carbon market data

EU ETS 2006 Data Summary

Carbon Market Data publishes key figures on the European emissions trading scheme for the year 2006

[*Important note:* Figures displayed in this article do not include the EU allowances distributed for free to new entrants, as these data are not shown in the Community Independent Transaction Log (the EU ETS registry).]

Based on Carbon Market Data calculations, the EU emissions trading scheme (EU ETS) installations were **long by 37 Mt** in 2006 (they emitted 37 million tonnes CO2 less than they were allowed). This figure is derived from the verified emissions data submitted by approximately 10800 installations currently included in the trading scheme. It shows that EU ETS installations emitted - on average - **1.79%** less CO2 than the number of distributed allowances they received for free.

These data do not include Romania and Bulgaria.

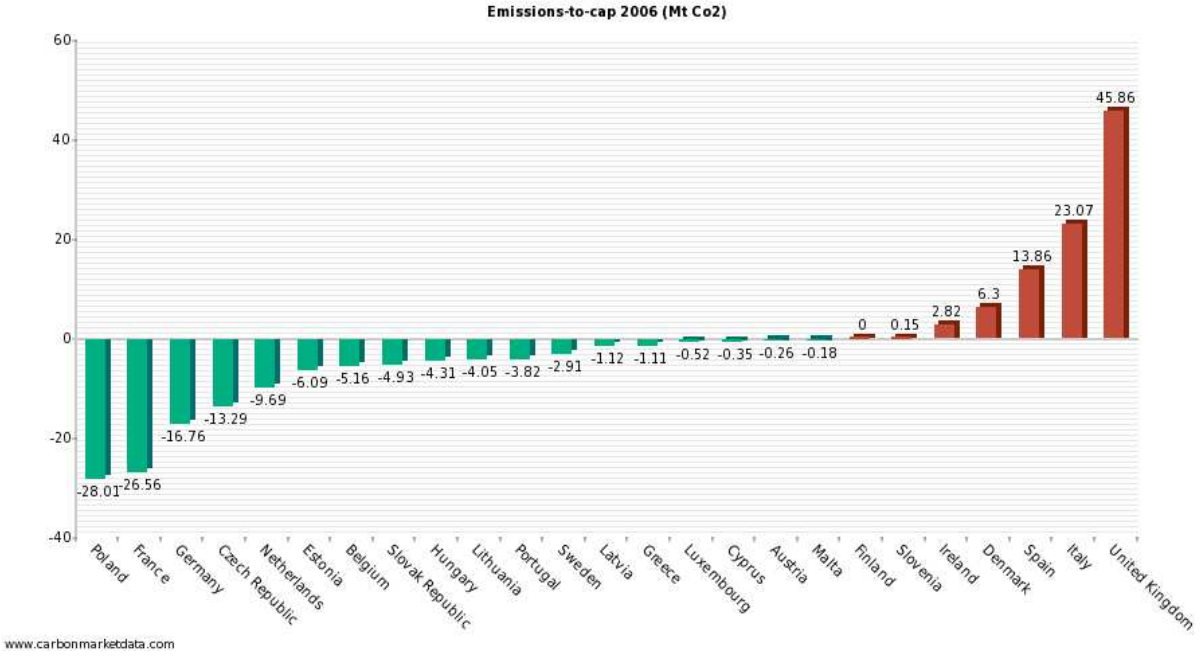
In 2006, the 25 countries with active registries allocated for free to their installations a total of **2068 million allowances** (an allowance is a permit to emit one tonne of carbon dioxide). Verified emissions data show that these installations emitted during the same period **2031 MtCO2**. This represents an increase of **0.65%** by comparison with total emissions in 2005 (this figure includes the 300 new installations that entered the scheme since its inception).

In 2006, seven countries allocated to their installations – in aggregate - less allowances than they emitted: Slovenia (0.15 Mt), Ireland (2.8 Mt), Denmark (6.3 Mt), Spain (13.8 Mt), Italy (23 Mt), and the UK (45.9 Mt).

Finnish installations were nearly at par with a small shortage of just four thousand EU allowances (EUAs).

All the other countries allocated to their installations more allowances than the amount of emissions emitted in 2006. Poland (-28 Mt), France (-26.5 Mt), Germany (-16.7 Mt), the Czech Republic (-13.3 Mt) and the Netherlands (-9.7 Mt) are topping the league of countries with a EUA surplus, whereas Malta (-0.18 Mt), Austria (-0.26 Mt), Cyprus (-0.35 Mt) and Luxembourg (-0.51 Mt) have, in absolute terms, a very small EUA surplus.

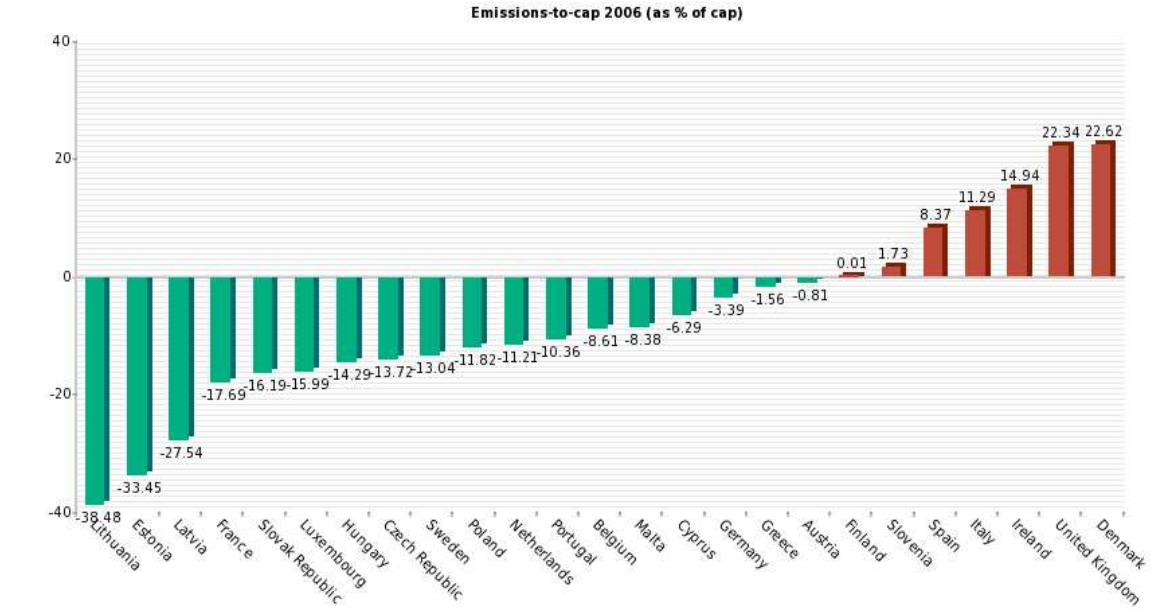
The graph below shows the EU ETS **emissions-to-cap** (the difference between the verified emissions and the distributed allowances) figures of the **25 countries** with active registries.



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 distributed by each country.

Denmark ‘s emissions are 22.6% above the national cap fixed in 2006, whereas in 2005 Danish emissions were among the lowest, 28.9% under the national cap. This is due to the reduction by 25% of the number of distributed allowances in 2006, combined with a lower hydro power generation.

Finland, after seeing its emissions soaring by nearly 35% in 2006, saw its emissions-to-cap at par, while in 2005 Finnish emissions were 26% under the national cap.



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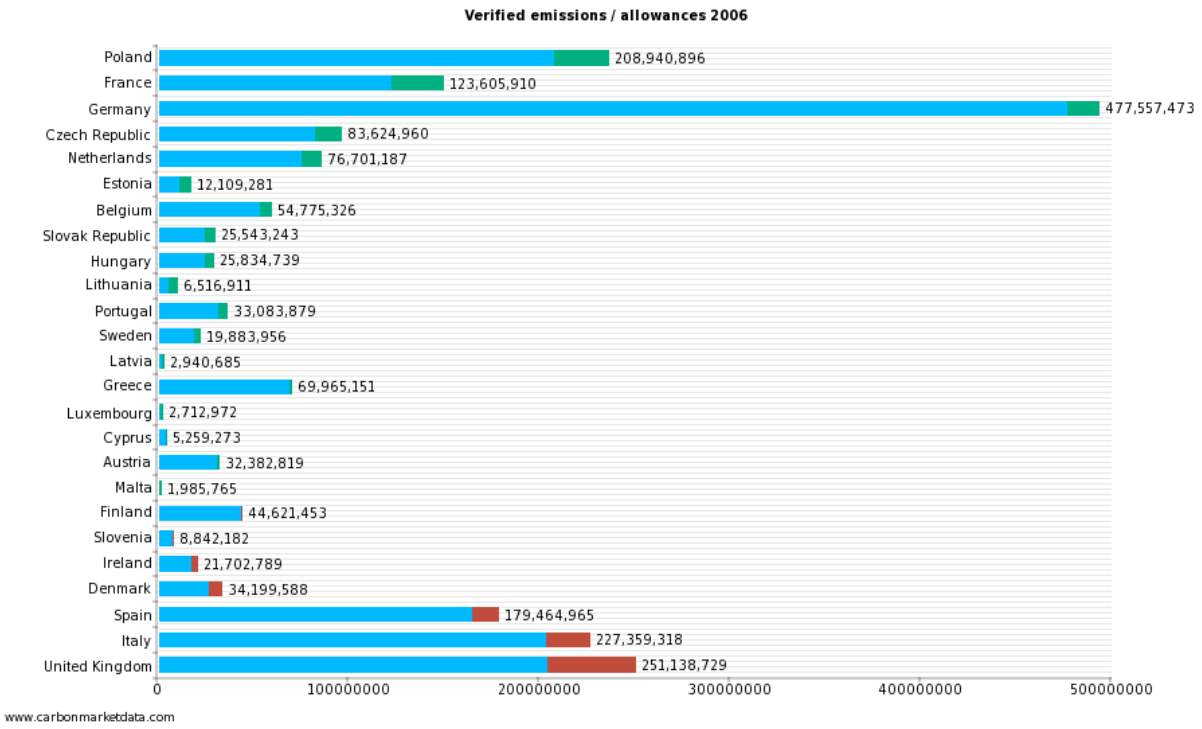
The graph below shows for each country the number of verified emissions versus the total number of distributed allowances for the year 2006. Countries are ranked according to their emissions-to-cap expressed in absolute terms.

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 25 countries with active registries were short in 2006 – in aggregate - by 29.6 million tonnes CO2. This has to be compared with a surplus of 8.2 Mt in 2005. Despite the inclusion of new installations, emissions from the combustion sector grew only by 0.5% from the previous year.

Europe-wide, the sector that had the biggest EUA surplus in 2006 – by far - is the iron and steel sector, that appears to be long by about 29 million allowances. This surplus helps iron and steel companies to face the increase in power prices. Though, for the year 2007, with a EUA price close to zero, this EUA "bonanza" will be helpless for the iron and steel companies that had not sold forward their surplus of 2007-vintage EUAs.

The sector with the second highest EUA surplus (in volume) is the refining sector (-9.1 Mt), of which emissions decreased by nearly 1% from the previous year.

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.

EU ETS sector	Combustion	Refining	Coke ovens	Roasting & sintering	Iron & steel	Cement & Lime	Glass	Bricks & ceramics	Paper	Other
Emissions-to-cap (Mt)	29.6	-9.1	-1.5	-0.7	-29.1	-7	-2.3	-2.7	-6.8	-7.4
Emissions-to-cap %	2.10 %	-5.76 %	-6.5 %	-7.6 %	-17.3 %	-3.7 %	-10.5 %	-16.2 %	-18.5 %	-22.3 %
Emissions evolution (2006/05)	+0.5 %	-0.9 %	+11 %	+3.3 %	+3.5 %	+2.5 %	-0.7 %	+0.7 %	+0.3 %	-15 %

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Iron & steel sector

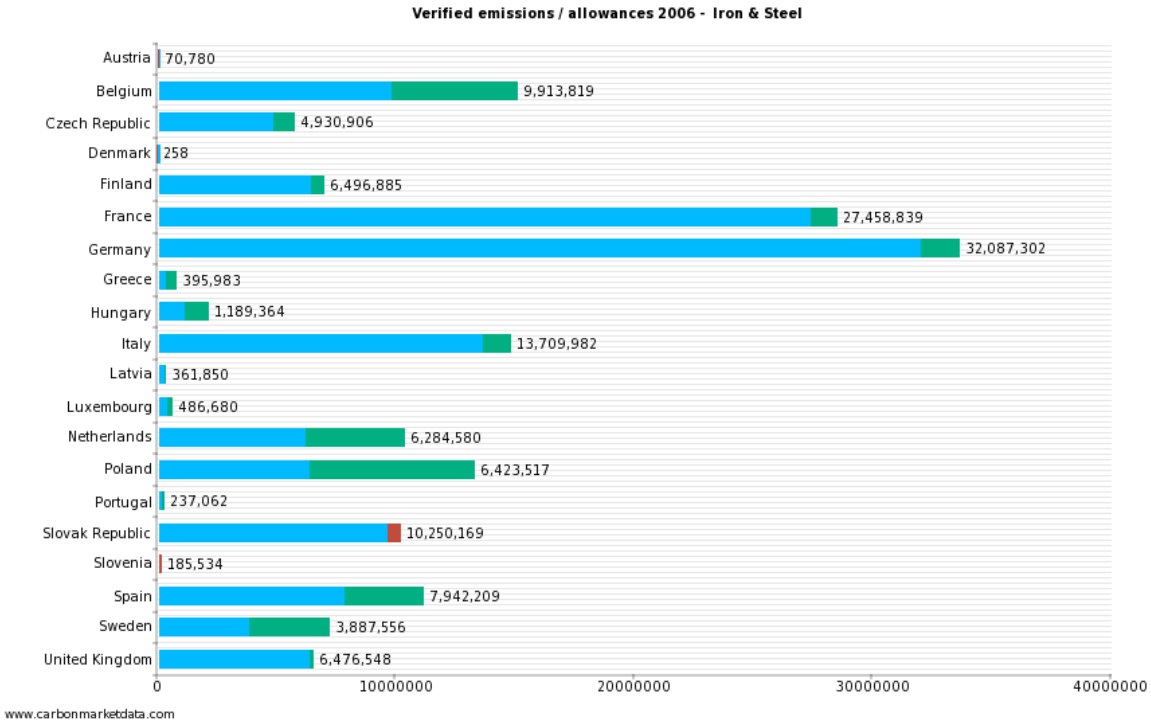
As explained above, the iron and steel sector was in 2006 the most overallocated sector in terms of volume, and was the third most overallocated sector in relative terms (% of cap).

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 competitivity (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 Poland (6.9 Mt), Belgium (5.2 Mt), followed by Netherlands (4.1 Mt), Sweden (3.4 Mt) and Spain (3.3 Mt).

Between 2005 and 2006, the highest increase of emissions from iron and steel installations occurred in Poland (+22 %), followed by Luxembourg (+21.8%) and the Slovak Republic (+12.4 %).

Activity: Iron & steel



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CONTACT

For more information on Carbon Market Data, or questions regarding our EU ETS Database, please contact:

Cédric Bleuez
Email: cedric.bleuez@carbonmarketdata.com
Tel: +44 (0) 845 868 5393
