



GME PRESENTS ITS EMISSIONS TRADING MARKET

A European-wide market that might exceed € 13 billion in three years and involve about 12,000 industrial companies of the continent. It is the emissions trading scheme, the European market of carbon dioxide emission allowances covered by Directive 2003/87/EC. Already active in Germany, the United Kingdom, France and Austria, the new market of emission allowances will be launched in Italy at the beginning of 2006, through the opening of a trading system co-ordinated by GME (Gestore del Mercato Elettrico). Today, GME's Director of Environmental Markets Stefano Alaimo presented the market at "Fiera di Roma" (Rome Fair Centre), during a conference organised as part of CO2 EXPO 2005.

The Italian Ministry of the Environment is going to assign the emission allowances soon. In the three-year period from 2005 to 2007, about 700 million tons of carbon dioxide emissions will be allocated to nearly 1,300 companies of the energy, iron & steel, cement, lime, glass, ceramic, brick & tile and cellulose sectors. If an operator does not succeed in meeting the obligations specified in the Directive, it will be required to pay a penalty of € 40 per ton of excess carbon dioxide and also offset its excess emissions by buying emission allowances from operators that have managed to remain below their assigned emission limits. As a whole, the Italian market of emission allowances is expected to reach a volume of over € 1.5 billion in the next two years, involving a large part of the operators indicated in the National Allocation Plan.



Hence, in absolute values, a very significant market that GME plans to manage and organise with the objective of optimising the meeting of demand and supply of allowances. It will be an electronic market based on the creation of a holding deposit, which will be opened with APAT (Agency for Environmental Protection and Technical Services), the agency in charge of administering the National Registry of emission allowances. Potential sellers will have to temporarily transfer their allowances to GME's holding deposit at APAT. Moreover, an initial cash deposit system will guarantee the security and successful completion of transactions. Payments will be made to GME which will enable the transfer of allowances between participants and make payments to sellers. If the payment were not made, then the transaction would be cancelled and the seller would anyway receive a compensation (deducted from the initial cash deposit).

After the start of the Emissions Trading Market, an order book will also be organised for the other emission rights covered by the Kyoto Protocol, such as ERUs, CERs, emission credits from international co-operation projects and RMUs from carbon sequestration projects.

“The new platform - stated GME's CEO Sergio Agosta - will have the purpose of optimising the meeting of demand and supply of allowances, enabling Italian and European companies to seek their trading counterparty and thus meet their emission reduction obligations. Like the other markets managed by GME, this market will guarantee transparency, security of transactions and increasingly efficient price-setting”.

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