



Energy & environmental markets

28 April 2008

CO₂ weekly

Energy and Carbon Market Analysis

Kris Voorspools

Tel: +32 2 565 16 09

Email: kris.voorspools@fortis.com

Katrin Fuhrmann

Tel: +32 2 565 48 35

Email: katrin.fuhrmann@fortis.com

Sales Amsterdam

Tel: +31 20 535 73 67

Sales Brussels

Tel: +32 2 565 75 60

Sales London

Tel: +44 20 32 96 83 71

A daily average 9.4million EUAs traded through brokers and exchanges last week.

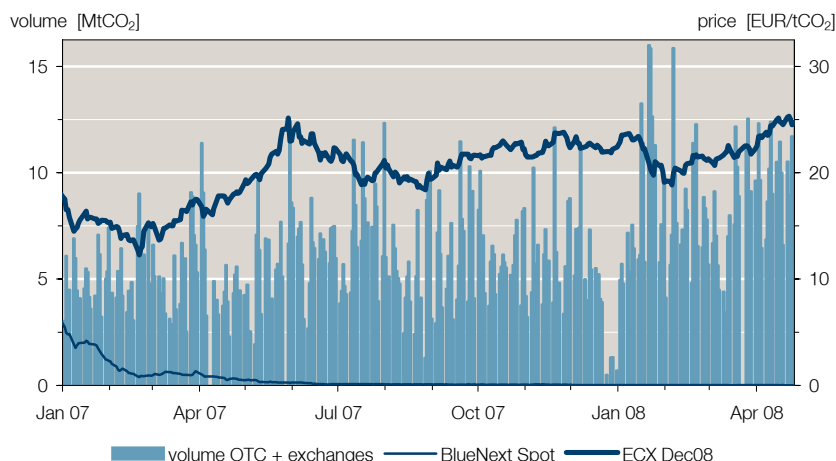
The carbon market kept perfect pace with the signal provided by fuel fundamentals throughout last week. Forward gas prices rose to record levels in the beginning of last week with Sum09 NBP closing at 69.7p/therm on Monday April 21st. Throughout the week, gas softened while coal gained strength. Cal09 API#2 coal set a new record closing at \$137.7/ton on April 23rd.

As a result, Dec08 EUAs rose to peak at EUR 25.7/tCO₂ (the highest value since May 2007) in the beginning of last week to gradually weaken and close the week at EUR 24.7/tCO₂.

Although carbon moves in line with the directional signal provided by coal and gas prices, the fuel complex remains very bullish for carbon. EUA prices provide practically no incentive to switch from coal to gas. Based on current forward price balances, annual emissions from the EU power sector could be 50 to 100MtCO₂ higher compared to emissions from the past few years where the market did provide such incentives. With Sum09 NBP at 67.2p/therm and Cal09 API#2 at \$136.3/ton, CO₂ would need to cost at least EUR 42/tCO₂ to convince a utility to shift generation from a coal plant with 38% efficiency to a gas plant with 53% efficiency.

EU allowances, prices and volumes [€/tCO₂]

	25 Apr	18 Apr	1 year high	1 year low
BlueNext Spot	0.01	0.02	0.6	0.01
ECX Dec08	24.7	24.5	25.3	18.1
ECX Dec09	25.4	25.2	26.0	18.6
Spread 09/08	0.6	0.7	0.7	0.2



Source: Fortis, data provided by Reuters and Point Carbon

This communication was not prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. However Fortis has an effective policy on conflicts of interest in order to prevent that client interests might be harmed.

Indicative closing prices

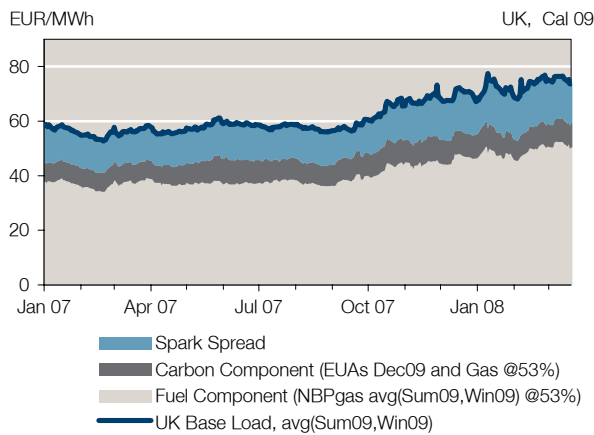
		Day ahead		May-08		Win-08/09		Sum-09		Cal-09	
		25 Apr	18 Apr	25 Apr	18 Apr	25 Apr	18 Apr	25 Apr	18 Apr	25 Apr	18 Apr
EUAs	[€/tCO ₂]	0.01	0.02	24.74	24.51	25.38	25.16	25.38	25.16	25.38	25.16
NBP gas	[p/therm]	63.75	60.50	64.34	59.39	82.10	79.30	67.18	66.52	74.64	72.91
TTF gas	[€/MWh]	26.33	25.00	26.77	25.11	33.92	32.41	28.66	28.11	31.03	30.19
API#2 coal	[\$/ton]	-	-	143.88	139.55	142.40	137.80	136.25	132.60	136.25	132.60
GE base load	[€/MWh]	64.25	70.88	57.50	57.10	72.38	71.63	61.74	61.05	66.05	65.90
UK base load	[£/MWh]	69.05	65.25	66.24	62.05	73.78	70.92	62.39	61.47	68.09	66.20
GE spark spread (*)	[€/MWh]	14.57	23.70	-2.44	0.38	-1.30	0.89	-2.01	-1.57	-2.16	-0.66
GE dark spread (*)	[€/MWh]	-	-	0.60	1.86	15.26	16.22	6.11	6.88	10.42	11.73
UK spark spread (*)	[€/MWh]	35.59	33.21	22.11	20.74	16.92	15.51	14.65	13.96	15.78	14.74
UK dark spread (*)	[€/MWh]	-	-	27.27	23.13	36.64	34.17	23.65	23.48	30.88	29.44
Switch 38/53 (**)	[€/tCO ₂]	33.8*	30.9*	34.8	29.2	63.7	61.4	42.8	43.6	54.7	53.7

(*) All spreads are carbon adjusted. GE spark TTF based, UK spark NBP based, GE and UK dark API#2 based. 53% gas and 38% coal efficiencies are used.

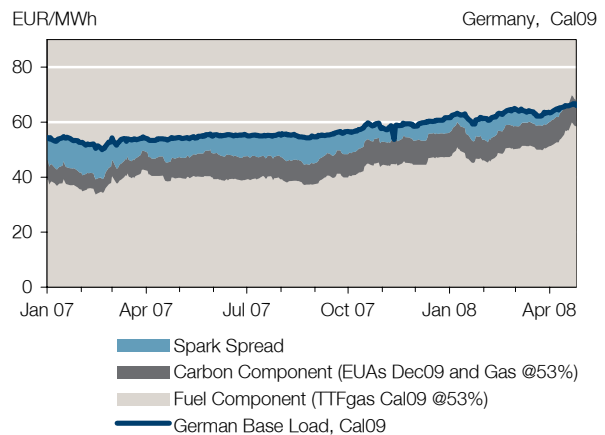
(**) The theoretical switch price is the EUA value at which power from a 38% efficiency coal generator and a 53% efficiency gas generator costs the same to produce; i.e. the CO₂ price at which gas becomes more economic than coal. Switch day ahead uses NBP day ahead and API#2 1st month.

Source: Fortis, data provided by Reuters

UK power price components



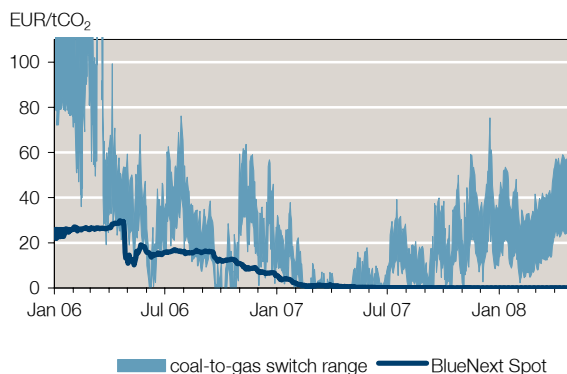
German power price components



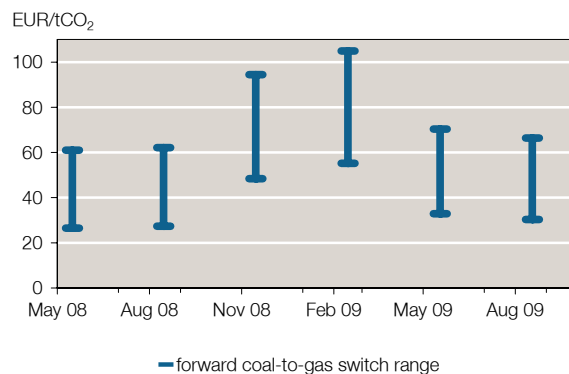
Source: Fortis, data provided by Reuters

Coal to gas switch levels [€/tCO₂]

Historical switch range and EUA price



Switch range based on forward prices



The theoretical switch range is based on NBP gas and API#2 coal.

The lower band represents switching from 36% coal to 55% gas; the high band switching from 40% coal to 48% gas.

Source: Fortis, data provided by Reuters

Fortis Energy and Environmental Products Contact List

Energy and Environmental Products

Didier Gible	Global Head	+32 2 565 60 69
Stany Schrans	Energy & Environmental Products Trading & Sales, E	+32 2 565 80 43
David Jones	Energy Trading & Sales, US	+1 212 418 87 45
Seb Walhain	Environmental Products Trading	+31 20 535 72 95
Philippe Arickx	Energy & Environmental Products Sales, Europe	+32 2 565 75 60
Frank Hamelijnc	Commodity Investment Products Sales, Europe	+32 2 312 00 79
Ann Carels	Energy Sales - Europe	+32 2 565 16 18
Olivier Hiernaux	Energy Sales - Europe	+32 2 565 16 07
Sébastien Wulf	Energy Sales - Europe	+32 2 565 46 41
Robbert Marneffe	Energy Sales - Europe	+31 20 535 74 49
Peter De Waal	Carbon Banking	+31 20 535 71 56
Robert Koster	Carbon Banking	+31 20 535 74 48
Itaru Shiraishi	Carbon Banking	+31 20 535 74 37

Global Energy Group

David de Buck	Global Head of Energy	+31 10 401 68 19
Rotterdam	Bas Martei	+31 10 401 60 62
London	Nick Gardiner	+44 207 444 87 05
Milan	Carlo Rolle	+39 02 8028 12 40
New York	Paul Naumann	+1 212 340 53 91
Brussel	Annick De Muynck	+32 2 565 09 17
Singapore	Marius Messer	+65 65 39 48 99

Global Commodities Group

Amsterdam	Bruno Gremez	+31 20 527 43 86
Singapore	Chey Peng Ng	+65 65 39 49 23
New York	Cristina Roberts	+1 212 340 53 40
Dallas	Leonard Russo	+1 214 953 93 16
London	Pauline Daly	+44 207 444 88 41

Specialised Finance/Energy & Natural Resources

Darrell Holley	Global Head	+1 214 953 93 07
Dallas	Darrell Holley	+1 214 953 93 07
Calgary	Doug Clark	+1 403 215 58 01

Global Clearing

Johannah Ladd	Sales Manager Energy Products	+31 20 527 26 28
London	Gary John-Baptiste	+44 207 444 82 28

Fortis Bank S.A./N.V.

Montagne du Parc 3
B-1000 Brussels
Belgium
Tel: +32 2 565 11 11

Fortis Bank Denmark

Gothersgade 49 3.
1123 Copenhagen
Denmark
Tel: +45 32 71 19 09

Fortis Bank Hong Kong

27/F, Fortis Bank Tower
77-79 Gloucester Road
Hong Kong
Tel: +852 28 23 04 56

Fortis Bank Norway

Haakon VII's gate 10
0161 Oslo
Norway
Tel: +47 23 11 49 50

Fortis Bank S.A., Sucursal en España

Serrano 73
28006 Madrid
Spain
Tel: +34 91 436 56 00

Fortis Bank Turkey

Yildiz Posta Caddesi
No: 54 Gayrettepe
34353 Istanbul
Turkey
Tel: +90 212 274 42 80

Fortis Bank Nederland N.V.

Rokin 55 (visiting address)
P.O. Box 243
1000 AE Amsterdam
The Netherlands
Tel: +31 20 527 91 11

Fortis Bank, Succursale en France

30, quai de Dion Bouton
F-92824 Puteaux Cedex
France
Tel: +33 1 55 67 72 00

Fortis Bank Hungary

Deak Ferenc 15
1052 Budapest
Hungary
Tel: +36 14 83 81 09

Fortis Bank Polska S.A.

P.O. Box 15
02-676 Warszawa
Poland
Tel: +48 22 566 90 00

Fortis Bank Romania

Tipografilor 11-15
013714 Bucharest
Romania
Tel: +40 21 401 17 02

Fortis Bank UK

5 Aldermanbury Square
EC2V 7HR London
United Kingdom
Tel: +44 20 32 96 80 00

Fortis Bank Austria

Euro Plaza/D
Wienerbergstrasse 41
1120 Vienna
Austria
Tel: +43 1 81 10 43 81 85

Fortis Bank Germany

Christophstrasse 33-37
50670 Cologne
Germany
Tel: +49 221 161 13 30

Fortis Bank Italy

Via Cornaggia 10
I-20123 Milano
Italy
Tel: +39 02 57 53 24 61

Fortis Bank Portugal

Rua Alexandre Herculano 50-6 Andar
1250-011 Lisboa
Portugal
Tel: +351 213 13 93 16

Fortis Bank Sweden

Birger Jarlsgatan 25
10396 Stockholm
Sweden
Tel: +46 8 505 375 59

Fortis Bank USA

520 Madison Avenue, 3rd Floor
New York, NY 10022
United States
Tel: +1 212 418 87 00

Fortis Bank Czech Republic

Myslbek Building
Ovocny Trh 8
117 19 Prague 1
Czech Republic
Tel: +420 225 43 60 10

Fortis Bank Greece

Syngrou Ave 166
17671 Athens
Greece
Tel: +30 21 09 54 43 70

Fortis Banque Luxembourg

50, avenue J.F. Kennedy
L-2951 Luxembourg
Luxembourg
Tel: +352 42 421

Fortis Bank Singapore

63 Market Street #21-01
Singapore 048942
Tel: +65 65 38 03 90

Fortis Bank Switzerland

Rennweg 57
8021 Zurich
Switzerland
Tel: +41 58 322 09 70

Fortis Securities LLC

520 Madison Avenue, 3rd Floor
New York, NY 10022
United States
Tel: +1 212 418 87 14

Each research analyst primarily responsible for the content of this research report certifies that with respect to each security or issuer that the analyst covered in this report: 1) all of the expressed views accurately reflect his or her personal views about those securities or issuers, and 2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views contained in this report.

Fortis Securities LLC is an affiliate of Fortis Bank S.A./N.V. Fortis Securities LLC is a member of the FINRA.

This publication has been prepared by Fortis Bank S.A./N.V. or by an affiliated company for and on behalf of Fortis Bank S.A./N.V. (Montagne du Parc 3, 1000 Brussels, Belgium) and its affiliated companies (together "Fortis") solely for the information of professional clients of Fortis. It is not intended as an offer or solicitation for the purchase of any financial instrument. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but Fortis makes no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein reflect the judgement of Fortis on the date of this report and are subject to change without notice. Fortis and any of its officers or employees may, to the extent permitted by law, have a position or otherwise be interested (including purchasing from or selling to its clients on a principal basis) in any transactions, in any investments (including derivatives) directly or indirectly the subject of this publication. Fortis may perform investment banking or other services (including acting as adviser, manager or lender) for, or solicit investment banking or other business from, any company mentioned in this publication. Neither Fortis nor any officer or employee of Fortis accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents. Copyright and database rights protection exist in this publication and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Fortis. All rights reserved.

Any investments referred to herein may involve significant risks and are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any securities referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors are expected to make their own investment decisions without relying on this publication. Only investors with sufficient knowledge and experience in financial and business matters to evaluate the relevant merits and risks should consider an investment in any issuer or market discussed herein.

The information contained in this publication is not available to a person who would be categorised as a private customer under the rules of the FSA.

To the extent that any securities, or any broker-dealer, investment adviser or other services, are deemed to be offered herein for purposes of U.S. law, such securities or services are not being offered in the United States or to U.S. persons absent an exemption under applicable U.S. law. This report is not intended for distribution to, or use by, U.S. persons absent such an exemption. Any U.S. institution receiving this report pursuant to an exemption under applicable U.S. law that wishes to effect a transaction in any securities discussed herein must contact our U.S. affiliate, Fortis Securities LLC to execute such transaction. All such transactions must be booked and confirmed by Fortis Securities LLC.