

European Daily Carbon Markets



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↑ Heren CO₂ '06: EUR 29.98/tCO₂e

Market snapshot:

The market opened bullishly on Monday on the back of strong oil prices. The front contract Dec '06 contract dealt as high as EUR 30.60/tCO₂e during the session, easing in afternoon trade to below EUR 30.00/tCO₂e, as rumours regarding the Dutch emitting sector being net long for the first year of the ETS pressured prices. Dec '08 went back into backwardation with Dec '07, albeit slightly. Dec '07 closed at EUR 31.00/tCO₂e and Dec '08 at EUR 30.95/tCO₂e.

UK geo-pressure could provide 1 GW of extra supply

Generating power by harnessing the currently "wasted energy" used to reduce the pressure of natural gas could provide the UK with up to 1 GW of additional CO₂ free energy by 2010, according to Andrew Mercer, c.e.o. of ₂OC on Monday. The technology, already used in the US, Canada and Switzerland, could be fitted to the two thousand identified sites across the UK. A feasibility study, launched at the beginning of April, is currently being conducted by National Grid. The pressure of natural gas is gradually reduced from the time it comes out of the ground to when it reaches the end-user. These reductions are currently made using pressure reduction valves, with the pressure difference either side of the valve "simply wasted," according to Mercer. "Our technology, which is already demonstrated, achieves the same pressure reduction as the valves

but achieves it by making the high pressure gas drive a small turbine which generates electricity," ₂OC said.

As is the case with the majority of renewables, generating power from geo-pressure will face tough competitive disadvantages compared to other generating sources unless some form of subsidy is introduced.

Mercer told *The Heren Report* it was unlikely that big utilities would buy power produced by ₂OC with Renewable Obligation Certificates (ROCs). The first phase development would require between £350 million (EUR 504 million) and £500 million. ₂OC plans to be the operator of the geo-pressure power sites, and not to sell the technology to interested producers. ₂OC works in close partnership with geo-pressure energy technology company Cryostar, based in France and part of the BOC Group.

Dutch long in CO₂

The Dutch government is expected to announce on Tuesday that sectors under the ETS emitted less CO₂ in 2005 compared to their allocation, making them net long for the first year of the scheme. According to industry specialist *Point Carbon*, two separate sources revealed the ETS sector emitted 6 million tonnes less than it was awarded due to a sluggish year on terms of growth in 2005 and a reward system for early emissions reductions.

CER price rises

The fifth ACX-Change and New Values (Climex) CER auction saw a rise in prices for project based credits. A total of 350,000 tonnes of CERs were auctioned for three projects from Brazil, India and Sri Lanka. One project was sold for EUR 11.90.

"Since the first auction, prices have continued to rise from EUR 5.30 to EUR 9.20 and now to EUR 11.90," the exchanges said.

OTC assessment (€/tCO₂e)

Period	Bid	Offer	Diff.
2005 Spot	29.00	29.25	0.000
2006	29.70	29.80	0.000
2007	30.80	30.90	0.000
2008	30.95	31.05	0.000

ECX (€/tCO₂e)

Period	Midpoint	Diff
June '06	29.35	0.100
2006	29.85	0.100
2007	30.95	0.200

Nordpool (€/tCO₂e)

Period	Midpoint	Diff
2006	30.15	0.400
2007	31.30	0.550
2008	31.55	0.650

Carbon Spot (€/tCO₂e)

Exchange	Price	Volume (kt)
Powernext	29.430	91
EEX	29.790	44
Climex	29.900	5

UK Clean Spark Spreads

Period	Gas (p/th)	Power (€/MWh)	Spark spread (€/MWh)	Clean spread (€/MWh)
Day-ahead	41.00	39.48	11.01	2.54
May '06	42.00	41.90	12.73	4.26
Winter 06	86.34	70.50	10.54	1.91
Summer 07	50.39	47.50	12.51	3.72
Winter 07	75.24	64.75	12.50	3.69

UK Clean Dark Spreads

Period	Coal (\$/tonne)	Power (€/MWh)	Dark spread (€/MWh)	Clean spread (€/MWh)
Day-ahead	62.25	39.48	25.43	5.91
May '06	62.25	41.90	27.85	8.33
Winter 06	65.68	70.50	55.67	35.80
Summer 07	64.60	47.50	32.92	12.68
Winter 07	64.60	64.75	50.17	29.88

German Clean Spark Spreads

Period	Gas (€/MWh)	Power (€/MWh)	Spark spread (€/MWh)	Clean spread (€/MWh)
Day-ahead	21.31	52.57	9.21	-3.02
May '06	20.80	48.00	5.66	-6.56
Q3 '06	22.10	57.20	12.22	-0.01
Year 2007	29.70	60.05	-0.40	-13.08

German Clean Dark Spreads

Period	Coal (\$/tonne)	Power (€/MWh)	Dark sprd (€/MWh)	Clean sprd (€/MWh)
Day-ahead	62.25	52.57	32.28	3.72
May '06	62.25	48.00	27.70	-0.86
Q3 '06	67.00	57.20	35.36	6.80
Year 2007	64.60	60.05	38.99	9.37

A full methodology for EDCM is available on the Heren Energy website: www.heren.com

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