

# The Carbon Market: Linking the EU ETS with other trading schemes



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***Brussels, 14<sup>th</sup> June 2007***

**ECCP working group on Emissions Trading**

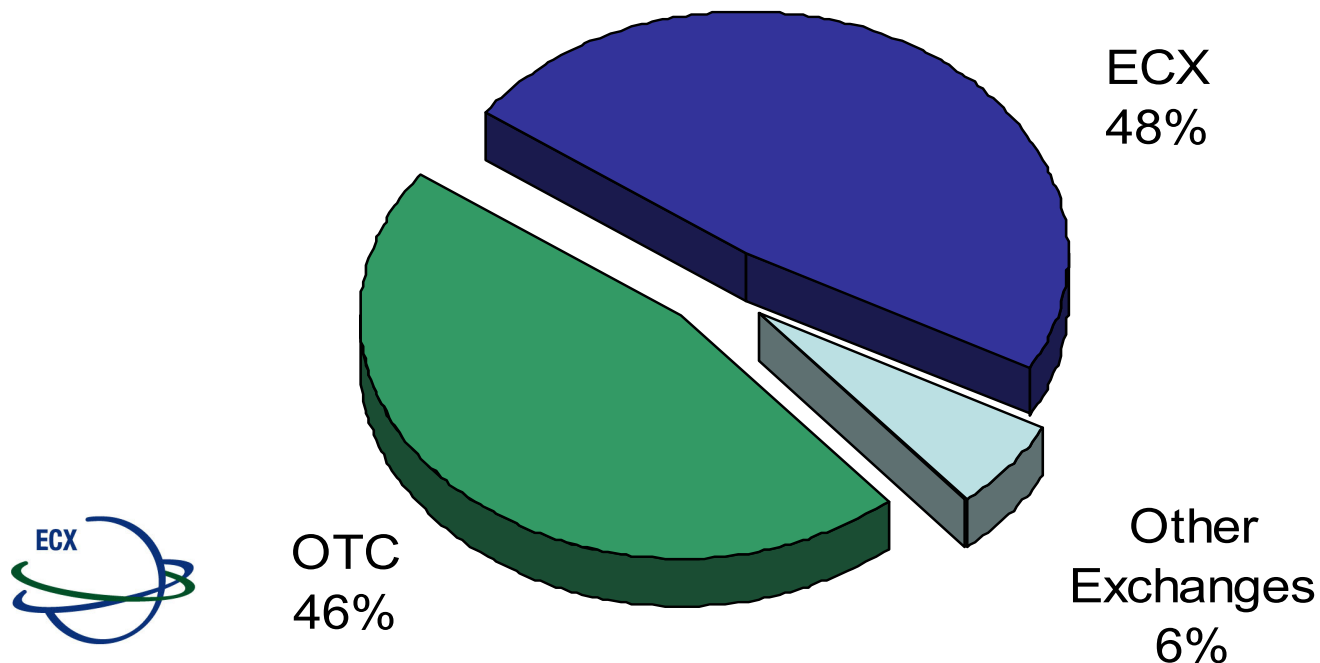


**EUROPEAN CLIMATE EXCHANGE**

# Who is ECX?

- Europe's largest exchange for Emissions Trading
- Over 900 million tonnes of EUAs traded since Apr 2005
- All major EU ETS participants active on ECX

EU ETS Market Shares 2005-2007:



# ECX Members List

Accord Energy	EDP	Natexis Commodity Markets
ADM Investor Services International	E&T Energie Handelsgesellschaft	Optiver US
All Energy Trading	Electrabel	Optiver VOF
Ambrian Commodities	Endesa Generacion	Rand Financial Services
Amerex Futures	Fimat International Banque	RBC Capital Markets Corporation
Atel Trading	First New York Securities	R.J. O'Brien & Associates
Bache Commodities	Fortis Bank Global Clearing	Saxon Financials Energy
Banco Santander Central Hispano	Gazprom Marketing & Trading	Schnell & Co.
Barclays Capital	Goldman Sachs International	Scottish Power Energy Management
Bear Stearns International	HSBC Bank	SEB Futures
BHF - Bank	ICAP Securities	Sempra Energy Europe
BNP Paribas Commodity Futures	IMC	Shell Energy Trading
BOT Gornictwo I Energetyka	Infinium Capital Management	Shell Int. Trading & Shipping Company
BP Gas Marketing	Jane Street Capital	Smartest Energy



# ECX Members List (Cont'd)

Breakwater Trading	JP Morgan Securities	Spectron Energy Services
British Energy Power & Energy Trading	Jump Trading	Starmark Trading
Calyon Financial	Kyte Broking	TFS Derivatives
CEZ	Lehman Brothers International	The Kyte Group
Citadel Equity Fund	MBF Clearing Corp	ThyssenKrupp
Citigroup Global Markets	Madison Tyler Trading	Tradelink
Climate Change Capital	MAN Financial	Tullett Prebon (Securities)
Credit Suisse Securities	Marex Financial	UBS
Deriwatt	Marquette Partners	UBS Clearing and Execution Services
Deutsche Bank	Merrill Lynch Commodities	Universal Data
Dresdner Bank	Merrill Lynch International	Verbund
EDF Trading	Mizuho Securities USA	Wachovia Bank
E.On UK	Monument Securities	XConnect Trading
	Morgan Stanley & Co International	



# Observations in the market

- True carbon price only achieved in a liquid market
- Linking would strengthen EU's leading role. EUA price is already used as the global pricing reference for carbon portfolios
- Participants would love to see global carbon market, but linking only makes sense if schemes are harmonised to enable trading
- CERs could play the role as the Global Carbon Currency, but needs regulatory support to get going: ITL, Eligibility criteria etc



# Words of hope from the US

***EU ETS is “by far the most significant accomplishment in climate policy to date” and should form the basis of a “global framework for managing climate policy”***

--Denny Ellerman (MIT) *et al*, Review of Environmental Economics and Policy , Spring 2007



# Thank You!

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