

EU Carbon Rises to Highest Since January After Coal Dropped  
2009-03-04 15:49:03.689 GMT

By Mathew Carr

March 4 (Bloomberg) -- European Union emission permits rose to their highest level since January after coal dropped faster than natural gas in the past week, making the dirtier-burning fuel more profitable to use for power utilities.

EU carbon-dioxide allowances for delivery in December rose as much as 1.01 euros, or 9.2 percent, to 11.99 euros (\$15) a metric ton on London's European Climate Exchange, the highest intraday price since Jan. 30. They were at 11.68 euros a ton as of 3:33 p.m. local time after rising 9.2 percent yesterday.

Coal for settlement in Rotterdam in the three months through June dropped 6 percent in the past week, compared with a 0.6 percent drop for U.K. gas, according to the ICE Futures exchange in London. Factories and power stations need permits for emissions when burning fossil fuels in the EU, which has the world's biggest greenhouse gas-trading market.

The rise in carbon is "most likely caused by the current relatively strong drop of coal prices and relatively small drop of gas prices," Jan Pravda, director of Dublin-based Carbon Warehouse Ltd., an emissions brokerage and advisor. "We continue to see more downward risks than upside pressures for the EU allowances," as nations including Poland issue supply, he said.