

The EC announced preliminary data from national registries concerning the 2010-use of allowances by the EU-installations assigned to EU ETS. According to their data all EU-installations' emissions amounted to 1.932 billion tonnes, which accounted for 97% of the total 2010 allocation. The last year's emissions were 3 per cent higher than in 2009, caused by the higher production levels, what shows sings of a post-crisis recovery.

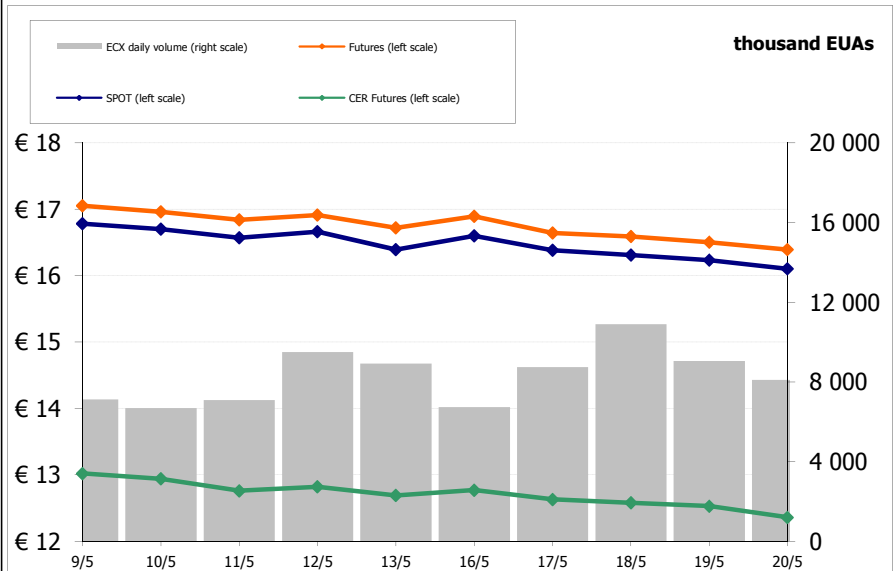
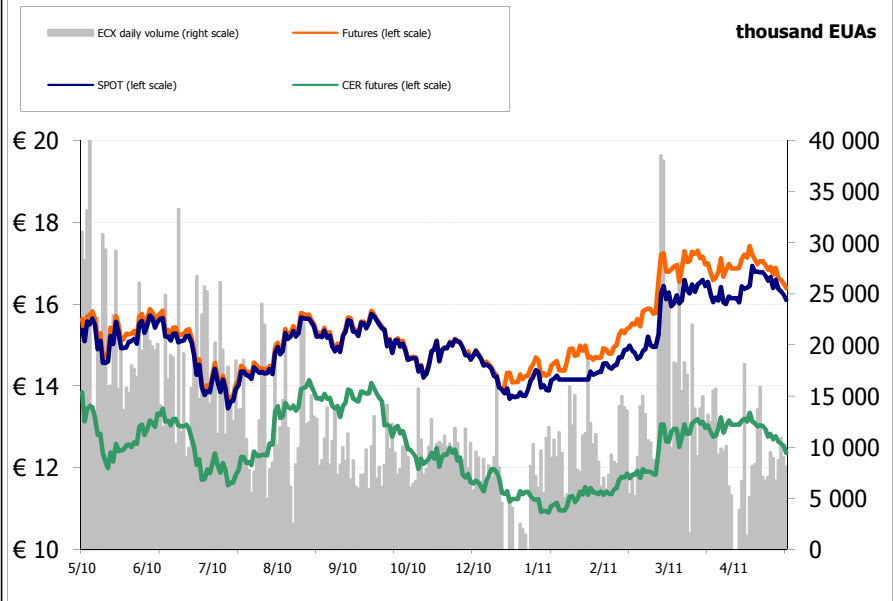
In the beginning of the week the EUA price rose compared to the last Friday's closing price (€16,6 per tonne on Monday), in order to drop everyday to €16,10 per tonne on Friday. The similar situation could be noticed with CER units, the price fell from €12,79 to €12,40 per tonne. CER/EUA spread also decreased and settled at €3,70 on Friday.

Current allowance prices are dictated by the latest news from national registries. Uncertain situation of a German nuclear energy sector's future is still one of the main price-shaping factors. A final decision on possible closure of 6 oldest nuclear plants are to be made on 6 June.

European Union factories and power stations have already used 21 per cent of their allowance for the UN offsets during the NAP2 (of which 5.1 per cent in 2010). The emitters surrounded more than 300 mln tonnes of CER, ERU units. According to the EC data they still have 1.01 bln tonnes of cheaper Kyoto units to use till 2012. The most of CERs and ERUs came from the biggest non-annex countries under the Kyoto Protocol: China (51 per cent), India (20 per cent), South Korea (16 per cent), Brazil (7 per cent). Polish PGE SA's Belchatow coalpower station was the biggest offset beneficiary having used 3.9 mln credits from industrial gas projects in Argentina, China and India.

American airline companies plan to sue the EC to the Justice Court on aviation industry inclusion to the NAP3. They are supported by the Chinese aviation industry claiming that the new regulations are threatening the EU fair competence rule. The EU does not rule out the exclusion of non-EU entities from the system, but only if the country they come from introduces the similar emission system. By doing that the EU is hoping China will establish cap and trade system among their industries. Airline protests will probably affect the COP17 Durban talks. It is estimated that the aviation industry constitutes the second biggest branch under the EU ETS, just after the power sector.

Due to further thief threats the EU wonders on making serial numbers of carbon permits confidential. However the main issue during the Climate Change Committee meeting was debate on introducing a new single registry to replace about 30 existing ones.



Spot EUA a CER	Price (€/EUA)	Day	Price (€/CER)	Day
Weekly maximum	16,60	16.05.11	12,79	16.05.11
Weekly minimum	16,10	20.05.11	12,40	20.05.11

Source: Carbon Warehouse, Bloomberg, Bluenext, ECX