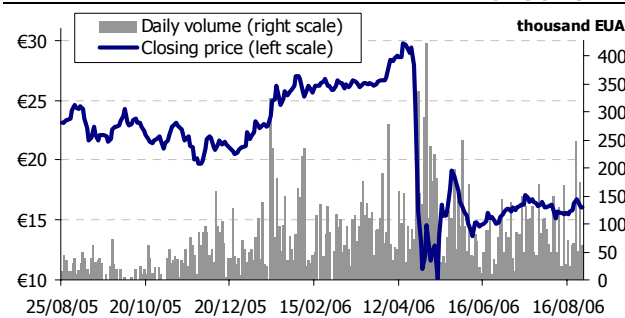


PRICES REACH 5-WEEK HIGH ON TUESDAY Slovakia Submits Phase II NAP to the EC

Trading

Last week started following a bullish trend from a week ago. The maximum price was reached on Tuesday when some spot transactions priced **€17.00 per EUA** were seen in the market. The prices went up due to a strong buying interest from Scandinavian companies after release of data revealing poor hydro energetic situation in the region. On Wednesday, the prices started falling with falling buying interest. On Thursday and Friday, the prices slipped under €16.00 per EUA for a large part of the day as financial players started taking out profits and by the end of the day the price recovered to **€16.10 per EUA** (Powernext closing price on Thursday and Friday).

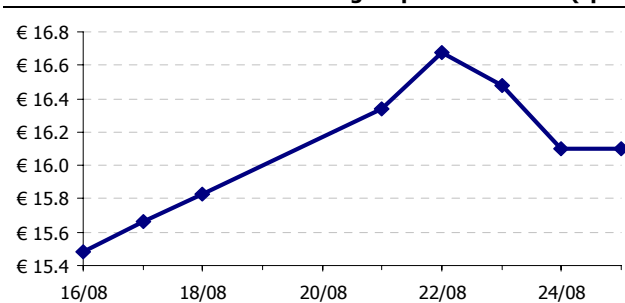
EUA Prices and Volumes on Powernext exchange (spot)



Source: Powernext

Last week's volumes have grown 40% w/w bringing the traded total volume to 12.8mn tons on all platforms (roughly a three month average). The brokers on the OTC market managed to broker 76% of the total volume and the remaining 24% traded on exchanges.

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



Source: Powernext

News

Slovakia submitted its second phase National Allocation Plan (NAP2) to the European Commission with some minor changes made to the plan since the draft version was published early July. Slovakia plans to allocate 41.3mn tons of CO₂ permits annually, up by some 10.8mn tons or 35% over the phase one.

Major **Czech** power utility ČEZ joined Powernext exchange for trading carbon emissions on its platform on Friday becoming the third company in Central Europe to join this prestigious market. **Pravda Capital** became Powernext's first member from Central Europe on 5 January 2006 and is providing you an access to this most liquid spot market yet for eight months.

The **UK government** published its revised version of the phase two NAP planning to distribute some 246mn allowances annually. Companies which are already included in phase one will see the annual allocation of by 237mn tons, down by 1mn tons compared to the earlier version published in June. Remaining 9mn tons will be distributed to 160 new companies.

Finish government will not be able to submit its first version of second phase NAP (without installation-level allocations) before October. The officials blame the Finish legislative system as a reason for delay, as it requires that the allocation criteria be approved by the Parliament. The government will not be able to send the draft to the Parliament before end of September. The annual cap is expected at 39.6mn tons, while the cap in phase one was 45.5mn tons.

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

