

Cap & Trade – The multi-billion dollar opportunity for Indian Industries

Introduction

What is Cap & Trade?

Cap and trade, aka emissions trading, is an administrative approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants. The mechanism, in theory, helps achieve pollution reduction at the lowest cost to society.

How does it work?

A central authority sets a cap on the amount of a pollutant that can be emitted. Companies that need to increase their emissions must buy credits from those who pollute less thereby creating a marketplace for such credits.

Existing schemes?

The European Union Emissions Trading Scheme (**EUETS**) is the largest GHG emissions trading scheme in place today.

A close second, is the Clean Development Mechanism (**CDM**) creating a **\$126 billion** global market with more than 1900 registered projects and **17 billion CER's** until 2012

Another example is the recently announced US Emissions trading Scheme which is expected to create a local market for **\$646 billion** worth of emission credits between 2012 and 2019.

How does this affect your company?

The Indian Prime Minister, Mr. Manmohan Singh, recently approved a plan for setting up a cap and trade policy centered on creating a **\$15 billion** market for energy efficiency. The policy would initially target about **700 energy-intensive** industrial operations in India that account for over **40%** of the country's fossil fuel consumption. This scheme is projected to generate energy savings of about **2%** of the country's current day energy consumption.

700 utilities, \$15 billion dollars and 2% net energy savings

Once this policy comes into being industries will have to rapidly adapt to these energy efficiency benchmarks or run the risk of having to buy equivalent credits (Energy Savings Certificates in this case) from the open market by paying a premium. In order for companies to react to these changes while keeping their costs down and in the process also generate valuable emissions assets, it is important for them to **start early** with the process of **measuring** their energy foot-print and **identifying opportunities** for substantial **reduction** therein.

E-Cube can help your organization to

- ✓ Reduce your energy costs
- ✓ Increase your long term competitive edge
- ✓ Get positive branding
- ✓ Develop trade-able Emission Assets
- ✓ Earn profits via emissions trading (Energy Certificates & CERs/ VERs)
- ✓ Increases staff sensitivity towards energy & carbon costs
- ✓ Earn Profits via open access by trading released energy capacity

£1

billion

worth of credits generated by ArcelorMittal in Europe under the EUTS scheme

About E-Cube and the Emission Asset Management Group (EMG)

E-CUBE Energy is a young consulting firm that offers end to end energy and emissions management solutions to industries, power utilities and corporate clients helping them transition into an energy efficient and low carbon future.

E-Cube's Emission Asset Management Group (EMG) helps companies to hatch and implement strategies to shift into energy efficient and a low carbon future, while creating sustainable value for the companies and its investors.

E-Cube aims to leverage its partnerships and its understanding of the Indian energy marketplace to help corporate clients to reduce their emissions and energy footprint and develop trade-able emission assets in a way that delivers commercial, personal and environmental benefits.

Contact Us



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