



MARKET COMMENT

European carbon prices closed Tuesday at similar levels to Monday despite seeing some volatility during early morning trade.

Crude oil futures were heavily sold off overnight, the effect of which was to pressure UK summer gas prices, which in turn dragged the NBP gas curve down and leaving carbon to open 23 cents down at €21.80.

Carbon came under further pressure during the morning and traded down to €21.50 before finding strong support. Prices rebounded in late morning and traded around €21.80 before rising continental power prices provided support and 2005 forwards closed around €22.00 by 16.30 London time. A 2007-2008 spread trade was heard executed at -€0.15 while 2005/2006 spreads were pegged around -€0.20.

Volume picked up today with close to one million allowances trading across all platforms. ECX saw 116,000 allowances trade on its exchange while Nord Pool saw 75,000 allowances change hands. In the spot market, Powernext saw 20,000 allowances trade and EEX saw around 10,000 allowances. Around 700,000 allowances traded OTC with 50,000 for Phase II.

E.ON UK restarts Killingholme CCGT

E.ON UK today switched its Killingholme Power Station to full service in what is believed a world first.

Killingholme was the second gas-fired power station to be built in the UK, in 1993. The Lincolnshire station with two gas-fired combined-cycle 450 MW turbines was operationally withdrawn in 2002 to 2003. The plant is now back up and running, even though high gas prices are prompting generators increasingly to switch to coal-fired plants.

E.ON's Killingholme station was allocated a total 4.3 million allowances under the UK national allocation plan, meaning it can emit up to 1.4 million tonnes of carbon dioxide each year freely. If it emits more than that it must buy allowances from the market.

Dr Paul Golby, Chief Executive of E.ON UK, said: "It's further evidence of E.ON UK's moves to reduce emissions from our power stations."

For more news visit www.pointcarbon.com

EU ETS volume-weighted assessment (€/t)

Delivery	Assessment	Change	Volume
EUA 2005	21.71	-0.26	225,000
EUA 2006	21.84	-0.26	10,000
EUA 2007	22.16	-0.26	0

EU ETS closing prices (€/t)

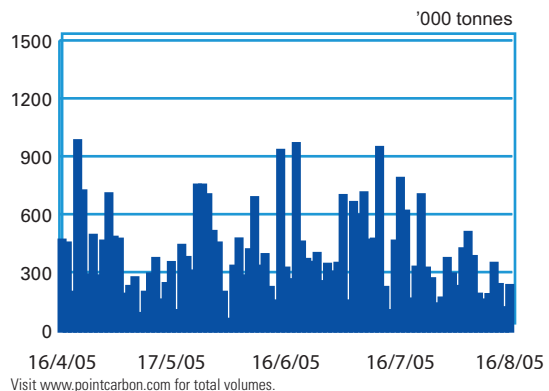
Delivery	Bid	Offer	Close
EUA 2005	21.90	22.10	22.00
EUA 2006	22.10	22.30	22.20
EUA 2007	22.30	22.50	22.40

EUA 2005 historical prices



* Visit www.pointcarbon.com for methodology.

EUA 2005 historical volumes



Visit www.pointcarbon.com for total volumes.

Editor: Andrew Allan
 Tel.: +44 20 7190 1640
 Adr.: Bracton House, 34-36 High Holborn
 London WC1V 6AE, United Kingdom
 Email: aal@pointcarbon.com