~~*Emissions Trading*~~

~~Secondary Market for RGGI Allowances Remains Competitive, Growing, Report Says~~

~~ALBANY, N.Y.—The secondary market for Regional Greenhouse Gas Initiative (RGGI) allowances continues to be competitive, with a growing volume of trading in the first quarter of 2009, according to a report released May 7.~~

~~The report, which was prepared for RGGI by Potomac Economics of Fairfax, Va., found that the trading volume for carbon dioxide emissions allowances on the secondary market increased significantly from the fourth quarter of 2008 to the first quarter of 2009. RGGI's first compliance period began Jan. 1.~~

~~The average daily volume of trades on the secondary market, for example, increased from 303,000 allowances in December 2008 to 979,000 allowances in January 2009, according to the report. The total volume of futures contracts traded for RGGI allowances in the first quarter was 33 million, according to the report.~~

~~The report also found that market volatility declined significantly from the fourth quarter of 2008 to the first quarter of 2009.~~

~~"We find no evidence of anticompetitive conduct," the report concluded. "Participation by a large number of firms is an encouraging sign of competitiveness and efficiency in the secondary market."~~

~~According to the report, 26 firms held "a significant quantity" of futures and options contracts on the Chicago Climate Futures Exchange (CCFE) at the end of the first quarter of 2009.~~

~~The average closing price for one allowance was $3.71, the report said. Closing prices for the period between Dec. 1, 2008, and April 9, 2009, ranged from a high of $4.33 per allowance to a low of $3.26.~~

~~The report is based on an analysis of data reported to the CCFE, the Commodity Futures Trading Commission, and the New York Mercantile Exchange. The report said the secondary market includes the trading of actual allowances and financial derivatives such as futures and options.~~

~~By Gerald B. Silverman~~

The report is available at http://rggi.org/docs/Secondary_Market_Report_May_2009.pdf.

Toxic Substances

Industry Representatives Share Methods On REACH Compliance With Green Council

DENVER—Enforcement of the European Union's chemicals registration regulation is under way, with the European Chemicals Agency checking preregistrations and reviewing records, a speaker said May 6 during a meeting of the Green Chemistry and Commerce Council (GC3).

The agency is verifying compliance among companies that have preregistered under the European Union's registration, evaluation, and authorization of chemicals (REACH) regulation, according to Anita Jain, director of the environmental, health, and safety engineering with Rogers Corp. in Rogers, Conn.

"My European counterpart sent me a link of REACH enforcement guidance," Jain said. "REACH enforcement is starting. They are checking registrants and preregistrants, coming to sites and looking for records."

Advancing Green Chemistry. Jain addressed a panel discussion on using REACH compliance to advance green chemistry and Design for Environment (DfE), the Environmental Protection Agency's chemical risk-reduction and pollution-prevention partnership program.

REACH required companies that had been exporting chemicals into the European Union to preregister them by Dec. 1, 2008. Companies that did so have until Dec. 1, 2018—depending on their export volume—to register the chemicals. Companies that have preregistered their chemicals can continue to sell them in the European market until their respective registration deadlines, which vary by tonnage (223 DEN B-1, 11/19/08).

"Everything imported into the EU must be preregistered with the European Chemicals Agency," Jain said. "If they are not, the import is illegal, and it may not be shipped to the EU."

She said the agency has placed the highest priority on Substances of Very High Concern, those that pose the highest risk to human health. Rogers, a manufacturer of printed circuit materials, high-performance foams, and custom electrical components, "had to find out what we were [exporting] to the EU."

She said the company, which has offices in the United States, Europe, and China, established a "global REACH team" that "took ownership of REACH" to achieve compliance. "We determined the import/export status of all our raw materials and products."

The team then classified each material and calculated the volume imported into the European Union. "We identified monomers of polymers, then finalized our REACH preregistration list," she said.

'Only Representative' Helps Navigate Process. To protect its intellectual property, she said, the company contracted with an "only representative." The term refers to a European-based legal entity that non-European chemical manufacturers can use to preregister and register their chemicals with the European Union.

Jain said the company encountered some barriers as it worked to achieve compliance with the regulation. At one point the company's only representative advised Rogers it did not meet the prerequisites to preregister. The registration process is costly and complex, she said.

Ultimately, Rogers had to begin looking at REACH as a business opportunity, Jain said.

Once company executives decided REACH was "here to stay, resources doors were opened for me. We were given the budget for the other representative," with whom the company established a long-term relationship, given that compliance deadlines extend to 2018, she said.

'No Data, No Market.' The company began to use a flag system to identify and monitor all REACH-registered substances, she said. It began to revise its material safety data sheets for the handling of hazardous substances. "We are beginning to design out some of the nasties," she added.

In the future, Rogers and companies like it must begin to ''spend less time on this administrative design component and more on greening the environment,'' she said. ''We will spend less time on compliance and more on design for environment products.''

Jain was joined on the panel by Christopher Blum, director of international chemicals management with the German Federal Environment Agency, who said the European Union views REACH as ''an important step towards sustainability of chemicals.''

A recurring message of the program is ''no data, no market,'' he said. ''You have to prove your product is safe.'' That has led to one of the prime challenges for companies striving to register under the program: ''How can conformity be proven?'' Blum said.

Old Rule Not Working. Also speaking via teleconference was Ethel Forsberg, director-general of the Swedish Chemical Agency, who said the REACH regulation was formulated in part because the ''old legislation wasn't working'' and because ''the chemicals industry realized its public image had to be improved.''

And, she said, under a new regulation ''downstream users realized they would gain from more transparency and more information.''

The initial expectation of the preregistration process was that about 30,000 chemical substances would be identified by importers, she said. It turned out that about 150,000 chemical substances were preregistered by the December deadline.

An unexpected result was that the industry took ''inventory and cleaned up their cupboards,'' she said. Also, the preregistration process ''confirmed our lack of knowledge about the chemicals on the market.''

REACH Provides Sound Foundation. Still, Forsberg said, REACH ''provides a sound foundation'' of information about importation into the European Union of chemical substances, and ''our knowledge from REACH will be used globally.''

Also speaking at the GC3 meeting was Theo Colburn, who described her lifelong work examining endocrine disruptors and the impact on human health.

''Chemicals coming from fossil fuels pose a more imminent deadly threat to the human species than climate change,'' Colburn, author of *Our Stolen Future*, told conferees.

Updates were provided on the chemicals and pharmaceutical industry's efforts to advance green chemistry and DfE principles in the marketplace. Berkeley Cue of BWC Pharma Consulting discussed new approaches being considered by the Green Chemistry Institute's Pharmaceutical members, while Julie Manley provided a summary of collaborations under way among members of the formulated products industry.

Green Screen Path to Safer Chemicals. Lauren Heine, senior science adviser for Clean Production Action, provided a description of Green Screen for Safer Chemicals, an effort that outlines a ''path to chemicals that are safer for humans and the environment.''

The screening method provides four benchmarks to reach the goal of safer chemicals, she said:

- Benchmark 1—''Avoid - Chemical of High Concern'';
- Benchmark 2—''Use but Search for Safer Substitutes'';
- Benchmark 3—''Use but Still Opportunity for Improvement''; and
- Benchmark 4—''Prefer - Safer Chemical.''

The benchmarks include a set of hazard criteria—persistence, bioaccumulation, ecotoxicity, carcinogenicity, and reproductive toxicity—that chemicals must clear, she said.

The GC3 group, a collaboration of representatives from business and higher education, is considering using Green Screen as a tool in its campaign to advance green chemistry and DfE, said Robert Israel, director of corporate product responsibility with Johnson Diversey.

The meeting was held at Staples Inc.'s offices in Broomfield, Colo.

BY TRIPP BALTZ

More information on REACH is available from the European Chemicals Agency at http://echa.europa.eu/reach_en.asp.

More information about the Green Chemistry and Commerce Council is available at http://greenchemistryandcommerce.org/home.php.

~~Water Pollution~~

~~Ecuadorian Court Case Against Chevron Over Environmental Harm Enters New Stage~~

~~QUITO, Ecuador—The first stage in a long-running trial against U.S. oil company Chevron in an Ecuadorian court is winding down, with lawyers for both sides preparing to submit their final written arguments, but the legal fight is far from over.~~

~~The case stretches back to 1993, when Ecuadorian indigenous peoples and peasant farmers from the northern jungle sued Texaco in a U.S. court for contaminating the environment and creating health risks. Texaco operated in Ecuador between 1964 and 1990. It is accused of dumping billions of gallons of oil waste into the Amazon river. Chevron took on the liability in the case when it merged with Texaco in 2001 (229 DEN A-7, 11/29/06).~~

~~The case was dismissed by the U.S. District Court for the Southern District of New York in 2001 on jurisdictional grounds (*Aguinda v. Texaco*, 142 F.Supp., S.D.N.Y (2001). It was refiled two years later in an Ecuadorian Superior Court in Lago Agrio, in the northeastern jungle (*Aguinda v. ChevronTexaco, Superior Court of Nueva Loja*, No. 002-2003-P-CSJNL).~~

~~The initial verdict is expected to be handed down before the end of this year.~~

~~The verdict is likely to be appealed regardless of the ruling in Lago Agrio. It would be heard first by an appellate court and eventually by the National Court (Supreme Court) in Quito, the capital. ''What Chevron or the plaintiffs need for a final judgment is to exhaust all judicial remedies in the country,'' Silvia Garrigo, a lawyer and head of Chevron's Global Issues and Policy Division, told BNA.~~

~~The outcome in Ecuador, however, is unlikely to be the final step, as Chevron and the plaintiffs are already looking once again at litigation outside the country.~~

   ISSN 1060-2976