

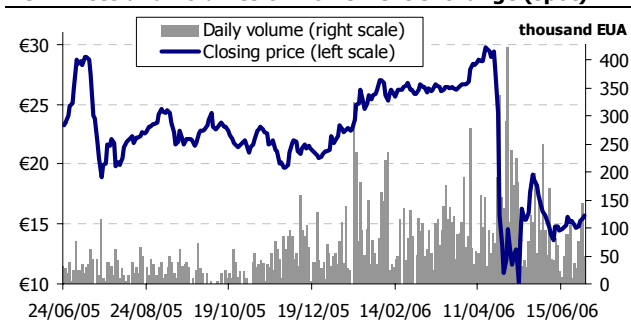
3 July 2006

## EC APPROVES POLISH NAP1: REGISTRY TO GO ONLINE ON WEDNESDAY EUA price increased by almost one euro last week

### Trading

Last week, the price of emission allowances increased by almost one euro after the price dropped to 14.70 € per EUA on Monday and reached 15.68 € per EUA at Powernext exchange on Friday. The drop in price on Monday was due to cheaper electricity in Germany. By contrast, the price increase throughout the week was caused by political and regulatory news, especially (1) approval of the Polish NAP1 by the European Commission and the planned registry launch and (2) spreading of unverified information regarding ambitions French banking rules (possibility to use phase one allowances for compliance in phase two – only allowed in France and Poland).

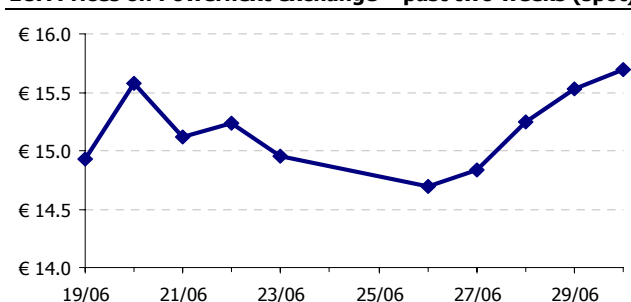
### EUA Prices and Volumes on Powernext exchange (spot)



Source: Powernext

A 7 % w/w increase in the volume of trades was recorded in the emissions market last week when a total of 12mn allowances traded over all platforms according to Point Carbon. Out of the total the 80% of trades were brokered in the OTC market while the remaining 20% were executed on exchanges.

### EUA Prices on Powernext exchange – past two weeks (spot)



Source: Powernext

### News

European Commission approved the Polish National Allocation Plan for the first phase and confirmed that the Polish registry will come online at 2pm on 5 July. The registry launch means that the long awaited emission data of the Polish companies which have already filed the report will be made public. This information will fill in the most important gap in last year's emissions data and **it can have a serious implication on the EUA price if the data are significantly different from market expectations.**

**British** draft National Allocation Plan for the second phase (NAP2) is set to distribute 238mn allowances annually, down by 7mn EUAs (2.8%) on the first-phase NAP.

**German** government approved the draft of the NAP2 setting an annual limit of 482mn tons of CO<sub>2</sub>. Out of this cap, 11mn tons is an allocation for companies excluded from the first phase, thus the draft NAP2 represents an allocation cut of 5.6%.

**Greek** government published its draft NAP2 according to which it plans to distribute 75.7mn allowances annually, which is some 4.6mn (6.4%) more compared to the first phase and some 7.7mn more compared to last year's emissions.



*Pravda Capital is a member of Powernext exchange and a partner of CO2e.com. Report compiled using information acquired from Pravda Capital, CO2e.com, Bloomberg, Point Carbon and Powernext.*