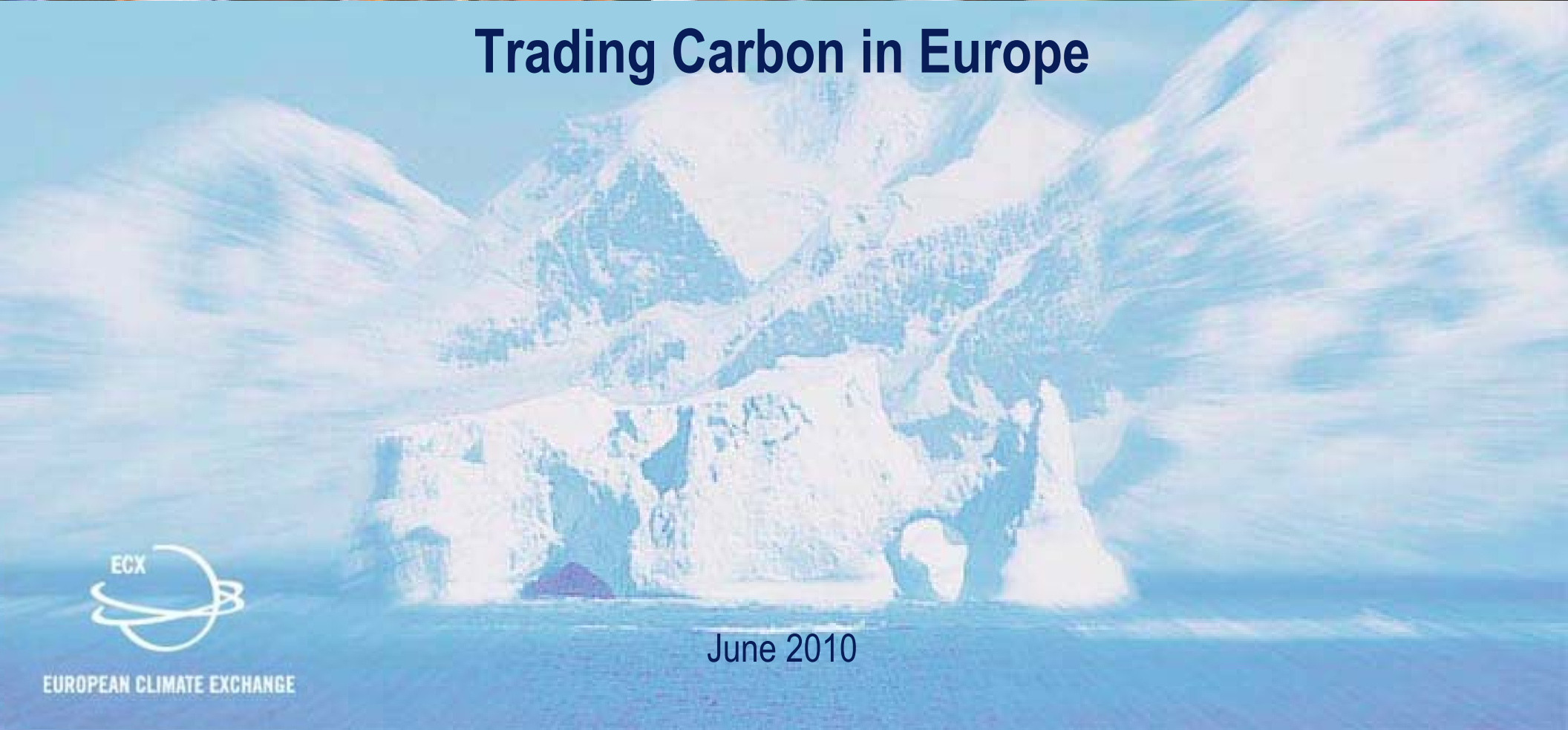


The Carbon Market



Trading Carbon in Europe

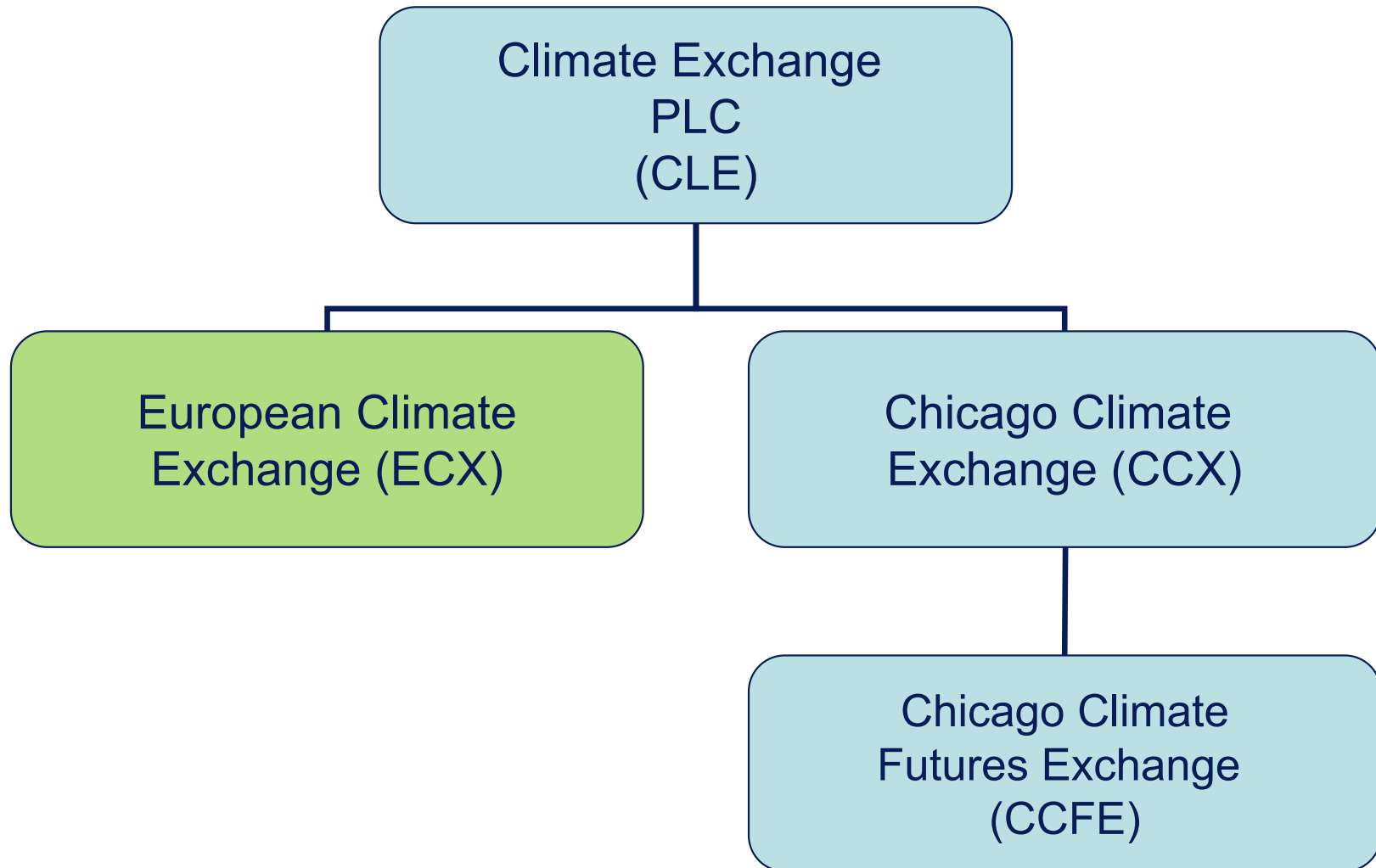


EUROPEAN CLIMATE EXCHANGE

June 2010



Corporate structure





Understanding Cap and Trade

Cap and



TRADE



Kyoto Implementation

- **Europe – global leadership position**
- Pre-Kyoto trading scheme (Phase I) 2005-2007
- Phase II coincides with Kyoto period
- EUETS legally binding across all 27 member states
- 5 Industries covered
- Average reduction of 8% (from 1990 levels)
- 12% of allowances can come from CDM (national limits ranging from 0 to 20%)
- 2013-2020 scheme now being finalised.

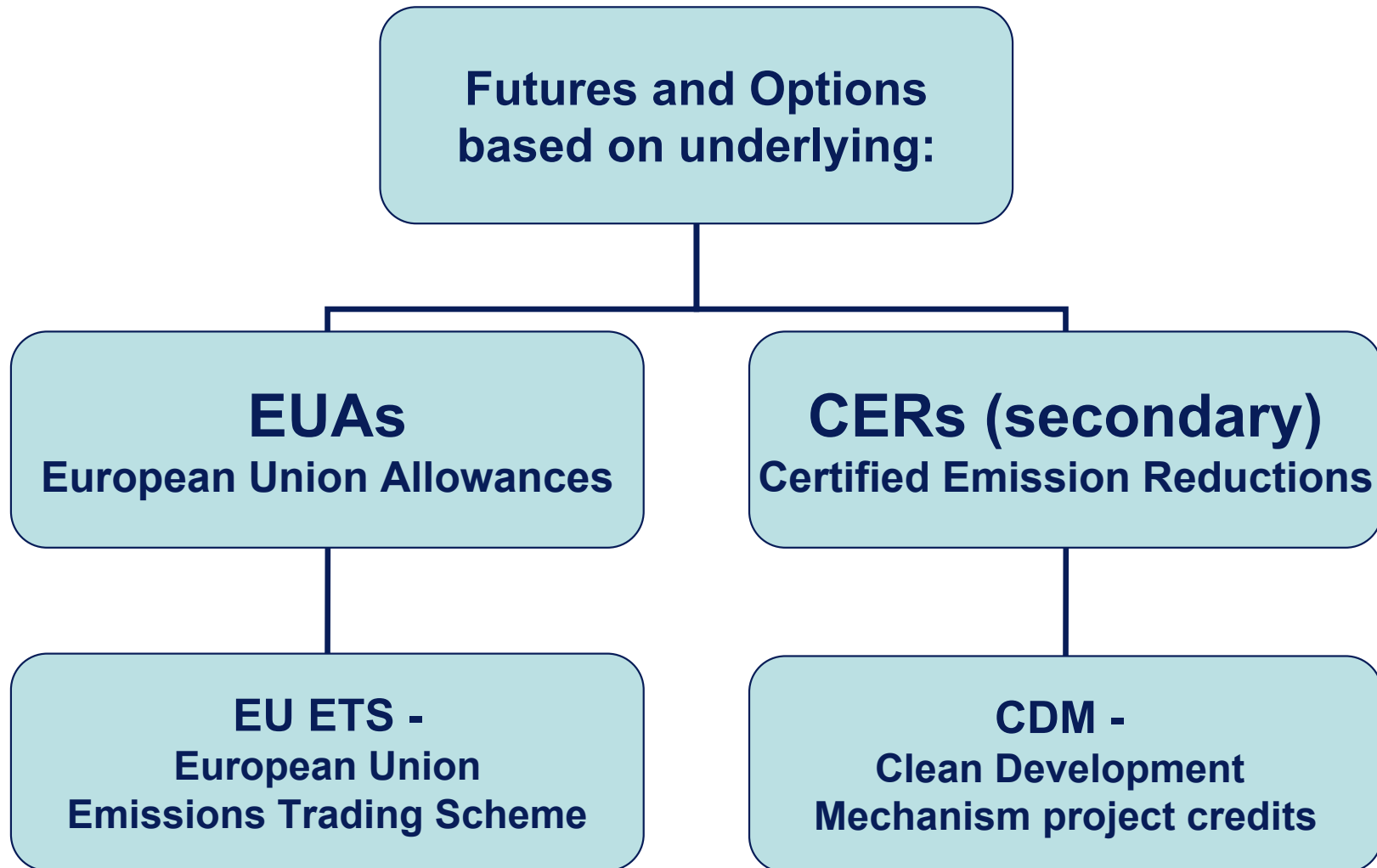


Mandatory Carbon Caps



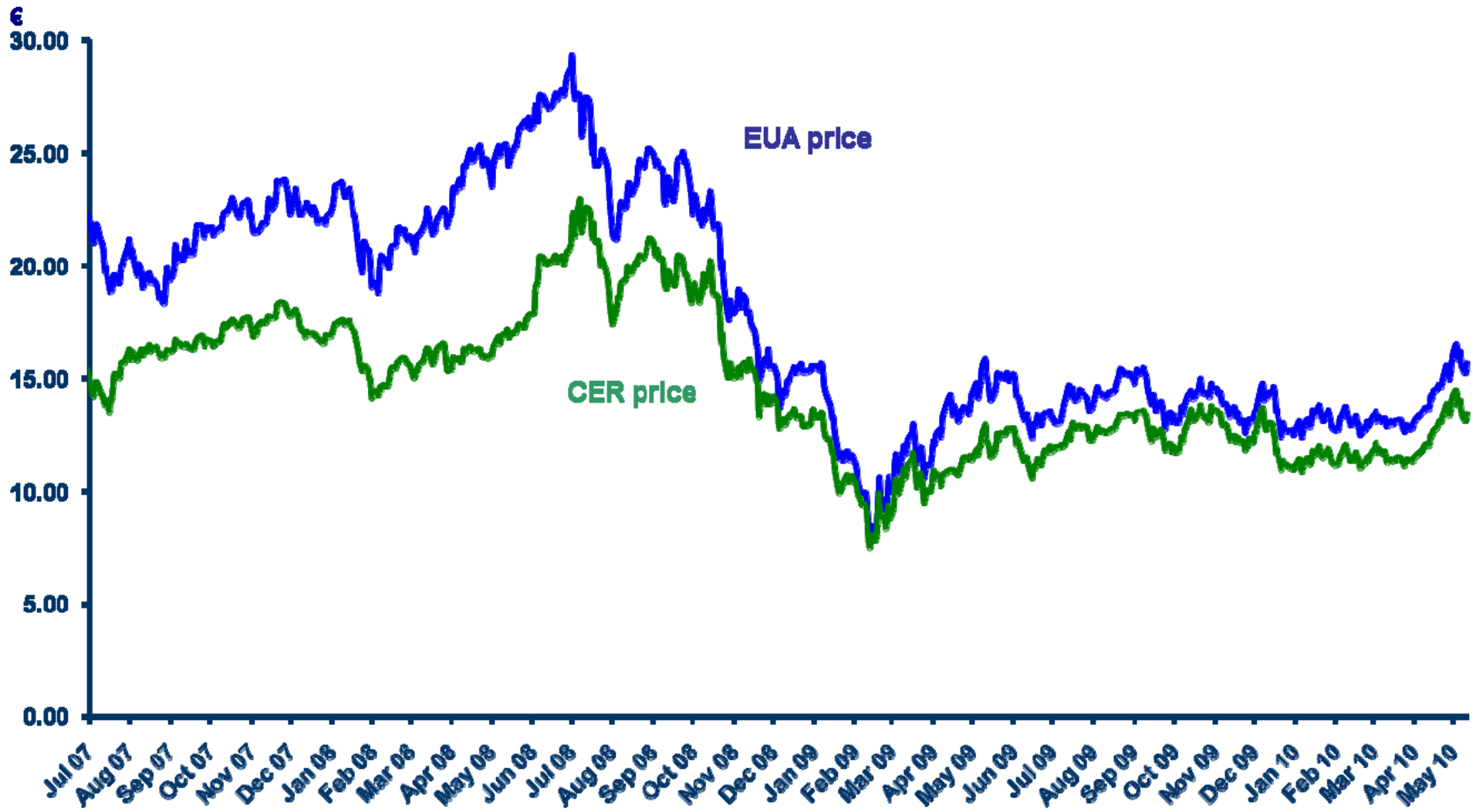


ECX Products





EUA-CER Prices (Front Dec 2007-10)





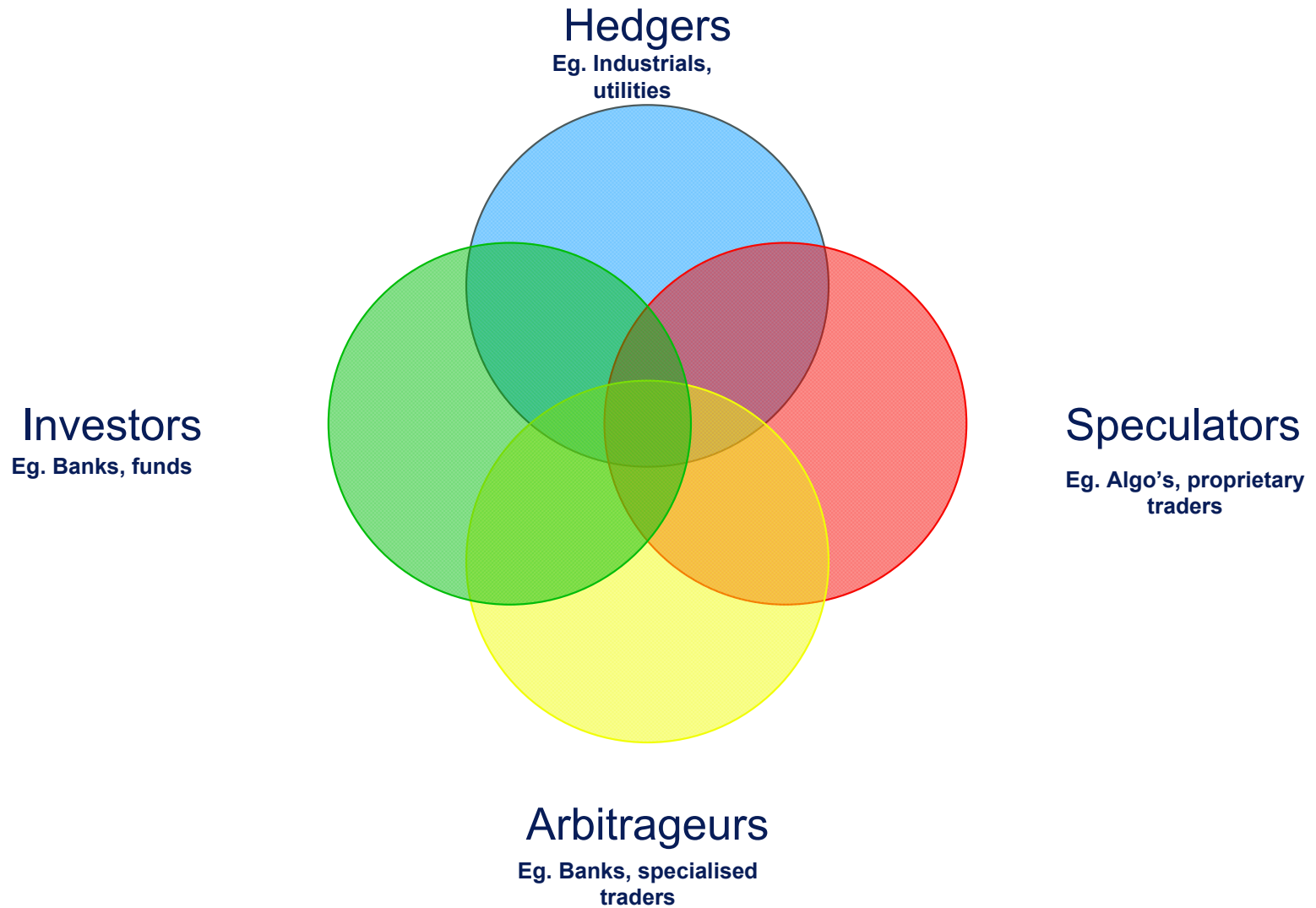
Price Drivers

Key asset characteristics – EUA supply is theoretically fixed so demand leads price formation. CER supply is variable but needs long-term signals.

- Macro
 - Political support
 - National developments
 - Economic (growth/recession)
 - Innovation
- Micro
 - Demand
 - Oil price
 - Coal price
 - Gas price
 - European weather/temperature
 - Interest rates
 - Exchange rates
 - Other markets
 - CDM supply



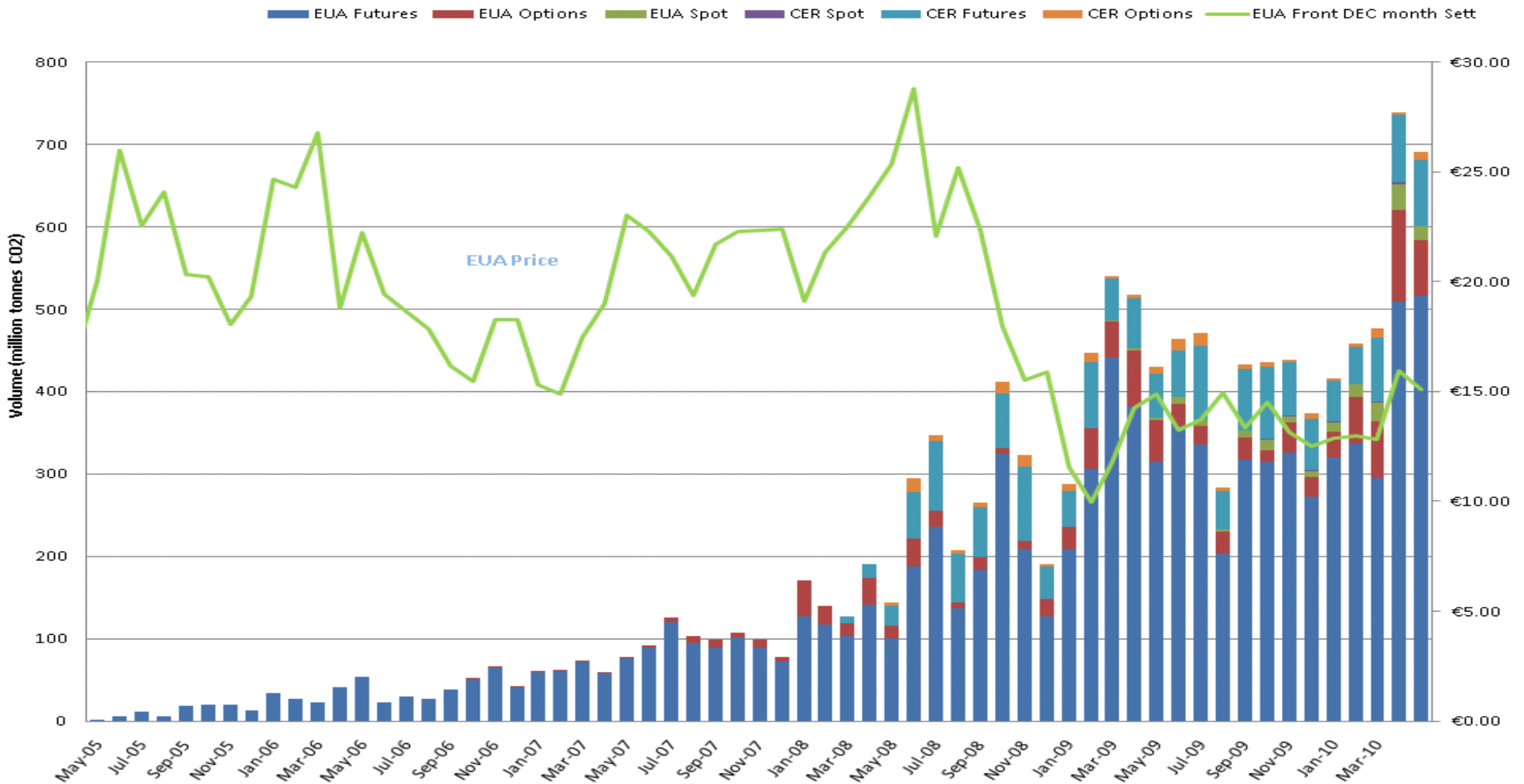
Who is the Market?





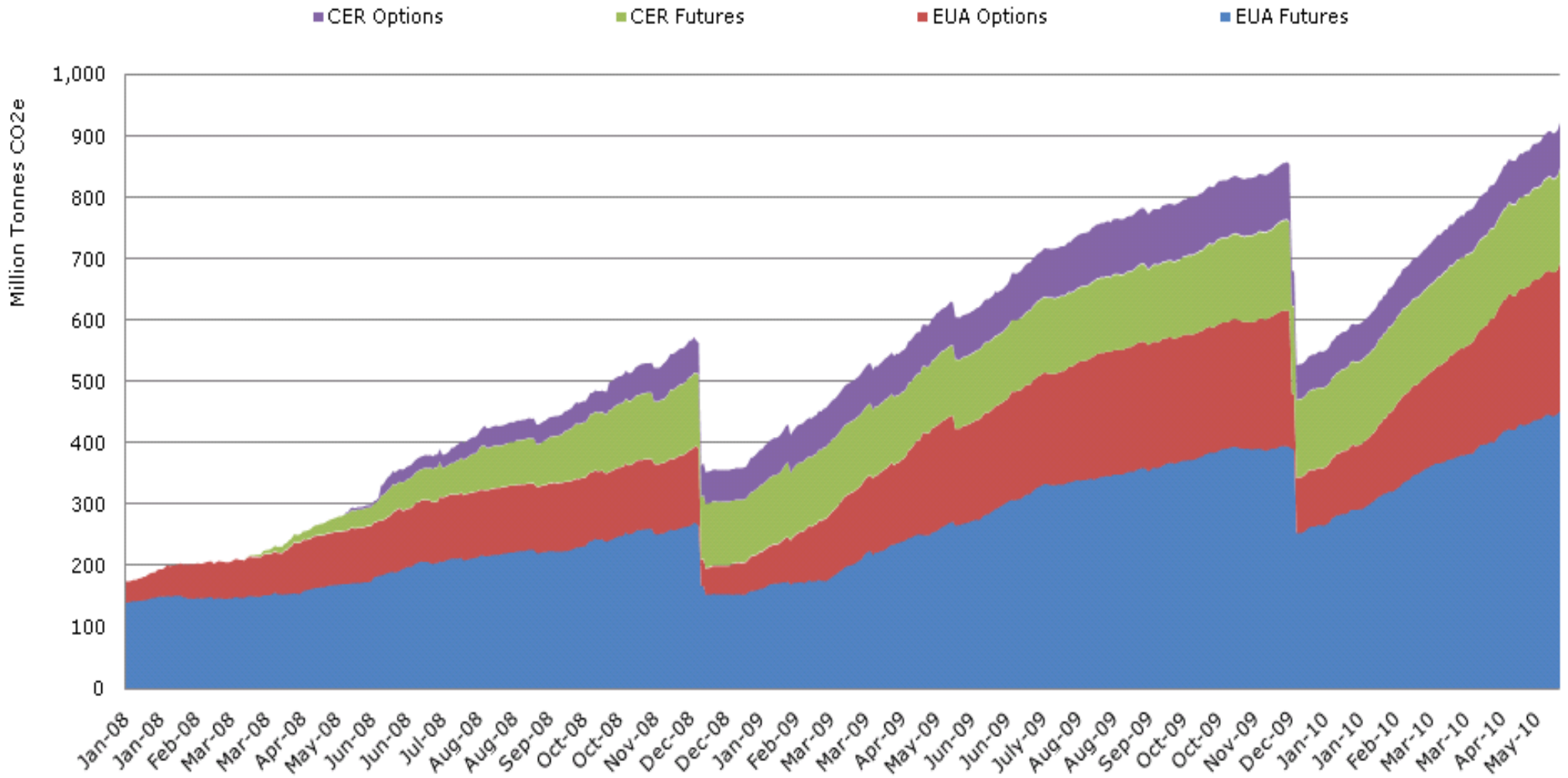
Price and volume ECX EUA Futures Contracts

ECX Monthly Volume & Settlement Price



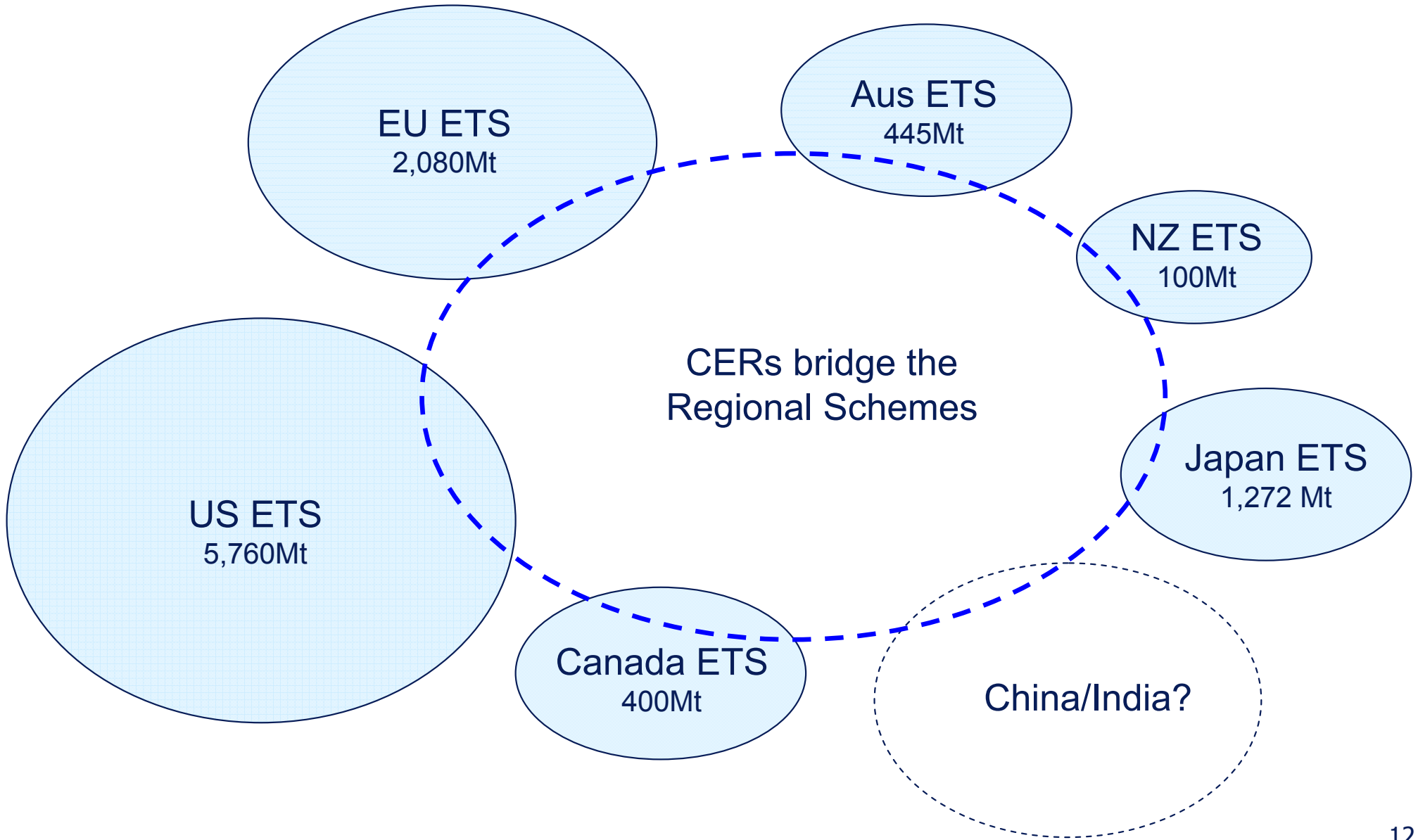


Open Interest ECX Contracts



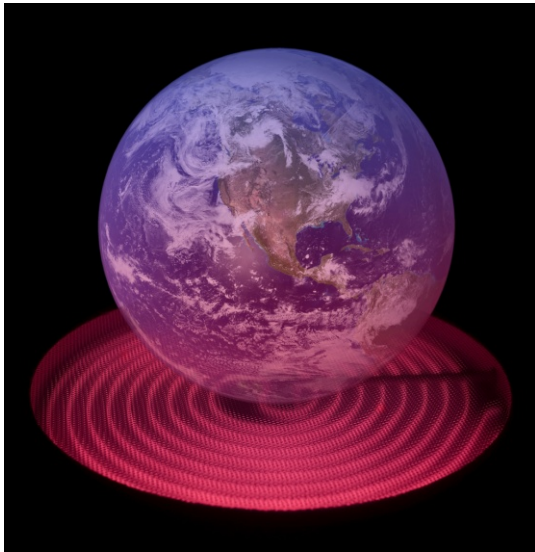


Where Next?





Multiple roads to the same destination





Watch this space!

“The total global carbon market value could reach €2 trillion (\$3.1 trillion) by 2020.”

- POINT CARBON, May 2008





ICE ECX Screen Shot



Product	Strip	+	-	Option	Strk	Sell	Qty	Bid	Offer	Qty	Buy	High	Low	Last	Volume	EFP Vol	Opt Block	Settlement	Change
ECX EUA Daily Futures	ECX Futures Today	+					5	14.57	14.63	30		14.75	14.44	14.60	1379	1025		14.42	0.18
ECX CER Daily Futures	ECX Futures Today	+					2	13.15	13.33	10		13.36	13.36	13.36	10	0		13.02	0.34
ECX EUA Futures	Jun10			☞													500	14.47	
ECX EUA Futures	Dec10	+		☞			2	14.72	14.75	35		14.89	14.54	14.74	16151	4006	2925	14.56	0.18
ECX EUA Futures	Dec11	+		☞			2	15.14	15.20	38		15.32	15.04	15.10	1234	453		15.01	0.09
ECX EUA Futures	Dec12	+		☞			2	15.88	15.92	15		16.03	15.76	15.86	2331	1175		15.75	0.11
ECX EUA Futures	Dec13	+		☞			10	17.00	17.08	15		16.98	16.94	17.09	48	300		16.93	0.05
ECX CER/EUA Spr	Dec10	+					25	-1.69	-1.65	5		-1.67	-1.70	-1.67	57	0		-1.70	0.03
ECX CER/EUA Spr	Dec11	+					10	-2.39	-2.35	25		-2.35	-2.40	-2.35	18	0		-2.41	0.06
ECX CER/EUA Spr	Dec12	+					25	-3.29	-3.26	25		-3.15	-3.27	-3.27	42	0		-3.34	0.07
ECX EUA Spr	Dec10/Dec13						10	-2.37	-2.32	10									-2.37
ECX EUA Spr	Dec10/Dec11	+					23	-0.45	-0.42	125		-0.41	-0.45	-0.45	841	0		-0.45	0.00
ECX EUA Spr	Dec10/Dec12	+					100	-1.18	-1.16	48		-1.15	-1.19	-1.18	1628	0		-1.19	0.01
ECX EUA Spr	Dec11/Dec12	+					2	-0.74	-0.72	25		-0.72	-0.75	-0.73	301	0		-0.74	0.01
ECX EUA Spr	Dec11/Dec13	+					10	-1.94	-1.88	10		-1.91	-1.91	-1.91	3	0		-1.92	0.01
ECX EUA Spr	Dec12/Dec13	+					22	-1.19	-1.16	24		-1.17	-1.18	-1.18	29	0		-1.18	0.00
ECX CER Futures	Dec10	+		☞			17	13.01	13.07	5		13.18	12.86	13.03	532	377	50	12.86	0.17
ECX CER Futures	Dec11	+		☞			30	12.74	12.83	5		12.90	12.60	12.79	176	83		12.60	0.19
ECX CER Futures	Dec12	+		☞			35	12.56	12.65	1		12.71	12.41	12.57	584	550		12.41	0.16
ECX CER Futures Spr	Dec10/Dec11	+					32	0.24	0.27	36		0.24	0.23	0.24	13	0		0.26	-0.02
ECX CER Futures Spr	Dec10/Dec12	+					1	0.42	0.45	55		0.46	0.42	0.42	40	0		0.45	-0.03
ECX CER Futures Spr	Dec11/Dec12	+					1	0.18	0.19	8		0.19	0.18	0.18	34	0		0.19	-0.01

ECX EUA Daily Futures - ECX EUA Daily - ECX Futures Today, 4 @ 14.60 (16:16:01 BST) ■

ECX EUA Futures - ECX - Dec10, 4 @ 14.74 (16:16:01 BST) ■

ECX EUA Futures - ECX - Dec10, 25 (16:13:47 BST) <<EFP/EFS>> ◆

ECX EUA Futures - ECX - Dec10, 15.00 Call European, 250 (16:13:30 BST) <<EFP/EFS>> ◆

ECX EUA Daily Futures - ECX EUA Daily - ECX Futures Today, 1 @ 14.60 (16:15:24 BST) ■

ECX EUA Futures - ECX - Dec10, 1 @ 14.74 (16:15:24 BST) ■

ECX CER Futures - ECX CER - Dec12, 200 (16:12:50 BST) <<EFP/EFS>> ◆

ECX EUA Futures - ECX - Dec10, 18 (16:12:56 BST) <<EFP/EFS>> ◆

ECX EUA Futures - ECX - Dec10, 1 @ 14.74 (16:14:38 BST) ■

ECX EUA Futures - ECX - Dec10, 1 @ 14.73 (16:14:18 BST) ■

ECX EUA Futures - ECX - Dec10, 12.00 Put European, 100 (16:12:13 BST) <<EFP/EFS>> ◆



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