

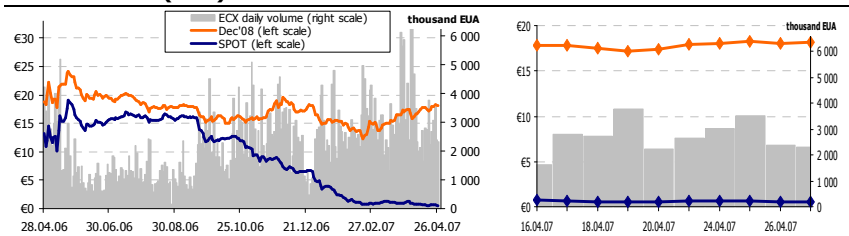
EUA PRICE CLOSE TO IT'S RECORD LOW

Poland considering starting a legal action against the EC

Trading FORWARD: The Dec'08 contract started at **€18.00 on Monday**. On the back of strengthen German power and support from utilities and financials, price climbed to **€18.22 on Wednesday**. Through the remaining part of the week Dec'08 started to fall due to the German power price drop. Dec'08 finally ended at price of **€18.14 on Friday**. Total ECX (Forward) volume traded was 13.9 million last week. That was about 5% (or 0.71 million) more than week ago.

News: The **Polish** emissions trading administration (KASHUE) confirmed last week that country could launch a court case against the European commission to try to secure more emissions allowances for its industry. In March the commission cut polish allocation to 208.5 million tones of CO₂ per year in the 2008-2012 period. This is 75.9 million (or 26.7%) less than Poland had initially proposed (284.6 million) and 5.5 million (or 2.7%) more than polish verified emissions in year 2005 (203 million). Previously Hungary and the Czech Republic have also said they are considering legal steps after the commission cut their caps. Currently from 19 countries which have received EC decision over NAP2 only Slovakia decided to take the Commission's decision to court.

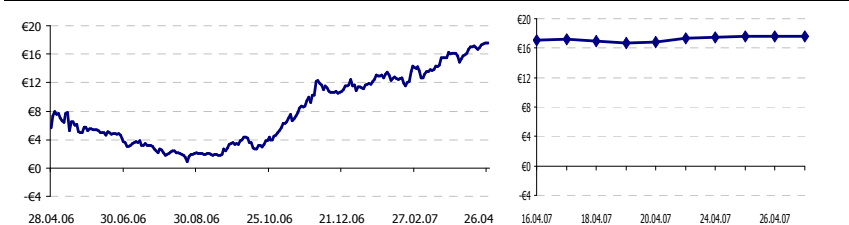
EUA SPOT and December 2008 Prices and futures volumes on ECX - last twelve month (LTM) and last two weeks



Source: Powernext, Pointcarbon, ECX

The spread between SPOT and Dec'08 was changing in a narrow range through the last week as both SPOT and Dec'08 were changing marginally. Spread started the week with **€17.36 on Monday** and ended with **€17.53 on Friday**, just €0.17 above.

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



Source: Powernext, Pointcarbon

Trading SPOT: SPOT contract opened with price of **€0.64 on Monday**. Through the next days price was falling and finally ended at **€0.54 on Friday**, just close to its record low of €0.50 from previous week. The main reason of price drop remained unchanged - oversupply of allowances in the phase.

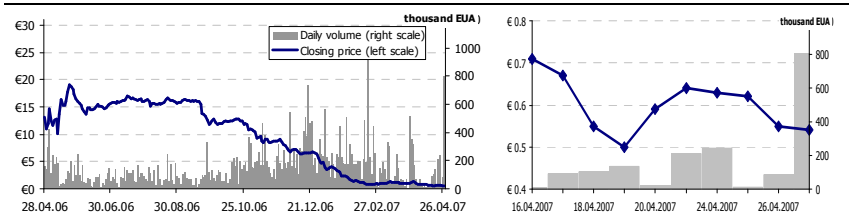
NAP2: Countries, which are still waiting for EC final decision:

- **Cyprus**
- **Denmark**
- **Estonia**
- **Finland**
- **Italy**
- **Portugal**
- **Romania**

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

- **Bulgaria**

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 1.35 million. That was about 273% (or 0.99 million) more than week ago.

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