

# EIB's Carbon Disclosure May Learn From Oil, Standard Bank Says

By Mathew Carr - Dec 28, 2011 6:02 PM GMT+0100

The [European Investment Bank](#), which may have started selling 2013 carbon allowances in a 1.8 billion-euro (\$2.4-billion) program, may strive for more timely market disclosure, said a trader at [Standard Bank Plc](#).

"In the oil market, the U.S. government generally announces up to a month in advance when they intend to lend volume from the strategic reserve and exactly what volume will be lent," Geoff Sinclair, London-based head of carbon trading at [Standard Bank](#), said by e-mail on Dec. 21. "Even in emergency situations they forewarn the market. That is an appropriate level of transparency that institutions in the carbon market could aspire to."

The EIB received the permits from the European Commission, the regulator of the world's largest emissions market at the beginning of December and has to sell them within 10 months. Prices fell to a record 12 days later amid uncertainty about whether the sales had started. EIB spokesmen including Nick Antonovics didn't immediately reply to e-mails and calls.

Companies buying 2013 European Union carbon permits directly from the EIB may have "privileged" information that other traders don't have, according to an emissions trading lobby group. The lack of public information about the commencement of the sales means that "if you are a recipient of a large volume you are in a privileged position," Simone Ruiz, Brussels-based European policy director at the International Emissions Trading Association, said Dec. 16.

## Selling Privately

The EIB may have begun selling privately the first tranche of 200 million EU permits for the third phase of the EU's emissions trading system, which begins in 2013, to fund renewable energy and carbon capture projects as part of the EU's drive toward a low-carbon economy, according to Orbeo and Bloomberg New Energy Finance.

The EIB, whose president is Philippe Maystadt, will receive fees of as much as 45 million euros for its role in helping the EU sell allowances and choose investments, according to a [co-operation agreement](#) with the commission. It will get 15 million euros, or a fee of 5 euro cents a ton, for selling a total of 300 million tons of carbon and managing the proceeds, the agreement shows.

The EIB's over-the-counter transactions "will be structured in a way to ensure best competition and limit any information advantage to the amount executed with each market counterpart," the bank [said in a statement](#) on its website updated Dec. 2.

## **Strategic Petroleum Reserve**

On June 23, the [U.S. Department of Energy said](#) it and other International Energy Agency participating nations would release oil into the world market from the Strategic Petroleum Reserve to offset disruption in the oil supply caused by unrest in the [Middle East](#). On June 30, the department said it had received bids and on July 11 it said it had awarded contracts for 30.6 million barrels.

In the carbon market, the European Commission in Brussels said on Dec. 2 it had delivered 300 million metric tons of so-called NER300 phase-three allowances to the EIB, 200 million of which need to be sold by Oct. 2. Sales would start "soon" after the delivery, according to the bank, which has since declined to confirm whether sales had started. On Dec. 21, the EIB said it will publish on or around Jan. 11 its first monthly report on sales of carbon allowances from the reserve.

## **EU Carbon Falls**

EU carbon for 2013 dropped to a record 7.26 euros a metric ton on Dec. 14 on the ICE Futures Europe exchange in [London](#). The contract fell 5 percent today to 8.47 euros at 4:57 p.m. on ICE.

**The EIB should seek to disclose its interventions in the carbon market almost as often as they occur,** said Jan Pravda, director of Dublin-based CO2 brokerage Carbon Warehouse and an investor. **"I don't see a reason why they should use different disclosure rules than the [U.S. Federal Reserve](#),"** he said Dec. 21 by e-mail.

**Disclosure may be made "not necessarily every day, but every time and very quickly, keeping in mind that the market responds in minutes to news like this,"** Pravda said.

**Should the EIB sell or buy, it "inevitably begins filling the void because there is currently no central bank" for the main global-warming market, EU carbon allowances,** he said.

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