

Brazil's Stock Market Starts Carbon Credits Sale

Contributed by Nielmar de Oliveira
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The Spanish multinational energy company, Endesa, inaugurated a mechanism that makes it the first company in Brazil to negotiate direct, large-scale purchases of Emission Reduction Certificates (ERCs), the so-called carbon credits, on the Rio de Janeiro Stock Exchange.

The mechanism is referred to as the "Endesa Climate Initiative."

According to the state secretary of Energy and Shipbuilding, Vagner Victor, the company intends to buy 15 million tons of carbon credits between now and 2012. Endesa Climate Initiative contracts, he added, will also be concluded in Spain, China, and India.

In Brazil, Endesa runs Ampla (the former Rio de Janeiro Electric Company) and Coelce (the Energy Company of Ceará).

Carbon credit sales can earn Brazil around US\$ 3 billion a year, according to professor Emílio La Rovere, coordinator of the Energy Planning Program of the Coordination of Postgraduate Engineering Programs at the Federal University of Rio de Janeiro (UFRJ).

ERC transactions are the way found by developing countries to contribute to the goal declared in the Kyoto Protocol, the instrument established to implement the United Nations Convention on Climate Change, requiring the signatory countries to reduce their greenhouse gas emissions by up to 5% in relation to 1990 levels, between 2008 and 2012.

By buying RCEs on the market, the wealthy countries can effectuate this reduction outside their own territories. This, the professor recalls, came to be known as the Clean Development Mechanism (CDM).

In these transactions, a company gains the right to sell carbon credits, if it develops what are referred to as "clean projects" - ones that reutilize gases that would otherwise be discharged into the atmosphere - in its own country.

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