European Daily
ICIS Heren Carbon Markets

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OTC EUAS			€/tCO_2e
Period	Bid	Offer	Diff
Spot phase II	12.70	12.80	-0.100
2010	12.90	13.00	-0.050
2011	13.35	13.45	-0.050
2012	13.95	14.05	0.000
2013	15.00	15.10	0.050

OTC CERS			€/tCO_2e
Period	Bid	Offer	Diff
Spot phase II	11.60	11.70	0.000
2010	11.40	11.50	-0.050
2011	11.30	11.40	-0.050
2012	11.50	11.60	-0.100

ECX EUAS		€/tCO_2e
Period	Price	Diff
2010	12.90	-0.160
2011	13.35	-0.150
2012	13.96	-0.120

NORD POOL EUAS		€/tCO_2e
Period	Price	Diff
2010	12.95	-0.050
2011	13.40	-0.050
2012	14.00	-0.050

CARBON SPOT EUAS		
Exchange	Price, €/tCO_2e	Volume '000 tonnes
BlueNext	12.700	2,019
Climex	0.000	0
Nord Pool	12.800	0

EXCHANGE CERS			€/tCO_2e
Exchange	Period	Price	Diff
Nord Pool	Dec '10	11.45	-0.050
Nord Pool	Dec '11	11.35	-0.050
ECX	Dec '10	11.38	-0.120
ECX	Dec '11	11.29	-0.100
BlueNext	Dec '10	11.42	-0.060

MARKET SNAPSHOT

HEREN CO_2 2010: €12.93/tCO_2e

Emissions contracts slid on Thursday, although not before the benchmark EUA contract tested the €13.10/tCO_2e resistance level, sources said. EUA Year 2010 did briefly break through this technical barrier, although it closed €0.15/tCO_2e lower, a €0.05/tCO_2e discount day on day.

With a large industry event scheduled to take place next week, some sources said that carbon would firm the week after. Statistically the conference, in previous years, provides good support, a source said. Others, however, did not buy this argument.

There was agreement from counterparties that the session lacked any outright direction, with a few participants defending their long and short positions. German power slid a touch over the session, which traders said also provided some downward pressure.

Bulgaria to issue three years' worth of EUAs

Issuance of Bulgaria's long awaited EU allowances (EUAs) will probably take place in mid-March, ICIS Heren has learnt. Installations will receive EUAs for 2008, 2009 and 2010 all at once, although EUAs allocated for 2008 will not be tradable.

Issuance

Milya Dimitrova, head of the climate change policy at the ministry of environment told ICIS Heren on Thursday that she hoped the exceptionally overdue national allocation plan (NAP) would be approved either by or at the next environment council meeting. This is scheduled for 15 March. Issuance to installations would then happen as quickly as possible.

The issuance would not only cover this year's allocation, but also those from 2008 and 2009, Dimitrova added. For the whole country, the 2010 allocation is expected to be 42.43m EUAs.

For 2008, however, installations will receive exactly what they emitted that year, according to their verified emissions data. The European Commission's website pegs this at 38.30m tonnes of CO_2 equivalent. This clearly makes it impossible for installations to trade their EUAs, as they will be required for compliance.

There is a possibility that the same could be true with 2009, Dimitrova said, although if issuance happens within the next fortnight, verified data for last year may not be available.

Talks continue

Informal discussions between the Bulgarian environment ministry and the Commission are still ongoing, but the majority of the NAP has now been provisionally agreed, Dimitrova confirmed. "The Commission is generally happy with what they have seen," she added.

> "The Commission is generally happy with what they have seen"

While the amount of EUAs that an installation will receive has largely been settled between the two sides, debate over joint implementation (JI) and the new entrant reserve (NER) continues, Dimitrova said. Specifically, the overall size of the NER has yet to be agreed, as has the amount of emission reduction units (ERUs) that can be issued.

Who has the surplus?

Traders outside of Bulgaria have been keenly awaiting the country's issuance, as it had been assumed that a large surplus could hit the market very quickly. Evidently, this may not necessarily be the case.

Should 2009's issuance not be capped at the exact emissions level, there will still be some EUAs up for grabs.

According to Konstantin Sirakov, an investment advisor with Bulgarian brokerage Global Markets, most sectors covered by the emissions trading system (ETS) were hit hard by the recession last year and therefore could have surplus EUAs.

Sirakov said that the cement industry in particular has seen production fall, as construction has declined. The metals industry has also reported falls in production. It was added, however, that the power sector was unlikely to have many EUAs for sale. "[Generators] will have trouble in reducing their emissions in the future in line with the plan and could be buyers."

Long overdue

Bulgaria's original NAP was approved by Sofia in March 2007. However, the Commission rejected it at the start of 2008. At the start of last year a resubmission was also rejected. Until a new centre-right Bulgarian government came to power last summer, little further work had been undertaken on the plan.

The new environment ministry then held a swift consultation with sectors covered by the ETS and other ministries, and had the draft NAP approved by parliament just before Christmas. Since then, the plan has been with the Commission awaiting approval. **TMM**

RWE's emissions fall 13% year on year

RWE's carbon emissions fell by 13% in 2009, compared with the previous year, the utility said in its annual results on Thursday. The company's power plants collectively produced 149.1m tonnes of CO_2 equivalent (tCO_2e), 23m tCO_2e less than 2008.

The main reason for the fall in emissions was because of "a significant decline in electricity generated in Germany and the UK," the utility said. In Germany, carbon emissions fell by 12% year on year, while in the UK they were 33% lower.

As RWE installations across Europe collectively received 105.2m free EU allowances (EUAs) for 2009, the utility had to purchase 43.9m EUAs on the open market. This was much smaller than in 2008, it was added.

To cover the shortfalls in carbon certificates, RWE spent an additional €959m on credits in Germany, down 12% year on year. In the UK, meanwhile, the company spent €51m, 74% less than 2008.

RWE installations in the UK received 14.9m free EUAs in 2009, while German plants received 83.1m. The company's Dutch plants received a further 2.4m free EUAs last year.

CERs and ERUs

Across all its plants in Europe, RWE is able to use a total of 100m certified emissions reductions (CERs) and emission reduction units (ERUs) for compliance purposes, between 2008 and 2012, it said in its statement on Thursday.

By the end of 2009, RWE had contracted nearly 75.2m Kyoto based credits, although given the risk, it only expects to receive 43.9m credits from these projects. So far, it has taken delivery of 10.1m CERs and ERUs. **TMM**

UK SPARK SPREADS 25 FEBRUARY 2010

Period	Gas, p/th	Power, £/MWh	Spark spread, £/MWh	Diff	Clean spread, £/MWh	Diff
Day-ahead	0.00	34.34	34.34	23.12	29.69	23.11
March '10	32.90	34.45	11.60	0.25	6.88	0.23
Summer 10	31.40	34.80	12.99	0.11	8.27	0.09
Winter 10	42.63	40.40	10.80	-0.11	5.99	-0.13
Summer 11	38.60	38.40	11.59	-0.07	6.70	-0.09

UK DARK SPREADS 25 FEBRUARY 2010

Period	Coal, $/tonne	Power, £/MWh	Dark spread, £/MWh	Diff	Clean spread, £/MWh	Diff
March '10	75.60	34.45	14.45	-0.09	3.29	-0.14
April '10	76.10	34.70	14.56	-0.10	3.41	-0.14
Summer 10	78.80	34.80	13.94	-0.46	2.78	-0.51
Winter 10	87.00	40.40	17.34	-0.38	5.98	-0.43
Summer 11	94.87	38.40	13.24	-0.41	1.68	-0.46

GERMAN SPARK SPREADS 25 FEBRUARY 2010

Period	Gas, €/MWh	Power, €/MWh	Spark spread, €/MWh	Diff	Clean spread, €/MWh	Diff
Day-ahead	12.58	35.74	10.15	-1.31	4.91	-1.27
March '10	12.65	38.90	13.15	0.45	7.83	0.47
Q2 '10	12.30	36.80	11.76	0.50	6.44	0.52
Year 2011	16.30	47.40	14.22	-0.05	8.72	-0.02

GERMAN DARK SPREADS 25 FEBRUARY 2010

Period	Coal, $/tonne	Power, €/MWh	Dark spread, €/MWh	Diff	Clean spread, €/MWh	Diff
March '10	75.60	38.90	16.35	0.21	3.77	0.26
Q2 '10	77.10	36.80	13.80	-0.08	1.23	-0.02
Year 2011	94.25	47.40	19.27	-0.27	6.26	-0.22
Year 2012	105.25	51.65	20.36	-0.42	6.77	-0.41

Fourth JI project auditor gets the green light

DNV is now cleared to verify Joint Implementation (JI) projects, the UN said on Wednesday, following a meeting of the JI supervisory committee. Norway-based DNV joins Germany's TÜV SÜD, SGS UK and France's Bureau Veritas.

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ICIS Heren CarbonMarkets

1 Procter Street, Holborn,
London WC1V 6EU, UK

Tel: +44 20 7911 1920
Fax: +44 20 7911 1851
Website: www.icis.com/heren
Email: info@icisheren.com

Enquiries
ICIS Heren Customer Support +44 20 7911 1919 sales@icisheren.com

Managing Editor
Louise Boddy +44 20 7911 1948 louise.boddy@icisheren.com

Commercial Director
Simon Platt +44 20 7911 1957 simon.platt@icisheren.com

Head of Design and Production
Alexis Rendell

Head of Sales
Richard Haddrell

Editor, EDCM
Isabel Save +44 20 7911 1942 isabel.save@icisheren.com

Deputy editor
Tomas Marzec-Manser +44 20 7911 1964 tomasm@icisheren.com

Reporters
Reg Ajuonuma, James Allpress, Ed Cox, Zoe Double, Marie-Louise du Bois, Ben Essex, Domitille Laniey, Siobhan Lismore, Christopher Noon, Filipe Rufino, Aura Sabadus, Charles Shaw, Robert Songer, Freddie Staermose-Johnson, Jamie Stewart, Manca Ulcar, Katya Zapletnyuk

Production Editor
Joseph Williams +44 20 7911 1944 joseph.williams@icisheren.com

Production
Dan Bloch, Domini Down, Robert Evers, Joseph Gyure, Rachel Kemp, Fred Seelig

Sales and Marketing
Douglas Strien, Ilja Paskevic, Krystjan Chanerley, Kirsty Fleck, Emilie Bastrup, Briac Lemee