CARBON MARKET UPDATE

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Cape Town
GLOBAL CARBON MARKET VOLUME (MT) AND VOLUME-WEIGHTED AVERAGE PRICE (€/T)

Source: Figures taken from Bloomberg, ECX, Bluenext, EEX, CCX, Nordpool, include UNFCCC and our own Bloomberg New Energy Finance estimations. "Others" includes RGGI and NSW GGAS.
GLOBAL CARBON MARKET VALUE (€BN)

Source: Figures taken from Bloomberg, ECX, Bluenext, EEX, CCX, Nordpool, include UNFCCC and our own Bloomberg New Energy Finance estimations. "Others" includes RGGI and NSW GGAS.
PROJECTED GROWTH OF CARBON MARKET (€BN)

Assumes: EU 21% target in 2020 on 2005 levels, continuation of CDM, oneway linking between EU and Australia, capped markets in South Korea, Japan, Australia, New Zealand, California, Japanese volume includes bilateral offsets,

Bloomberg New Energy Finance
HISTORICAL PRICES (€/TCO2E)

Source: Bloomberg New Energy Finance
EU ETS EMISSIONS

**Absolute emissions include all reporting installations irrespective of change in coverage between years**

**Relative emissions only include installations which have reported in each year from 2005-10**

**Emissions index**

- Dec 2012 EUA price

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**Relative emissions only include installations which have reported in each year from 2005-10**

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EU ETS EMISSIONS AND CAP - EXCLUDING CER IMPORTS (MTCO2)

Emissions forecast

21% EU ETS cap

All projections as of 26 July 2012.

Source: Bloomberg New Energy Finance
EU ETS EMISSIONS AND CAP – INCLUDING CER IMPORTS (MTCO2)

All projections as of 26 July 2012.

Source: Bloomberg New Energy Finance
ANNUAL EU ETS DEMAND (MTCO2/YR)

Source Bloomberg New Energy Finance

All projections as of 26 July 2012.
EU ETS now projected to become short in 2029

All projections as of 26 July 2012.

Source Bloomberg New Energy Finance
FUNDAMENTALS MODIFIED FOR HEDGING ACTIVITY AND BACKLOADING (MTCO2/YR)

EU ETS now projected to become short in 2024

Demand relative to 21% cap
Demand with hedging
Demand with hedging and backloading

All projections as of 26 July 2012.

Source Bloomberg New Energy Finance
COST OF ABATEMENT IN 2024

Abatement delivered by base case (130Mt)
Annual demand including credit imports (369Mt)
Annual demand excluding credit imports (519Mt)

€70 - €100/t CO2

Source: Bloomberg New Energy Finance
CER PRICES AND TRENDS

€/tCO2

UN issues the 1 billionth CER

Dec-12 CER price falls below €2/t for the first time

Dec-12 CER closes at a record low €1.53/t

EUA-CER swapping activity provides support for CER prices

Dec-12 EUA-CER spread widens to record €5.98/t

Ukraine announces it has issued 20.5Mt of ERUs since end-July

Aggregate volume

Source: Bloomberg New Energy Finance
GLOBAL CER SUPPLY - ACTUAL AND FORECAST

Estimated demand from non EU ETS demand centres

Non EU ETS eligible

Eligible & available to the EU ETS

Source: Bloomberg New Energy Finance
GLOBAL CER SUPPLY - ACTUAL AND FORECAST

Source: Bloomberg New Energy Finance
SHAPE OF THE WORLD CER MARKET

Demand

Supply

MtCO2e

€/t

0

50

0

10

20

30

40

50

0

1,000

2,000

3,000

4,000

5,000

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