



## Carbon Market Report *April Month End 2008*

### **North America Carbon Wrap-Up**

In a study released by the Energy Information Agency (EIA), the statistical arm of the Department of Energy, the perceived impact of the Lieberman Warner Federal Cap and Trade bill is slated to have only marginal effects on the health of the US economy. Findings of the report stated that US economic growth to 2030 would be reduced by only 0.3%. The report states that the institution of the cap and trade system will help to spur technology advancements in the fields of carbon capture and storage for coal fired power plants, as well as further advancements in the development of emerging renewable energy technologies. The bill will be brought to the senate floor for consideration on the 2<sup>nd</sup> of June. Upon receiving the necessary 60 votes to progress, the bill will be conferenced with a companion bill in the house.

In Canada, March 31 marked the end of the 'true-up' for the 1<sup>st</sup> compliance period of the intensity based Alberta compliance carbon program. Running from July 1<sup>st</sup> to Dec 31<sup>st</sup> of 2007, participants were required to reduce their 2003-2005 emissions intensity baselines by 12%. Those that could not comply had the option of purchasing Carbon Offset projects originating within the province.

To that end, 2.6 million offsets credits changed hands with a notional value of \$40 million Canadian Dollars. Offset projects traded near the alternative compliance payment level of \$15 per ton as buyers scrambled to square away their obligations as the end to the 'true-up' period approached. The program aims to halve the Province's emissions growth by 2050.

Turning attention to the Regional Greenhouse Gas Initiative (RGGI), the market continues to see activity in Allowances for December 2009 delivery, with the liquid prompt vintage trading up to \$7.25 per ton before retracing to trade last at \$7.05. The 1<sup>st</sup> RGGI auction is slated to take place on September 1<sup>st</sup>, and it is still unknown as to how many allowances will go under the hammer. Rulemaking stipulates that the number of allowances to be auctioned must be declared no later than 45 prior the auction date, thus making August 14<sup>th</sup> a critical date in the run up to this event. TFS continues to make markets for Dec 09 Allowances as well as different option structures with varying strike prices for both December 2009 and 2010 expirations. Please call in for updated levels in these markets.



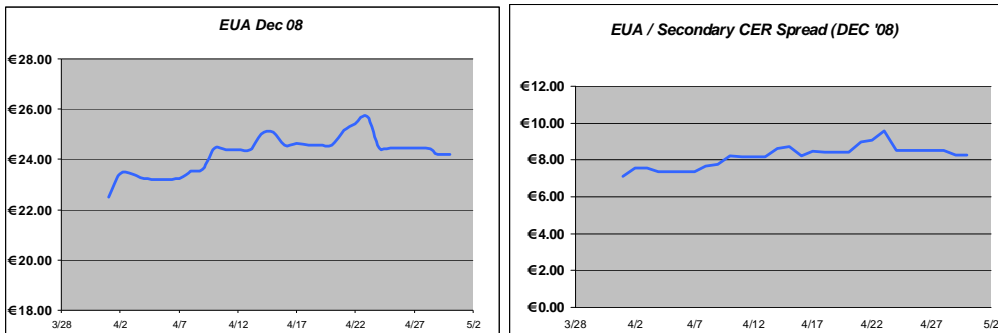
**Navigating**  
the Carbon World

Please come visit the TFS Energy stand at the upcoming: **Navigating the Carbon World: 15-16 May 2008, San Diego** – jointly held by Point Carbon and the California Climate Action Registry

## **Global Market Wrap-Up**

The Dec 08 EUA was bid up to an 11 month high of €25.70 on April 23<sup>rd</sup> on the back of record volumes traded. The move up was spurred by a bullish overall energy complex. The market found some relief as profit takers stepped in to bring pricing back beneath the key physiological level of €25 per ton. The beginning of May saw the buyers step in to bid carbon back up to close on May 6<sup>th</sup> €25.30 / 25.40.

The spread on the Secondary CER for delivery in Dec 08 vs. the Dec 08 EUA went out to €9.60 in tandem with the EUA intra-month high. The SCER market found resistance at the €16.50 level and could not break through despite the accompanying strength in the EUA market. At the close on May 6<sup>th</sup>, the Dec 08 SCER came in €16.55 / 16.70 with the 2008-2012 Strip coming in €16.65 / 16.80.



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