Emission News 03-2015
Practical Information for Emission Trading
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ECAS access problems present risks to account agents - CO2 certificates serve as an investment fraud for individuals

The ECAS authentication system increasingly stresses market participants in Europe, which is represented as an account manager for access to the Emissions Trading Registry and shall allow as a trader daily transfers in the market. From its easy access to the register at any time depends on whether the legal activities of the given company can be processed at the prescribed deadlines or otherwise suffer high penalty payments. If the necessary access to the ECAS SMS either not possible or not possible on time or not in full or not in legible form, then arises a question of what is or could be a possible alternative for it. In particular, if the national authority or the ECAS helpdesk cannot provide any immediate corrective actions. More detailed information and possible solutions are in our Emission News 03-2015.

Furthermore, we give in our Emission News a summary of the preliminary decision on the reform of emissions trading, which has been discussed on 24/02/2015 Environment Committee of the European Parliament, and which also could be a sign of medium term rising EUA prices.

Finally Emissionshändler.com® addresses the criminal activities of brokers and dealers who sell in the context of a "Green Investment hype" worthless CO2 allowances to medium-sized companies and individuals and advertises promises of huge increases in value.

The ECAS system as a risk factor in emissions trading

Many authorized representatives know the uneasy feeling when important transactions in the register are pending as the confirmation of the VET-entry in March or the submission of allowances in April to the EU registry and registration on ECAS authentication or the ECAS confirmation procedure does not work. In each case, this may have many reasons, which can usually be divided into four different groups:

1. Problems with the ECAS SMS or the registration of e-mail accounts.
2. Problems with the ECAS SMS or the registration of e-mail accounts.
3. Problems with the ECAS SMS or the registration of e-mail accounts.
4. Technical access and confirmation of problems in the ECAS system or the interface of the respective mobile providers.

As a rule, authorized representatives of plant operation – as long as they had access via ECAS more often than once a year or have practiced to do that – do not encounter any problems with the mentioned points 1 and 2.

The situation is different, however, when sudden
authorized representative cannot influence them (see the mentioned point 4). The previously known "mobile" problems that could occur in the access to ECAS almost always related to the lack of SMS confirmations. For these

New risks in the ECAS access
However, since the beginning of 2015, ECAS access problems occur increasingly, and affect not only users in Europe, but also users in countries outside the EU. In general, these access problems divided in 4 categories:

a) SMS confirmation codes do not arrive in 15 minutes, or do not arrive at all
b) SMS confirmation code items arrive in more than 24 hours
c) SMS confirmation codes do not come to the recipient
d) SMS confirmation code is not readable or is written in foreign languages

In the problem of point b), it is clear that an authorized representative will not wait for a confirmation code more than an hour and certainly not 24 hours. He will try again and thus can have problems in point c), so the SMS codes arriving on his cell phone and originating from the previous dialing attempts for ECAS are consequently wrong. Users who wait patiently anyway, will also notice that a code that arrives after more than an hour and then yet entered, is no longer accepted by ECAS system, because the system has switched to inactive status due a "time out" (message: the signature requirement has expired). Time delays in point a) and ECAS logins or confirmation tests that are not received because of the lack of permanent SMS-service, frequently stress the agents in some EU countries (among them Poland and Germany) since the start of 2015 and in particular since mid-February. This will be even more critical when risk related transactions are pending in the register, for example as it is in March / April of each year. One approach to this can be found in the information box below.

Infobox
The account package minimizes ECAS problems
Possible ECAS access problems can be greatly minimized proactively by

This external account rep is the proposed or factual authorized representative of the company and thus can be active within a few minutes, thereby minimizing the risk of mistakes, late or absent transactions of the operator almost to zero.

SMS run times in non-European territories
Problems regarding the points b) and c) are primarily determined outside of Europe, rare within the EU. This should only partially be comforting the agents of plants in Europe; it is apparently a significant risk in the critical period from March /
In particular, be warned that the reception on the entire space of the northern and southern Caribbean

This is probably even legally relevant if you realize how many aircraft

**ECAS SMS language problems in Europe**

Problems according to points b) and c) (page 2) are primarily determined outside of Europe, rare in Europe. However, the problems of the above points a) and d) also occur more frequently in EU countries such as Germany, Poland and the Netherlands.

The start of 2015, it can happen that the agents receive a message that is written in the upper part in their own language and in the lower part represents Asian characters and thus numbers code is unreadable.

Depending on whether the agent is using a smartphone or a conventional mobile phone, the letters or numbers of the SMS messages in the second part are shown in Asian fonts or other symbols.

For such a case, there is usually no standard solution and thus transaction must be aborted. The user will usually find out that even after switching off and on the phone and retrying to confirm the transaction the problem will repeat. As a quick support cannot be expected by the national authority and the ECAS Helpdesk (see the next section), it is important to know an alternative solution that is not listed in manuals:

*The first time users log in ECAS they should not also has no Asian characters more, so now is readable again.*

**The ECAS accessibility and ECAS risks**

For authorized account representatives who have an ECAS access problem, the availability of a "responsible representative" in ECAS is extremely difficult. In ECAS, system contains a protected email address for a contact; it is naturally only available if you have successfully entered the system. Furthermore, there is no phone number included on the contact page of ECAS. Thus, on the first place there are usually the access problems in DEHSt. There, the authorized representative will find out that the national authorities are not competent in principle and can hardly do anything immediately, and they can only send a 12-point questionnaire (suitably completed in English) of DEHSt to the Help Desk.

However, while communicating directly with the ECAS Helpdesk via their email address **EC-**
number can be requested for use in the ECAS system from the authorized representative.

“Panic button” in the ECAS menu

Few authorized representative know that with clicking on some links the stored phone number is immediately (permanently) deleted. This scenario results that the access to the register account is suspended until

A single reference to the function of a "Panic Button" is found in a handbook of the French register on page 2, but this one also fails to explain the real meaning of the button.

CO2 certificates serve as an investment fraud for individuals and small enterprises

Voluntary Emissions Trading - What is it?
All major companies nowadays recognize their climate footprint, even if they do not participate in the mandatory emissions trading. Even private consumers are increasingly inquiring about the climate impacts of their consumption habits. Railway cardholders travel carbon-neutrally, DHL delivers carbon-neutral packages and airway passengers compensate climate damage while booking. How does it work? Businesses and consumers worldwide take part in climate protection projects and compensate their calculated greenhouse gas emissions. In 2013, 76 million tons of CO2 equivalents of this voluntary compensation certificates worldwide were traded, of which 4.4 million in Germany.

However, climate projects do not sell the shares, but only their emission reductions. A report of Interpol called these "offsets" or "voluntary certificates" as "legal fiction". These intangible goods are for the normal, non-specialized buyer weakly verified, and the assurance from the seller is included in the evening prayer. This is an ideal field for criminal elements, which maximize their profit not only by manipulation around the offset project and the accompanying certificates but also promises of hypothetical gains for the masses of unsuspecting individuals.

The standards in the voluntary market of emission rights
Luckily, there are several standards that have the purpose of verifying the climate impact of projects and establish market transparency. Certificates from the CDM, the Clean Development Mechanism) are now also traded on the voluntary market. The CDM has an international monitoring body, the CDM Executive Board, designed to ensure that the climate change effects are "real, measurable and effective in long-term" in addition to all other mitigation measures, as stated in the Kyoto Protocol. While there is always criticism about the decisions of this body, a registration as CER (Certified Emission Reduction) is a seal of quality, because independent auditors regularly review the projects. When a voluntary buyer purchases this certificate and shuts it down, they are no longer available to the regulated market (mandatory emissions trading).

In the other side of the regulated market, a second certificate market for voluntary trade now has developed since around 2010. Its volume was only 0.03% of the Kyoto market in 2012, but it has a strong growth trend. The first was the gold standard. This standard, initiated by environmental groups, had to highlight
submitted to the CDM board. Since the United States did not join the Kyoto Protocol, the Verified Carbon Standard VCS was developed parallel in North America. It mostly reproduces methodical and institutional aspects of CDM, also certifying project forms and target areas that are not approved by CDM. A number of additional standards offer, additionally, to examine the social impact or biodiversity aspects of climate projects. The quality of such a certified volunteer projects tends to be higher than that of the projects under the CDM.

The term VER (Voluntary Emission Reduction) is often used as a generic term for all relevant Climate protection projects and emissions trading systems
Almost all voluntary projects have their emission reductions independently certified. Because the certificates are performed in uniform registers, which are aligned with each other, they can only

However, the variety of standards and their criteria do not contribute to market transparency. Making things worse, even more regional emissions trading systems arise. In South Korea, China, California,

Development of certificate trading in the voluntary market. Less and less regulated trading on stock markets and from 2011 only bilateral trade with slightly lower prices. Source: A Report by Forest Trends' Ecosystem Marketplace May 2014

The criminal activities capture the private customers
Along with the increased interest in voluntary certificates also increases the crime. They usually affect 25% of the buyers, who risk or strain every year on these confusing and far less regulated market.
The fraudsters operate since 2011 mainly from the UK and sometimes from Spain. To be acceptable for German customers, attractive office addresses were rented in a prime location, such as in the financial district of Frankfurt am Main or on Berlin's Kurfürstendamm.
Almost every week, the "REDD + Monitor", a blog about deforestation avoidance, wind brokers and stock sales organizations, describes common practices in details. See also the story

broker promised enormous value increases, often in the popular category of forest climate projects, deforestation avoidance and afforestation / reforestation.
The political levels are getting involved

Such types of developments are also well known political levels. Federal Interior Minister Thomas de Maizière said at the fall meeting of the Federal Criminal Police Office on 19.11.2014 in Mainz:

"If we observe the development of organized crime in the last ten years, however, there is a significant change in the operating field. Today, not necessarily, the traditional areas of drug and arms trafficking are the most profitable - medicines counterfeiting, environmental crime, economic crime and mass offenses through the Internet pay off more, at significantly lower risk for the offender."

In addition, the special forces of Interpol, the international confederation of national police authorities, have recognized in a handbook of June 2014:

"The relative immaturity of the carbon market, coupled with the intangible nature of the commodity itself, leaves the carbon market particularly susceptible to crimes that would typically be incapable of penetrating other commodity markets."

Starting point and the center of the recent Europe-wide criminal activities

In contrast to the criminal gang activity in the mandatory emissions trading, mainly concentrated in the area of sales tax evasion and black money laundering in various capitals in Europe, the center of criminal activities in voluntary emissions trading was initially almost exclusively in London, with offices in Luxembourg, Germany and Switzerland.

It may also be speculated, that a larger share of the respective brokers and dealers in now voluntary CO2 market have earned their financial start-up capital from other "activities" in the mandatory emissions trading before the authorities were not involved in a VAT fraud control and frauds could not be detected in CO2 trading.

Since mid-2010, offices were rented in the City of London, where the trading companies and

The original report of a damaged investor in voluntary certificates

This is below the reporting of "Tence" from London, who lost many thousands of pounds as a private investor and published his story on 16.03.2013 at redd monitor (quoted from Emissionshändler.com®):

I bought my first VER certificates in early 2012 through Carbonex in Germany, which had their office in 10719 Berlin, Kurfürstendamm, 21.

Company address of Carbonex / Coleman's in the top notch location in Berlin, Kurfürstendamm 21, Ecke Joachimsthaler Strasse in the Regus-Office-Centre.

A broker named Adam Capaldi was the man who firstly negotiated with me about the sale, proposing...
Then, in November 2012, I receive a call from MH Carbon from London by a trader Jake: „Tencc, how are you ... I'm Jake, I take your portfolio ... bla bla bla ... you invested 25,000 pounds and you can then sale all certificates in February 2013, when you again invest extra 7 pounds for a piece of certificate now.“
I confess that, when I think about how I was cheated in the past in this business, this offer was too good to be true, so I resisted but then to invest good money in the bad a scenario.
Then, in February 2013, at the MH broker in the London office, I had a personal meeting with Frank, one of the traders I got lucky to find at the reception. He told me now, such a withdrawal from

Next, I had a telephone conversation with Dominic, who gave me a mile-long lecture about the value and opportunities of VER, and I thought

Then mid-March 2013 appears the firm Edgebrook from Germany and offers me to conduct a sale of my certificates for a fee of £ 895!

Infobox
ENVI committee welcomes the reform of emissions trading
On 2/24/2015 between 10:00 and 12:30, the Committee on the Environment, Public Health and Food Safety of the European Parliament (ENVI) was held and they discussed a reform of the emissions trading scheme.
The market situation was carefully investigated on this meeting.
However, when on Monday 23/02/2015 11:00 there came out rumors that a new compromise proposal on the scheduling introduction of market stability reserve (MSR) would be presented, the EUA DEC 15 rose on the ICE London from 2.26 up to 7.85 € / t and then closed the day with 7.80 € / t.

1.2. - 25.02.15 EUA DEC 15 in advance of vote in the ENVI Committee on 24.2.2015

When then in the afternoon of 25/02/2015 the vote occurred the price went to 7.33 € / t, because the

In addition, 700 million of unused allowances will be obviously put in the MSR.

Overall, through this approach – if, indeed, the Council and the Commission confirm it - 1.6 billion EUA will be withdrawn from the market, or will be
However, there is no information from them, how they are going to do that; all emails were forwarded
to the address of someone else, which, in the meantime, is not in operation. Therefore, the criminal activity
is not transparent. The extent of criminal activity grew, while also becoming increasingly transparent.

So can be found for example that the rate of company formation and company closures increased more and more, and also occurred more (planned and unplanned) bankruptcies. Therefore, in the end of May 2014 the London authorities launched an investigation into the series of bankruptcies of British brokerage and trading houses, which were all before primarily engaged in the business of CO2 allowances. This was justified by the public interest, as 13 of these companies have previously obviously cheated thousands of people for more than 19 million pounds.

End of first part of “CO2 certificates serve as an investment fraud for individuals”. Second part in the next Emission News

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Please contact us without obligation at +49 (0)30-398 8721-10 or info@emissionshaendler.com as well as via mail or find out more about the Internet services under www.emissionshaendler.com.

Kind emission regards

Michael Kroehnert