

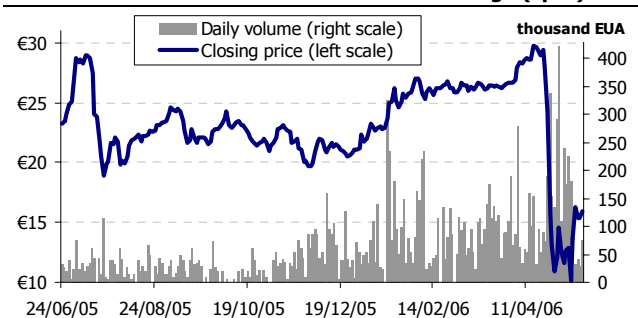
22 May 2006

EUA PRICE INCREASED DESPITE EXPECTATIONS AND EXCESS IN 2005 Market remains highly volatile

Trading

Emissions market has not yet recuperated from the shock it received after the allowance price went up despite expectations after surplus of allowances in 2005 had been officially confirmed. The market is very nervous and the intra-day price volatility remains very high, for instance, spot contracts were traded from 8 € up to 19 € per EUA in first two days of the week. The price gained most of its value on Monday and Tuesday since when it remained close under 16 € per EUA. On Friday, Pownertx exchange closing price was **15.93 € per EUA**.

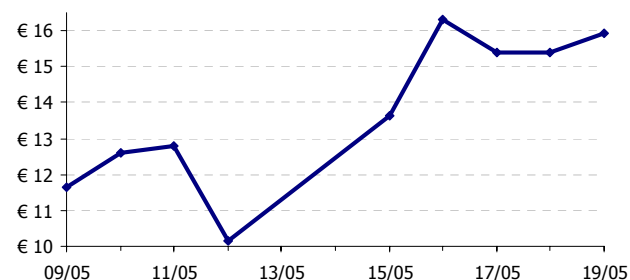
EUA Prices and Volumes on Pownertx exchange (spot)



Source: Pownertx

Volumes traded in the market dropped significantly, in particular by the end of the week, compared to the week ago. On Monday and Tuesday the average of 6mn allowances was traded, while in the remaining days of the week the daily average dropped to 2.3mn. The reason for that was market uncertainty and lack of general consensus over the market price of allowances. Throughout the week, 19.1mn allowances traded, 27% down on the week ago. From the total volume, 70% of transactions were closed on the brokered OTC market.

EUA Prices on Pownertx exchange – past two weeks (spot)



Source: Pownertx

News

European Court of Justice ruled that **Italy** failed to implement the EU-ETS (European Union Emission Trading Scheme). Following the court's ruling, the European Commission (EC) may insist on prompt implementation of the scheme under threat of another law case. Similar ruling in the second case would enable EC to fine the country.

Portuguese minister of environment admitted that too many allowances were allocated in the country for the first phase and said that allocations in the phase two will be much tighter especially for industrial companies.

Poland will most likely not submit and disclose its verification data before June as too many Polish companies did not manage to have their emissions verified up to date.

Pownertx

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