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Emission News 10-2016

Practical Information for Emission Trading

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Source: ICE London

Price Drop of Certificates: France strives for EUA Minimum Price of 20 Euros per ton – Polish CO2 Trade and Donations

A price corridor of 20 - 30 Euros/t for emission rights is left for an immediate discussion by the French government. The price for an emission certificate is supposed to be increased to at least 20 Euros, preferably to 30 Euros/t as soon as possible according to the idea of the French government having been presented by the environment minister Ségolène Royal, and an expert body at the end of July 2016. The main subject was the certificate price: how to increase it as fast as possible still in 2016 in order to quit the present price level lying partially below 4 Euro/t.

Emissionshändler.com® informs in their **Emission News 10-2016** about the French government's proposal and idea regarding the current EUA drop-off in price.

Additionally, however, reports about the backgrounds will be continued. How could it happen in Poland that Jaroslaw Klapucki, second main suspect in the CO2 turnover tax fraud trial, remained unpunished in his home country Poland until today and could only be held accountable in France in the Ellease process?

The official government advisers Gérard Mestrallet, Alain Grandjean, and Pascal Canfin elaborated a study on behalf of the French environment minister Ségolène Royal. Contents of this study were the effects a national CO2 tax would have on the

Her [final report](#) having been left for discussion in the frame of the EU environment minister conference in June 2016 especially recommends beside a CO2 tax exemption for to fix a price corridor of 20 – 30 Euro per emission certificate.

The detailed proposals furthermore include that the then determined initial price should increase for every year as a maximum price of 50 Euros is supposed to be achieved on this way.

What was the Reason for the French Attempt?

The French environment minister Ségolène Royal first of all proposed mid-February in an informal “Non-Paper” a price corridor for emission rights (EUA) of EU system's negotiable emission rights (EU-ETS). The French government itself forwarded the officially non-published Non-Paper to the media in mid-March

together with a detailed explanation by a . As a reason for this course of action it was stipulated that the ETS reforms so far, the so-called “Backloading” and the market stability reserve have not lead to the desired increase of the EUA prices. Instead of an increase the prices even continued to drop down at the beginning of the year which lead to the fact that cost for subsidisation of renewable energies continued to increase while the benefits from EUA auction proceeds continued to fall down. This process caused several member states to decide



further support measures in a solo national run. France is not willing to wait another period of several years for a probable effect of the above-mentioned measures but intends to modify the market stability reserve immediately.

The Way how the Price Corridor works

The suspension of national EUA auctions or the increase of auction masses shall not be realized then in dependency of the liquid EUA quantities (being often titled as “surplus” of EUAs in the public) but shall depend on the auction prices.



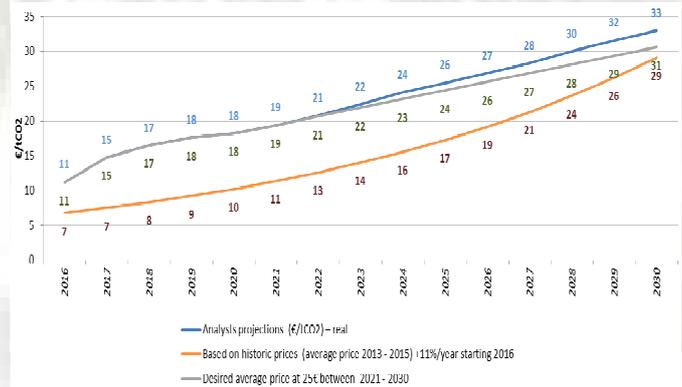
Functioning of price corridor – The mechanism was explained by means of this graphic Source: Non-Paper

If an auction price turns out to be lower than a EU wide consistent minimum price the succeeding auctions would

The non-auctioned EUA masses then enter into the “reserve” instead. As soon as the auction prices contrarily exceed a maximum price

the EUAs having been collected in the reserve will be auctioned additionally as long as the auction price will decrease below the maximum price.

A special meaning has of course the definition of the price corridor and particularly that one of the minimum price. The unofficial Non-Paper shows three possible price curves by means of a graphic to be discussed in order to determine the price corridor.



Presentation of three minimum price curves in the Non-Paper Source: Non-Paper

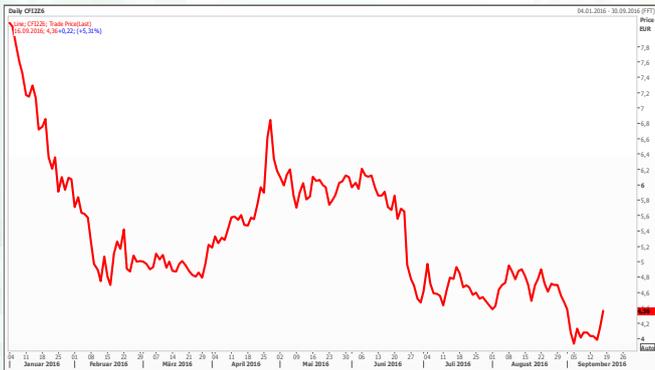
With reference to the consent with EU parliamentarians being almost achieved on the occasion of the resolution for the market stability reserve, a starting minimum price of 10 Euro/EUA is considered as “desired” for 2016 and an average minimum price of 25 Euro/EUA for 2021 as well as 30 Euro/EUA for 2030. It was emphasized, however, that

How were the Reactions on the French Proposal?

First of all the responsible EU Commissioner Miguel Arias Cañete strongly opposed the proposal in front of the EU Parliament's environment committee. The EU Commission want the ETS

Contrarily the Commissioner defended the market stability reserve to be the right way as also the EUA price will be influenced indirectly by means of modification of the available EUA masses.

Considering the continuous drop of the EUA price, however, these reactions are worth to be reflected and discussed anew.



Price decline of DEC16 EUA in 2016 and after the Brexit vote in June 2016 – Source: ICE London

The proposal's opponents and especially also most of the environment economists and ETS experts like the bvek president Jürgen Hacker principally decline the creation of a price corridor for fundamental reasons. It would mean a contradiction to the basic principles of the ETS.

The ETS then controls on its own the short emission rights by means of a free price formation on the market which ETS participants avoid emissions to a required extent and which ones don't avoid emissions.

It is allowed, however, to ask oneself in how far such an opinion is maintainable until which EUA price level.

Since the certificates' price repeatedly fell below the 4 Euro/t limit on 5th September 2016, a new lowest point of 3.87 Euro/t within 3 years, the supporters of the French proposal seem to gain ground again.



3 years low-price of DEC16 on 5th September 2016 with 3.87 Euro/t – Source: ICE London

Because all political actors in the EU Parliament and in the EU Council seem to share one point of view to a large degree:

The EUA price has to increase but by means of which instrument or instrument mixture seems to be contentious.

Probably the proposal regarding the price corridor by the French government is just in order to force a compromise with further modifications of the ETS in the EU bodies.

Conclusion on the Price Development

It may be that the EUA price will show one or another price buckle towards below within the coming weeks but politically responsible persons will realize that soonest activities are indispensable. System operators are advised to stock up themselves with absent certificates until 2020 at least – if their liquidity allows it. Times of a price below 5 Euro/t might be over much faster than one or another operator may think.

Under this aspect it almost doesn't matter if the French proposal will find supporters or not. Presumably other plans are waiting in the EU's drawers, probably developed to the same extent as the French one.

Emissionshändler.com® reported in their **previous Emission News 07-2016** about the tax fraud case Ellease in France. The judgements of this process and its **first main accused, Arnaud Mimran** together with his excellent relations to the politics of the state Israel were a topic of **Emission News 08-2016**.

Our **today's Emission New 10-2016** continues its report about the backgrounds, how it could happen in Poland that the **second main accused Jaroslaw Klapucki** remained unmolested by justice of his home country Poland (until today, by the way) and was called to account only in France on the occasion of the process.

Our **next Emission News 11-2016** will first of all finish the reporting about CO2 tax evasion while reviewing in detail how the **third main accused** of the Ellease case is doing. This is a certain **Marco Mouly** who fooled the French police with his escape one day before the sentencing and who will now certainly enjoy peacefully the results of his “work” in his



The Klapucki Case and the Civil Society of Poland

As already explained in [Emission News 08-2016](#) various reasons can be found why CO2 tax frauds hardly or never lead to legal proceedings. One of these reasons is that the policy of the country concerned is not or only slightly interested in a clarification. According to the opinion

If we look upon our neighbour's country in this respect, however, a special kind of pent-up demand in matters of clarification seems to exist which can be explained only by entanglements of CO2 trade with large circles of politics and society.

Witold Gadowski, an [investigative journalist](#) in Poland, has set himself the task on his [YouTube channel](#) to report about subjects which use to be hushed up by the country's press respectively played down massively by PR agencies and their contracting entities by means of countermeasures.

Concerning the CO2 trade and the Polish enterprise Consus being in association with a gigantic tax fraud in France, Gadowski reported for the first time about this case on his YouTube blog on 10th May 2016. On this occasion he also published in the net the results of his own researches which describe connections and complications of the Polish civil scene and the CO2 trade in Poland.

The Photo and description, unfortunately only visible for paid subscribers of emission letter

Photo: Gadowskis [Video](#) of 10.05.2016

Witold Gadowski reports about CO2-Turnover Tax Fraud and Donations

On one hand, Gadowski reported in his video-blog of 10th May 2016 and in another blog of 1st July 2016 about Jaroslaw Klapucki, one of the directors of the Polish CO2 brokerage house Consus SA. Together with other members of his gang, Klapucki was sentenced to 7 years of prison on 10th July 2016 because of turnover tax fraud in gangs. 283 million Euros had been evaded which may now store, more or less hidden, on accounts in France, Poland, or in Offshore companies – see also [Emission News 08-2016](#).

On the other hand, Gadowski intended with his blog to draw the attention to political-social connections in Poland which, in his opinion, possibly took benefit

directly or indirectly from the CO2 trade of the brokerage house Consus. Gadowski's YouTube community could interpret his explanations in a way that, according to his opinion, evaded turnover tax from France could have been come to the benefit of Polish citizens and institutions, indirectly and by mysterious means.

In any case he is convinced that the brokerage house Consus SA and its legal predecessors maintained excellent relations to relevant personalities of public life, to politicians and institutions of the country and that these may have received considerable financial donations in many cases.

Witold Gadowski makes no detailed comments how far this contact maintenance between both directors Maciej Wisniewski (still executive board member of the Consus Group) and Jaroslaw Klapucki (presently arrested) is and was divided since the foundation of the Consus Group in Poland.

Info box

Switzerland about to participate in the EU Emission Trading System still before 2020

Switzerland now intends a fast linking with the EU emissions trading system and aims to a quick adaptation of the EU procedure.

The main reason for this plan is the running commitment period (2013-2020). Swiss enterprises being subject to emissions trading may profit from the advantages of the much more liquid CO2 market in the EU only within this period. This at least is the opinion of the Swiss environment ministry UVEK which had finished the negotiations for the linking of the trading systems with the agreement's already in spring 2016.

Enabling the agreement to come into force, it still has to be undersigned and ratified by Switzerland and the EU. According to statements of the ministry the emission law is supposed to be adapted simultaneously in order to include plants being powered by fossil products, and air traffic, too. [the mutual recognition of emission rights.](#)

A trial is made to let the agreement and the revision of the CO2 law come into force [the mutual recognition of emission rights.](#)

The CO2 Trade is flourishing – Donations are flowing generously

Gadowski explains in his video-blog of 10th May 2016 that after foundation of the CO2 Trading Company Consus in the year 2000 by Wisniewski and Klapucki the enterprise quickly turned to a monopolist on “trade with air” in Romania, Ukraine, Kazakhstan, and Poland. Especially in the



years 2008 – 2010 a vast sum of money was earned which lead to exorbitant donations.

One may assume that due to the activities of the Consus Group and the foundation of the affiliated company Consus France and its criminal deals, the volume of the CO2 trade and the financial turnover allied to it might have risen to unimagined levels. It remains to be seen if this money or amounts from other sources had been distributed in Poland. In any case the Consus Group presented itself as generous.

The annual WOSP Gala of “golden hearts”, a fundraising campaign in favour of poor people taking place every year in January with the participation of the Polish symphony orchestra had been provided with donations by Consus many times. According to a report in the [Gazeta Komorska](#) Consus donated an extraordinary high sum of 1 million Zloty (close to 250,000 Euro) even in the year of the financial crisis 2009.

A consideration of the [Donations Listing](#) of the annual gala between 2008 and 2015 being visible for the public shows clearly that especially until the year 2015 enterprises use to give only single donations of up to 320,000 Zloty. Consus, however, exceeded this level by far in the years 2009 and 2010 by donating more than 1 million Zloty.

Consus Director Klapucki and the Former Foreign Minister Radoslaw Sikorski

First of all Gadowski asks the suggestive question in his video-blog of 10th May 2016 how the former foreign minister of the PO (civil platform) **Radoslaw Sikorski**, his wife **Anne Applebaum** and the honourable former civil rights campaigner **Lech Walesa** got into touch with the trade of CO2 certificates?

Gadowski comments this theme in his Blog-video that the Consus director Klapucki used to share a very close friendship with the former Polish foreign minister Radoslaw Sikorski (foreign minister 2007-2014) and even closer with the wife [Anne Applebaum](#) whom he used to call “my dear cousin” many times in the public.



Photo Radoslaw Sikorski, Polish foreign minister 2007-2014

It shall be deemed in Poland that Klapucki this family relationship seems to be clear that he used to have a very good connection to the well-reputed Polish-American historian and wife of Sikorski.

Consus Director Klapucki's and Lech Walesa's Journey to Africa

According to Gadowski's comments, Consus director Jaroslaw Klapucki founded several companies for Consus which dealt with bio mass. These bio mass companies had their registered offices in Ghana and Togo.

The question arises in this context how Klapucki achieved to have business companies in these exotic countries. The explanation is a simple one: he joined the delegations of the former civil rights campaigner and president of Poland, Lech Walesa. The latter travelled to Africa in the year 2013 in order to make a contribution to the economic upswing of local areas.



Photo Lech Walesa, Nobel Prize Winner, Union Leader of Solidarność 1980-1990, State President of Poland 1990-1995

According to Gadowski's statement, these Africa trips were of course not journeys Walesa had made “on his own” but journeys that obviously had been



sponsored and planned exclusively by Klapucki who used Lech Walesa as a marionette and flagship in order to initiate his new “deals” with the presidents of Ghana and Togo in Walesa's light. Klapucki was in urgent need for this kind of campaign because the millions of evaded tax could not flow any longer since the closure of the Paris CO2 stock exchange Bluenext in the year 2012.

Consus Director Klapucki and Polsat Founder Zygmunt Solorz-Zak

According to the researches of Witold Gadowski, by the way, the flights of the “Polish delegation Walesa/Klapucki” into the African outback were realized in a business aircraft having been leased by Zygmunt Solorz-Zak. It is said that Klapucki owned shares of this aircraft.

Solorz-Zak is known as one of the richest Polish entrepreneurs. Among others he established the first private Polish television station, Polsat, in 1993. Zygmunt Solorz-Zak became known in Poland before because he formerly was the biggest importer of vehicles with the brand Trabant and Wartburg from the GDR as well as Dacias from Romania.

The Network and the Donations Pay Off

After Klapucki had founded companies for Consus in Kazakhstan, Romania, and Ukraine and made accessible further financial resources through his activities in Africa, various Polish sources estimated him to dispose of a private property of more than 300 million Zloty, at least approximately 70 million Euro.

According to the investigative journalist Witold Gadowski this was only possible because many politicians of the civil platform PO had been sponsored by him generously.



Photo: Witold Gadowski on YouTube

It is said that this was the reason why Klapucki was obliged to surrender to the French judicial authorities only in May 2016 when no PO politician could protect him any longer. Poland is ruled by the party Justice and Fairness PIS since October 2015. This party promised to prevent rigorously such kind of network.

Due to Gadowski's investigations we know today, too, that Klapucki was closely allied to a group of private dealers who dealt with Polish debts. The justice hoped on the occasion of the Paris process for turnover tax fraud to get informed by Klapucki about these activities but their expectations were not crowned by success.

As Klapucki is arrested in France now where he cannot continue to maintain his best contacts intensively, he will have to take good care for his little empire which he built up amongst others in Africa.

There Klapucki still seems to be the driving force of the Consus enterprise as the group's activities in Africa show. The local business seems to boom because Consus not only deals with CO2 certificates but imports also bio mass with the help of ships as there are for example African palm nutshells. The Consus enterprise sells these to coal-fired power plants in Poland so that the CO2 balance can be improved there.

A “Polish Consul” and the Shells of Palm Nuts

Since Klapucki is not able any longer to maintain his contacts optimally, bigger or smaller problems start to overtake him. This happened above all because more and more business partners seem to dissociate from him and his enterprises.

As the portal Euraktiv announced for example on [18.07.2016](#) various journalists from Togo deal out criticism on the Consus business practices in the country.

So it became known only now that the state Togo accused Klapucki already on 6th April 2016 because of counterfeit and falsification of a document. According to a report of the Togo newspaper Acta Express Klapucki made inferior declaration of value about the bio mass loadings (shells of palm nuts having been harvested before) of his ships in order to pay less port tax. Furthermore the journalists blame him having pretended to be a Polish consul.



No Need to Worry for Consus and Klapucki

All this will not stress Jaroslaw Klapucki and his friends and partners who still may be at large. Over a long period of time contacts were made successfully in the Polish republic and society – also with the help of generous donations. Consequently better times can be anticipated (also in prison).

These “better times” may occur when the Offshore account in Cyprus having been come to be known in this May 2016 and having been discovered in the course of the Panama Papers under the name “Consus Offshore Ltd” will fulfil its purpose.

Almost unnecessary to mention that this Offshore account “Consus Offshore Ltd” does of course not belong to the Consus Group in Poland, as a company spokesman of the Consus Group SA of the Polish newspaper wGospodarce.pl am 10.05.2016 wrote.

Surprisingly but not unexpected various Polish market participants as well as power plant operators and industrial enterprises obtained a notice shortly after the announcement of the large fine in the Ellease process. They are in need for a new CO2 supplier:

The Consus Enterprise had made a “complete withdrawal from the emissions trading” in Poland.

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The present issue is only partial readable, as it remains free of charge.

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Kind emission regards

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