

# Actual trade in allowances

Main issues for companies

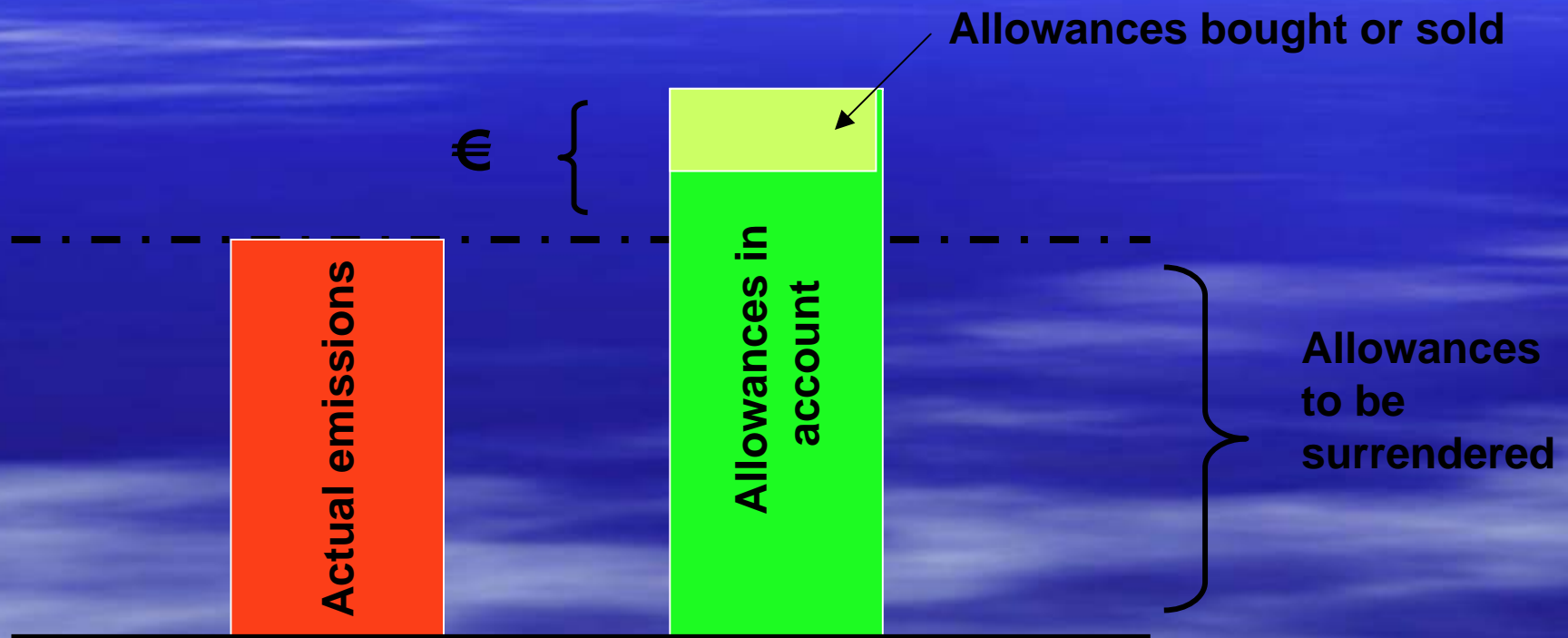
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Hans Warmenhoven

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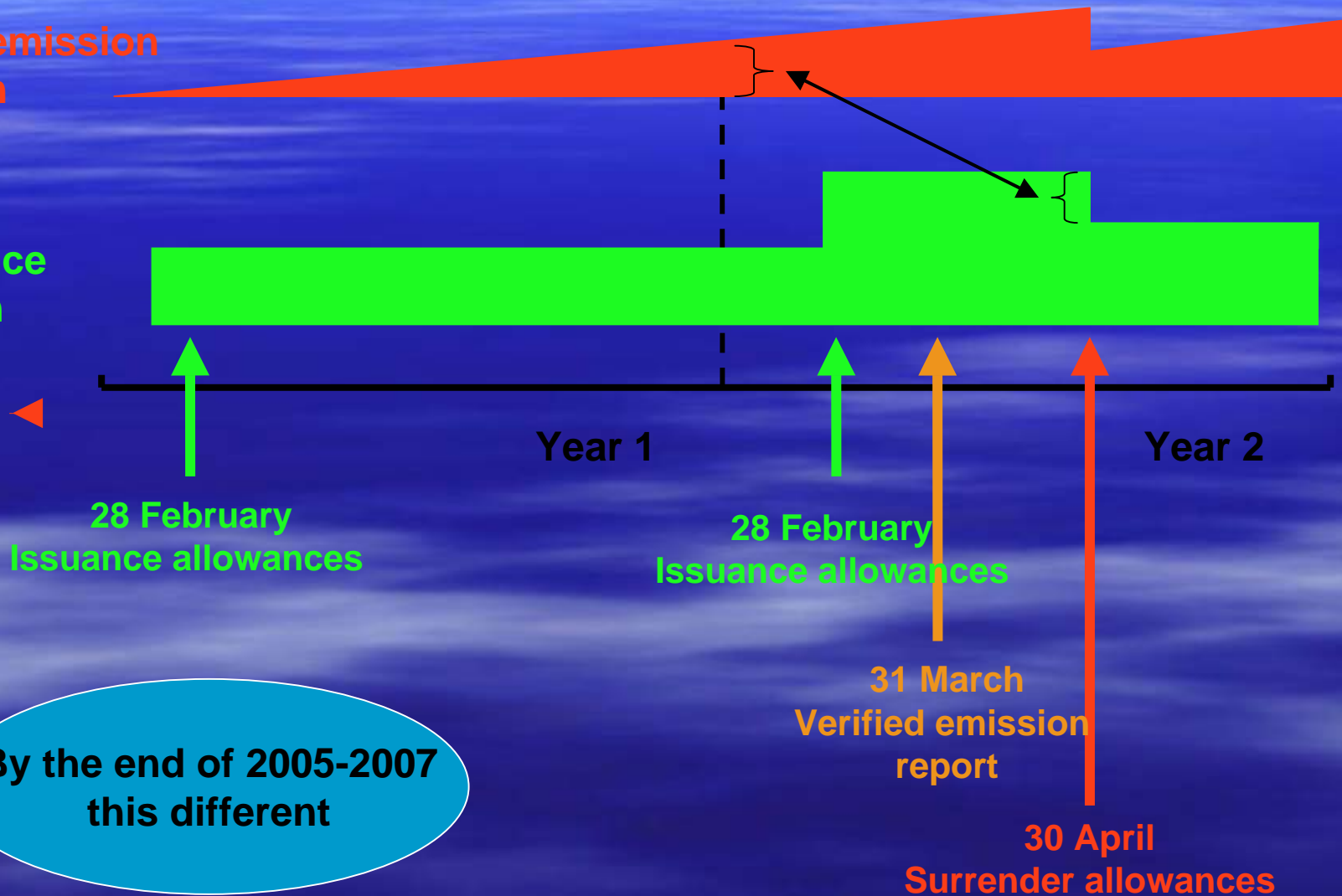
# Emission trading the essence



# Emission trading the timeline

Actual emission  
position

Allowance  
position



By the end of 2005-2007  
this different

# Current status of registries

- 15 registries are operational
- Other registries are well on there way?  
<http://europa.eu.int/comm/environment/ets/>
- Kyoto registries are incorporated in the EU-ETS registries.
- Registries include detailed help functions.

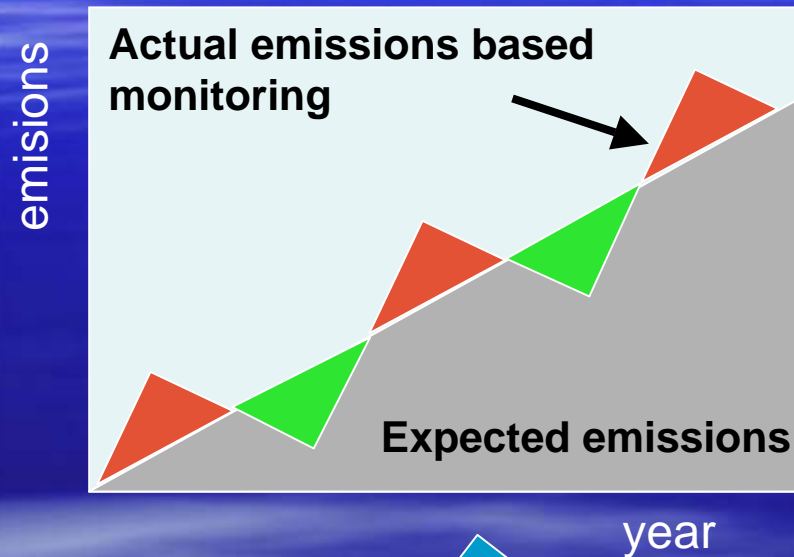
But will it work in practice?

# How to trade in practice, the registry

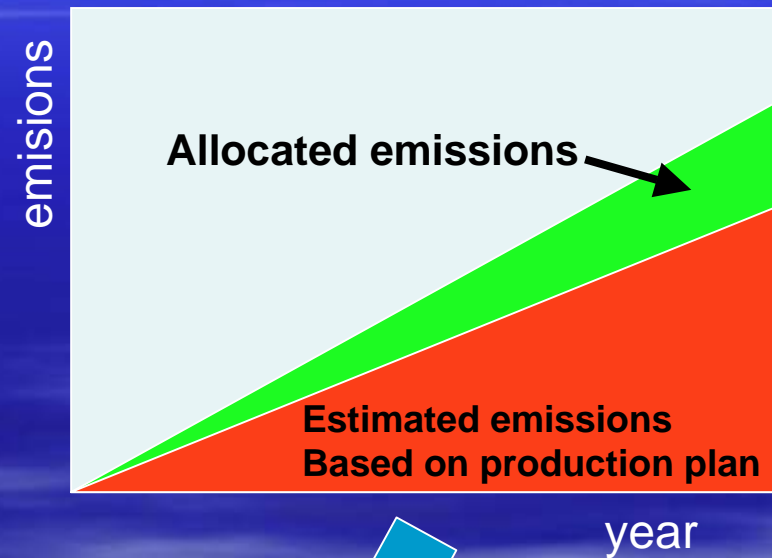
- Run by the national registry authority;
- enables participants to execute transactions throughout Europe;
- Operator holding accounts (OHA) for all plants;
- Personal holding accounts (PHA) for everyone that wants one.

# How to trade in practice, what is your position

Current year



Future year



# How to trade in practice, the transaction

- Spot contract
- Bilateral forward contract
- Cleared forward contract
  
- Several contract formats ISDA, IETA and EFET.
  
- OTC (over the counter) trades between companies
- Trade through intermediaries

# Which service providers are there

- Exchanges;
  - European Climate exchange, Netherlands
  - Nordpool, Norway;
  - Powernext, England;
  - EEX, Germany;
  - EXAA, Austria.
- Banks
- Trade platforms
- Brokers

# Which service providers are there

- Brokers
  - EVOmarkets
  - CO2e.COM
  - Natsource

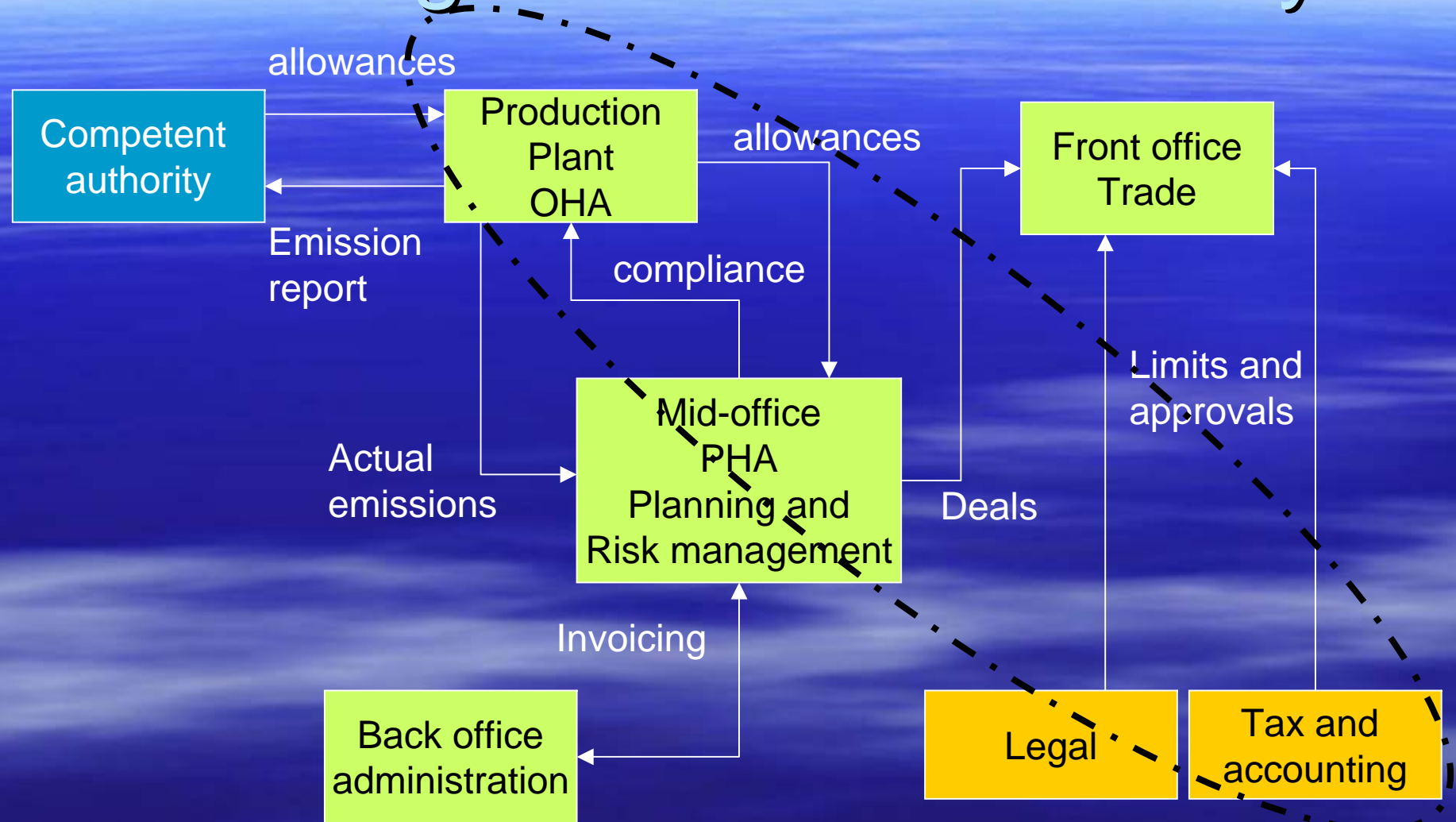
# What determines the prices for allowances



# What determines the prices for allowances

- National allocation plans
- Link to Kyoto mechanism JI and CDM
- The AAU market
- The weather, temperature and precipitation
- Fuel prices

# How to organize trade internally



# The compliance period

- Emission report have to be verified before March 31<sup>st</sup>.
- The surrendering of an amount of allowances before April 30<sup>th</sup>.
- A lot off companies will not have traded before this

Preparation of procedures for  
this period is essential