

Actual trade in allowances

Main issues for companies

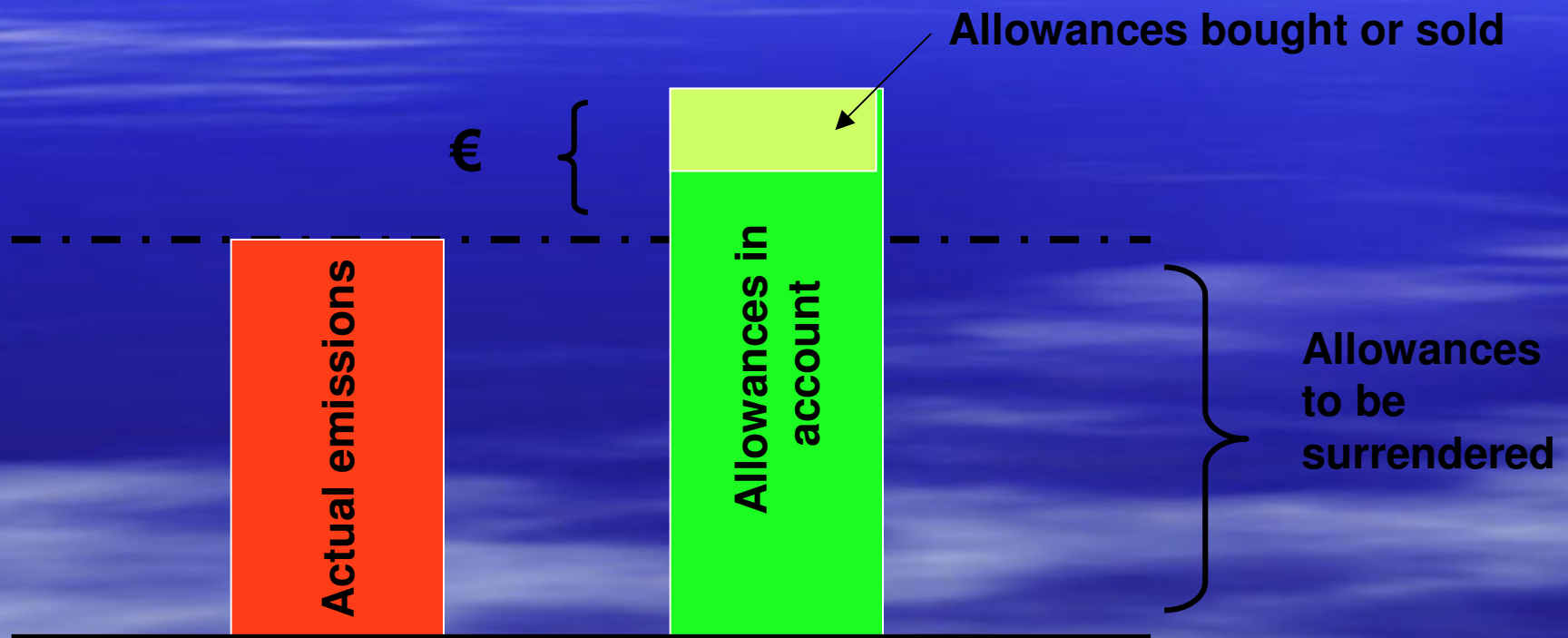
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Contents

- The essence of trade
- Current status of registries
- How to trade in practice
- Which service providers are there
- What determines the prices for allowances
- How to organize trade internally
- What goes wrong

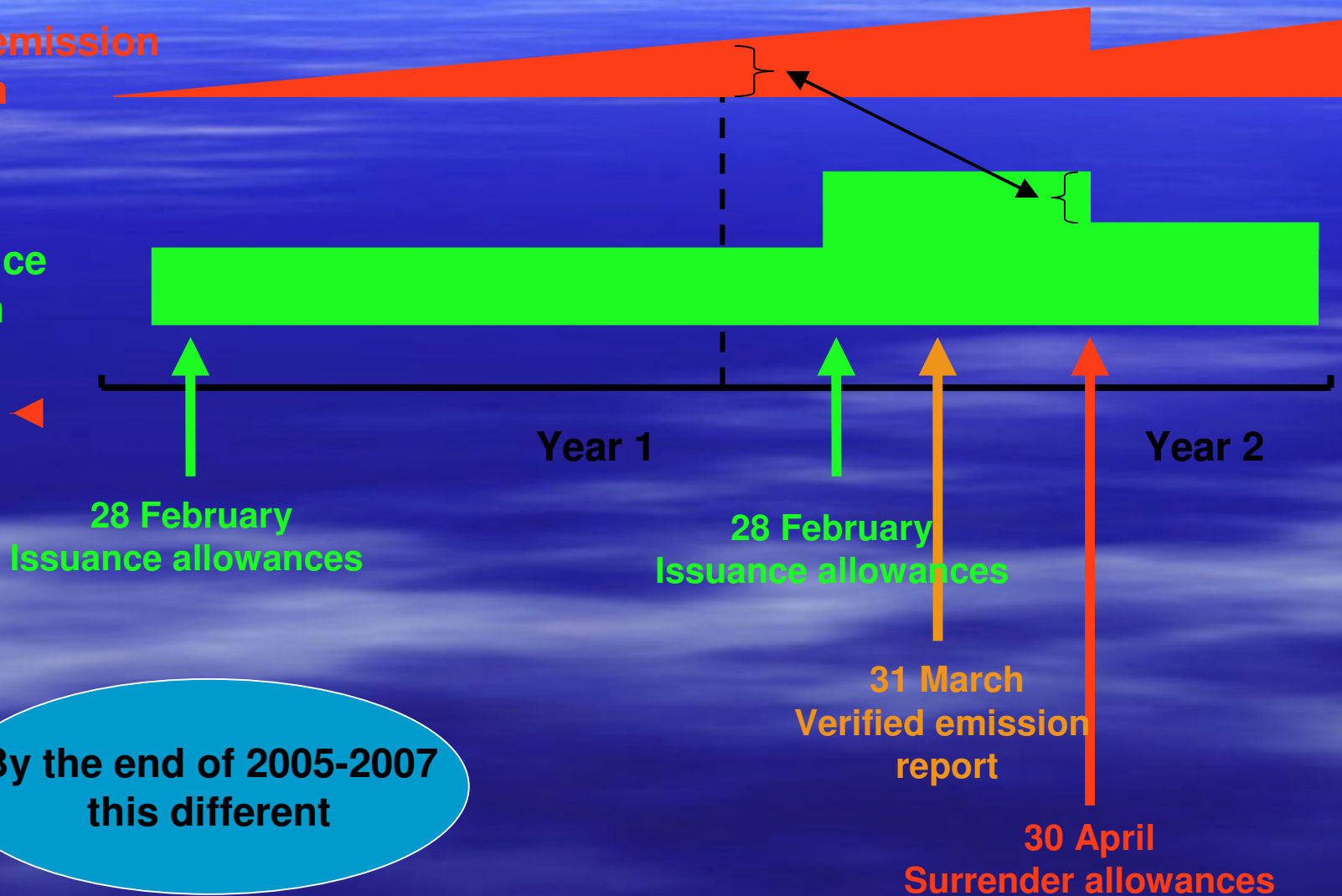
Emission trading the essence



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.

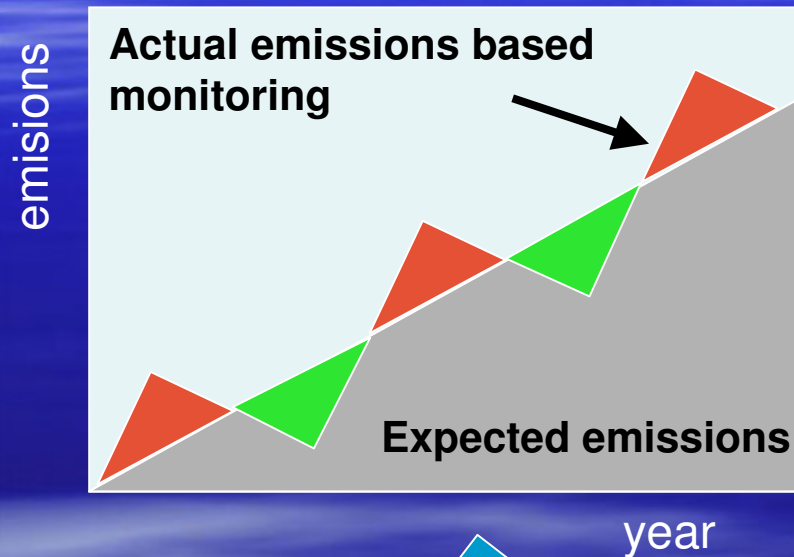
But will it work in practice?

How to trade in practice, the registry

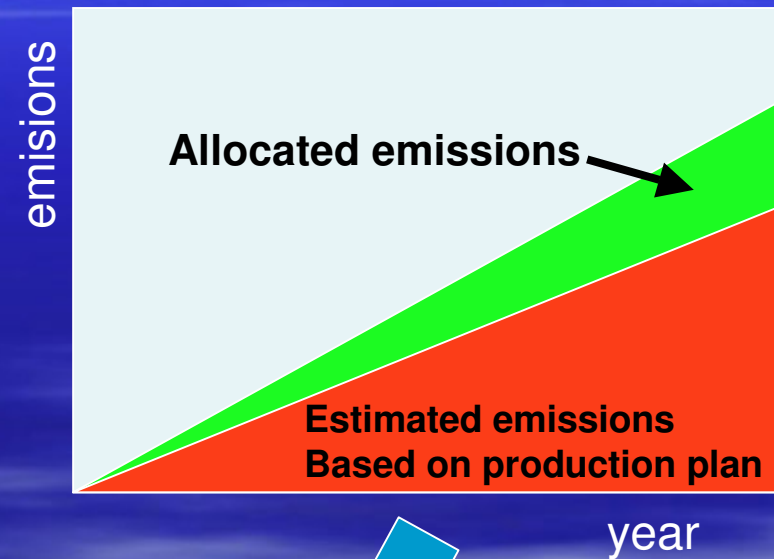
- Run by the national registry authority;
- enables participants to execute transactions throughout Europe;
- Operator holding accounts (OHA) for all plants;
- Personal holding accounts (PHA) for everyone that wants one.

How to trade in practice, what is your position

Current year

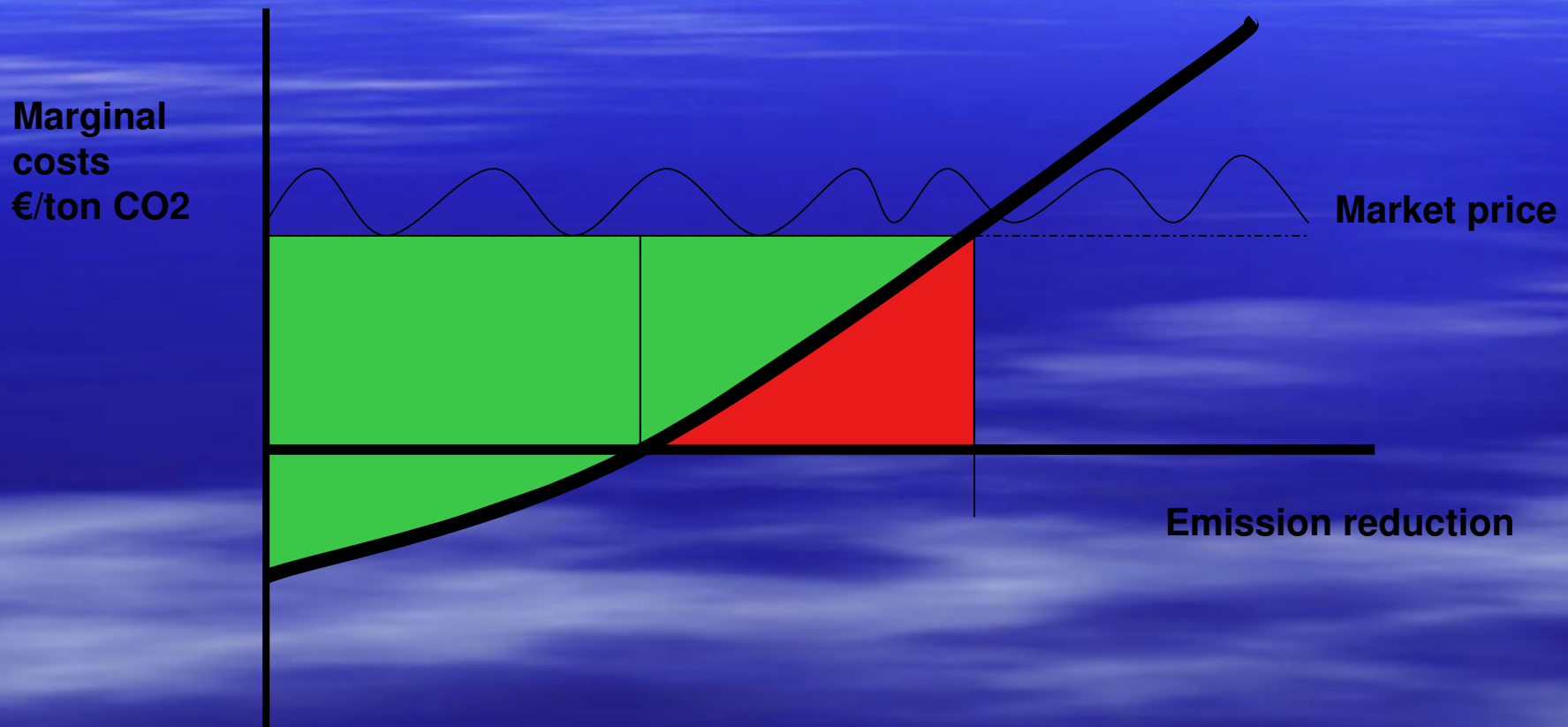


Future year



Sell buy allowances

Marginal cost curves



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

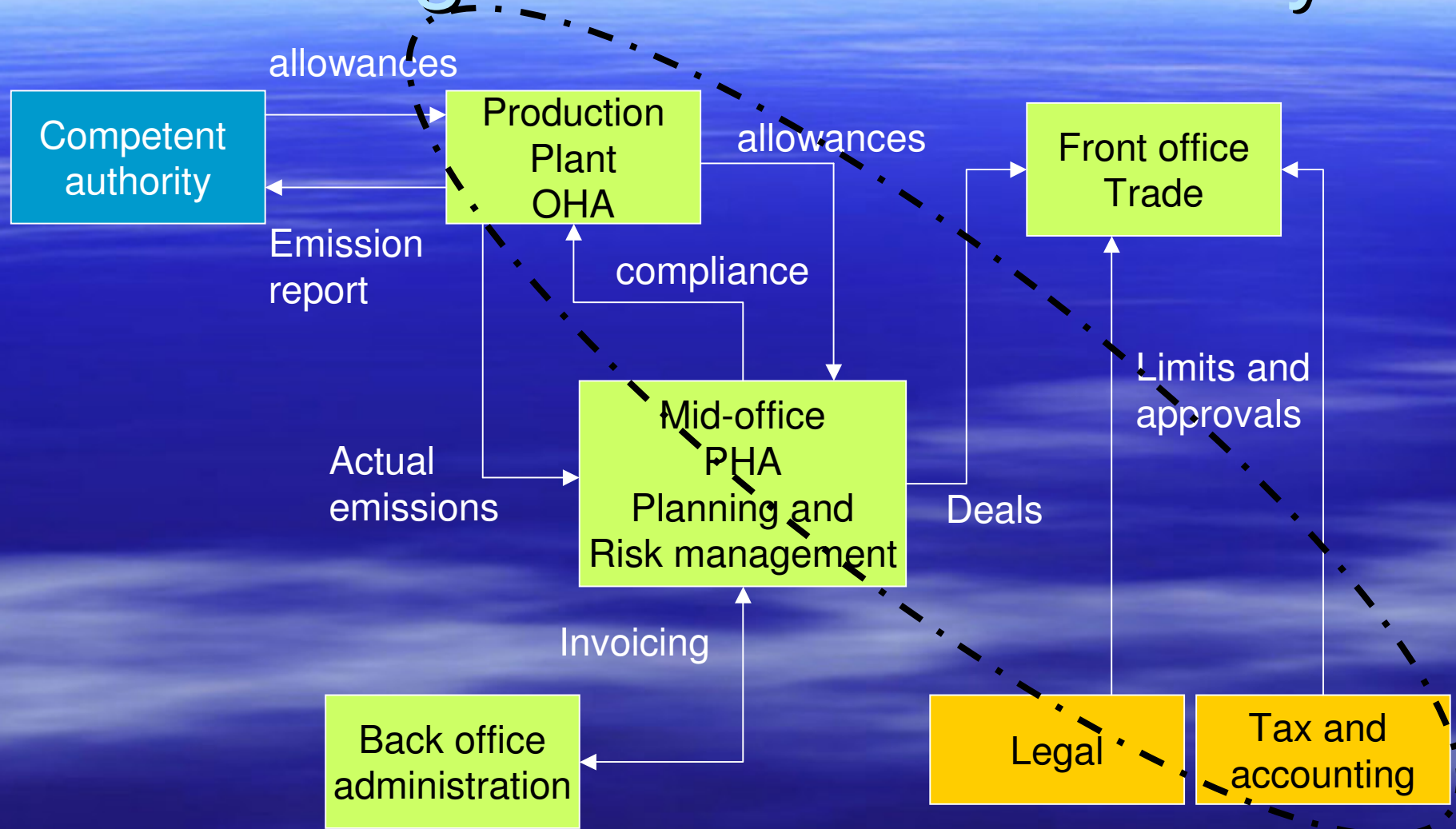
What determines the prices for allowances



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 reports have to be verified before March 31st.
- The surrendering of an amount of allowances before April 30th.
- A lot of companies will not have traded before this

Preparation of procedures for
this period is essential