Leader* Harry Reid, a Nevada Democrat, said passing legislation to deal with global warming would be a priority in coming months.

US President George W. Bush has rejected proposals for mandatory limits on emissions of greenhouse gases, such as those that exist in Europe. Trading of carbon dioxide permits has soared, the result of European Union laws that cap the amount of greenhouse gases utilities and manufacturers can release. Last week, Bush's energy secretary, Samuel Bodman, said the human role in climate change is no longer debatable, while he defended the president's policy of opposing mandatory greenhouse gas limits. Bodman was responding to a report from a United Nations panel that concluded it is more than 90% certain the Earth is warming because of carbon dioxide that is released by burning fossil fuels. The report predicted rising sea levels, increased storms and more droughts and floods. (Bloomberg)

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