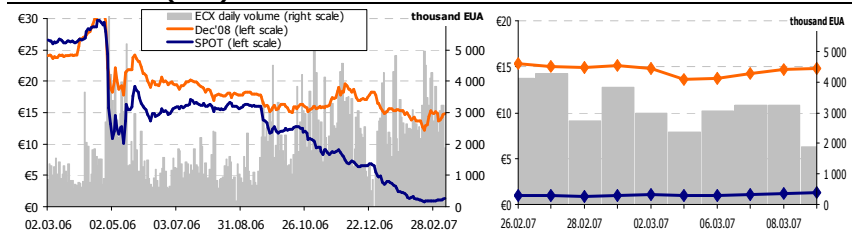


EUA PRICE REMAINS ABOVE €1
Denmark submitted its NAP2

March 12

Trading FORWARD: The Dec'08 contract opened the week at **€13.65 on Monday**, which was €1.15 below the previous week closing price of €14.80. The main reason of price fall was UK gas and German power price drop. Through the remaining part of the week Dec'08 price was strengthened as the prices of UK Gas and German Power started to rise. Finally, week ended with price of **€14.85 on Friday**. Total ECX (Forward) volume traded was 13.8 million last week. That was about 23% (or 4.2 million) less than week ago.

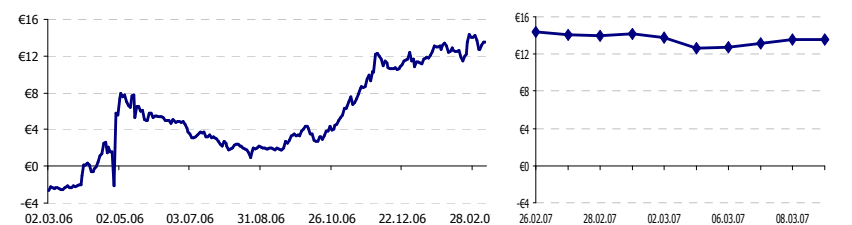
EUA SPOT and December 2008 Prices and futures volumes on ECX - last twelve month (LTM) and last two weeks



Source: Powernext, Pointcarbon, ECX

The spread between SPOT and Dec08 was rising through the week (from **€12.67 on Monday** to **€13.56 on Friday**) as price of Dec'08 increased more significantly than SPOT (see Trading Forward section and SPOT section).

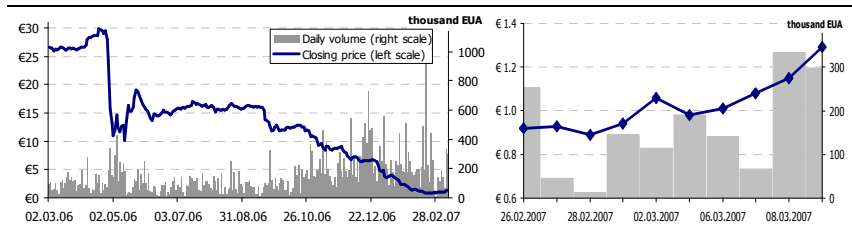
Spread between EUA SPOT and Dec08 Prices LTM and last two weeks



Source: Powernext, Pointcarbon

Trading SPOT: EUA's price was increasing through the whole week on the back of the strong buying support from utilities and increasing prices of UK gas and German Power. Allowances started at **€0.98 on Monday** and price finally reached **€1.29 on Friday**, which was the highest price since 12.02.2007 (when price was €1.33).

EUA Prices and Volumes on Powernext - last twelve month (LTM) and last two weeks



Source: Powernext

Total Powernext (SPOT) volume of allowances traded last week was 1.03 million. That was about 82 % (or 0.46 million) more than week ago.

News: Denmark submitted the draft of its NAP2 to the European Commission on the March 7. The Danish government proposes to allocate 24.5 million allowances per year. This is about 9 million (or 27%) less than Danish verified emissions in 2005 (33.5 million). Additionally, the government proposed to allow electricity sector to use credits from joint implementation and clean development mechanism projects (CER's and ERU's) at level of 33.5% of its allocation. Installations in other sectors will be allowed to use maximum of 7% of those. It means that smaller number of allowances will be available in the phase two, which should reflect in higher EUA prices.

The Netherlands will accept EC decision over its NAP2. On January 16, EC ruled that the Netherlands needs to cut allocation in 2008-2012 period, to 85.8 million per year. This is 4.6 million (or 5.3%) less than Netherlands proposed in the NAP2 draft submitted to EC in September 2006. The Dutch decision means that less allowances will come to the market, which could contribute to the price increase in the phase 2. However, this reduction was relatively small and, therefore, its impact on the phase 2 price will be limited.

NAP2: Countries, which are still waiting for EC final decision:

- **Austria**
- **Czech Republic**
- **Estonia**
- **Finland**
- **France**
- **Hungary**
- **Italy**
- **Poland**
- **Portugal**
- **Romania**

Countries that haven't yet submitted NAP2 draft to the EC:

- **Bulgaria**

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