



*Ministero dell' Ambiente
e della Tutela del Territorio e del Mare*



*Ministero dello
Sviluppo Economico*

CLIMATE: ITALIAN EMISSIONS TRADING MARKET TAKES OFF

The Italian voluntary market for the trading of carbon dioxide emission units will be up and running on 2 April 2007.

Italy, too, will have its climate exchange. The move implements Directive 2003/87/EC, which established a scheme for greenhouse gas allowance trading within the Community (EU ETS). National markets for buying and selling emission rights will facilitate the achievement of the planned reductions in polluting emissions.

The announcement has been made in a joint communiqué released by the Italian Ministries of Environment, Land and Sea and of Economic Development.

The voluntary market of CO₂ emission units managed by GME (Gestore del Mercato Elettrico) will become operational on 2 April 2007. This market will add to the other European climate exchanges (Exaa-Austria, Ecx-Netherlands, Eex-Germany, Powernext-France and Nordpool-Norway) and thus contribute to fulfilling the Kyoto Protocol commitments to cut CO₂ emissions responsible for climate change.

Over 12,000 European industrial installations are subject to emission limits. These installations operate in the following sectors: energy (thermal generation, combustion plants with a capacity of over 20 MW, refineries); production and processing of ferrous metals; mineral industry (cement, lime, glass, ceramics); and pulp, paper and board industry.

The launch of GME's market will make up for Italy's lag with respect to other European countries in developing a carbon trading platform and provide Italian companies with the opportunity to trade on the new exchange and optimise their plans for mitigating emissions that are harmful to the environment.

By leveraging the know-how acquired in the organisation and management of the Green Certificates Market and the Energy Efficiency Certificates (White Certificates) Market, GME has set up a trading venue based on criteria of neutrality, transparency, objectivity and competition between operators.

GME's Emissions Trading Market offers a system of fees that is among the most competitive in Europe: yearly fixed fee (0 for the first year and € 2,500 subsequently) and variable fee (€ 0.0025 per emission unit traded). Furthermore, GME's market is easy to use and encourages the participation of small and medium enterprises.

The Italian Emissions Trading Market features spot delivery of emission units (spot market), with a minimum lot of 500 units. The market sessions take place daily (9 to 16 on all working days). Purchases are totally guaranteed (through an interest-bearing cash deposit) and also the delivery of the purchased emission units is guaranteed (through the initial transfer of emission units to GME's holding account).

To be admitted to the market, the operator must have an emission unit holding account in one of the European registries and sign a market participation application and a market participation agreement. To ensure the functioning of the market, GME has opened a holding account with APAT (agency for environmental protection and technical services). Parties wishing to sell emission units on the Italian Emissions trading Market are required to transfer the units to be traded onto GME's holding account. Buy and sell orders are entered into an order book and ranked by price (in case of identical price, trading orders are ranked by time of receipt by GME's information system). There will be a different order book for the emission units allocated by the National Allocation Plans for each reference period (phase I: 2005-2007; phase II 2008-2012).