



F E B R U A R Y 1 6 ^{t h} , 2 0 0 4

**At Ristorante "Osterietta" First Floor Room
Via Emilia - San DONATO MILANESE**

11:30 AM

**"CLEAN DEVELOPMENT MECHANISM OPPORTUNITIES FOR THE
OIL&GAS INDUSTRY"**

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➤ **ABSTRACT**

Due to the broad impact of legislation limiting Greenhouse Gas (GHG) emissions, firms have been currently incorporating climate change considerations in their corporate strategy to cope with business risks and maintain and enhance long-term competitive advantage. Compliance in the carbon constrained economy does not merely represent a cost issue; it also represents an opportunity. There are ultimately three paths to carbon compliance: internal emissions management (such as energy-efficient practices); purchasing allowances in the carbon market and investing in project-based mechanism. Decisions on which combination of options is better for each single firm when developing an optimal strategy and how to manager carbon risk are increasingly becoming an integral part of strategy development. Projects developed under Joint Implementation (JI) and Clean Development Mechanism (CDM) flexible mechanisms represent an opportunity to assure low cost emission reductions. The Clean Development Mechanism (CDM) in particular, represents an incentive both for companies and governments to invest in clean energy projects in developing countries, helping such countries to adopt a sustainable path for a lower carbon future. The project developer (usually a developed country) receives credits, as a result of the abatement in GHG emission made possible by the CDM project, which can be used to comply with the emission target set to a particular country.

A study undertaken by IEAGHG reports that it would be technically possible to prevent over 70 per cent of GHG emitted nowadays from the oil and gas industry. If one considers only currently available technologies, this figure could rise to 80 per cent by 2010. The Kyoto flexible mechanisms can play a key role in cutting emissions in a cost-effective way, by making emission reductions in countries where abatement costs are lower. The oil&gas sector is able to deliver to the market an amount of emission reduction credits which is by far higher than the amount that most projects developers are able to offer. The engagement of the oil&gas sector on the Kyoto mechanisms is therefore very important and auspicial for the implementation of a successful climate change policy.

➤ **BIOGRAPHY**

Giorgio Vicini, senior economist at Fondazione Eni Enrico Mattei and director of the companies applied research unit, deals with energy, climate change and environment.

After the lecture there will be a buffet Lunch sponsored by SPE Italian Section.

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