PRESS RELEASE

Carbon Market Data publishes key figures on the European emissions trading scheme

London, 2 June 2006 - Carbon Market Data, a new start-up providing specialised information services for the growing carbon trading sector, has issued a data summary on the recent release of the EU Emissions Trading Scheme ‘s 2005 verified emissions.

Based on Carbon Market Data calculations, the EU emissions trading scheme (EU ETS) installations were long by 61.2 Mt in 2005 (they emitted 61.2 million tonnes CO2 less than they were allowed). This figure is derived from verified emissions data (as shown in the Community Transaction Log on 26 May 2005) submitted by 97% of the approximately 9500 installations currently included in the Independent Community Transaction Log. It shows that EU ETS installations were overallocated - in average - by 3.35%.

These data do not include Poland, Malta, Cyprus and Luxemburg.

In 2005, the 21 countries with active registries allocated to their installations a total of 1836 million allowances (an allowance is a permit to emit one tonne of carbon dioxide). Verified emissions data show that these installations emitted during the same period 1792 MtCO2. The calculated surplus of 61.2 Mt is not equal to the difference between the totals of allocated allowances and verified emissions as it does not take into account the 200 installations that have not yet received their allowances.

This provisional EU carbon market surplus of 61.2 Mt is expected to grow even further when the Polish verified emissions data will be published.

In the last draft of its national allocation plan (still to be approved by the European Commission), the Polish government proposes to allocate 246 million allowances for the year 2005 to its installations. By taking a conservative assumption (based on data from other Eastern European countries) of a Polish market overallocation in the 10-20% range, and taking into account the missing verified emissions data for other countries, we can then estimate the overall EU ETS market surplus for the year 2005 to be between 80 and 105 million allowances (which represents an overallocation percentage of between 3.8% and 5%).
Though, this forecast depends heavily on what the European Commission will decide regarding the future adoption of the Polish national allocation plan. As the European Commission is now informed on the level of most Polish 2005 verified emissions, by adopting the proposed Polish allocation, or requesting a further cut in distributed allowances, it can actually decide on the final level of the 2005 EU ETS market position.

The graph below shows the EU ETS emissions-to-cap (the difference between the verified emissions and the distributed allowances) figures of the 21 countries with active registries. In 2005, six countries allocated to their installations – in aggregate - less allowances than they needed: Austria (1 Mt), Greece (0.2 Mt), Ireland (1.5 Mt), Italy (10.5 Mt), Spain (10.5 Mt) and the UK (31 Mt).

Except Portugal and Slovenia - that had a surplus of 0.5 million allowances each - all other countries were substantially long in allowances: Belgium (3.5 Mt), Czech Republic (14 Mt), Denmark (11 Mt), Estonia (4 Mt), Finland (11.5 Mt), France (19 Mt), Germany (25 Mt), Hungary (4 Mt), Latvia (1 Mt), Lithuania (7 Mt), Netherlands (6 Mt), Slovak Republic (5 Mt) and Sweden (3 Mt).
In the graph shown below are displayed the same emissions-to-cap figures, but this time expressed in percentage of the number of EU allowances (EUAs) distributed by each country.

It is interesting to note that two of the most overallocated countries, Lithuania and Denmark, do not have a linear allocation during the first phase (2005-2007) and will see a substantial reduction in their allocation of EUAs for 2006 and 2007. Conversely, Estonia, already well supplied in EUAs with a 2005 surplus of 25%, will see its annual allocation rise by a further 30% by 2007.
The graph below shows for each country the number of verified emissions versus the total number of distributed allowances for the year 2005.

The figure displayed represents the number of verified emissions; the red color represents the shortage in EUAs and the green color the surplus in EUAs.
Sectors

According to Carbon Market Data estimates, the combustion installations for the 21 countries with active registries were long in 2005 – in aggregate - by about 2.5 million tonnes CO2. A number of combustion installations belong to the power and heat sector but many other combustion installations belong to other industrial sectors, which explains this surplus.

Europe-wide, the sector that has received the biggest overallocation in 2005 – by far - is the iron and steel sector, that appears to be long by 26 million allowances. The second and third biggest overallocations per sector (in volumes) concern respectively the cement and lime sector (-9.7 Mt) and the refineries (-7.2 Mt).

In terms of percentage of overallocation, the most allocated sector is the “Other installations” sector (-18.2%) – which includes the installations that have “opted in” the EU ETS - followed closely by the iron & steel sector (-17.7%) and the bricks & ceramics sector (-17.5%). The sector of combustion installations is nearly at par (-0.2%), whereas the second and third lowest overallocations concern the cement and lime sector (-4.4%) and the refineries (-5.3%).

The table below displays the Europe-wide emissions-to-cap figures (in millions of allowances and in % of the total number of allowances distributed) per sector.

<table>
<thead>
<tr>
<th>EU ETS sector</th>
<th>Combustion</th>
<th>Refining</th>
<th>Coke ovens</th>
<th>Roasting &amp; sintering</th>
<th>Iron &amp; steel</th>
<th>Cement &amp; Lime</th>
<th>Glass</th>
<th>Bricks &amp; ceramics</th>
<th>Paper</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions-to-cap (Mt)</td>
<td>-2.5</td>
<td>-7.2</td>
<td>-0.8</td>
<td>-0.9</td>
<td>-26</td>
<td>-9.7</td>
<td>-1.8</td>
<td>-2.6</td>
<td>-6.5</td>
<td>-3</td>
</tr>
<tr>
<td>Emissions-to-cap %</td>
<td>-0.2%</td>
<td>-5.3%</td>
<td>-14.5%</td>
<td>-10.6%</td>
<td>-17.7%</td>
<td>-4.4%</td>
<td>-9.1%</td>
<td>-17.5%</td>
<td>-8.8%</td>
<td>-18.2%</td>
</tr>
</tbody>
</table>

www.carbonmarketdata.com
Iron & steel sector

As explained above, the iron and steel sector was in 2005 the most overallocated sector in terms of volume, and was the second most overallocated sector in relative terms (% of cap).

It is therefore interesting to look at every country’s iron and steel sector allocation to analyse the differences in allocation, which might have consequences in terms of industry competitiveness (though it has to be noted that the big metal producers are likely to have installations in various European countries) and state aid rules.

As shown in the graph below, in terms of volumes, the biggest overallocation for metal producers occurred in Belgium (6 Mt), followed by Netherlands (3.9 Mt), Spain (3.3 Mt) and Sweden (3.1 Mt). Whereas in terms of percentage of overallocation, Greece (-52%), Sweden (-43%) and Hungary (-43%) top the rankings.

Activity: Iron & steel
Note for journalists:

All data and graphs shown in this press release (in this email and on the website) are **available for free for publication** by any newspaper, magazine and information provider (electronically or on paper). Please state the source of the data - Carbon Market Data - together with the website address [http://www.carbonmarketdata.com](http://www.carbonmarketdata.com) next to the graphs used and within the article.

CONTACT

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