

## « Caisse des Dépôts et Consignations, Euronext and Powernext plan to launch a European CO<sub>2</sub> emission exchange »

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The European Directive n°2003/87/CE confirms the EU's determination in tackling the climate change issue by setting up an exchange system of greenhouse gas emissions allowances within its borders. The efficiency of the exchange system of allowances will be tested by the "price signal" produced by the market, on the basis of transactions that will actually be completed and registered. The confrontation of the supply and demand in a unique environment will insure the best possible liquidity.

In this context, the Caisse des Dépôts et Consignations, Euronext and Powernext have joined expertise in setting up an organised market for allowances or carbon emissions permits based on 4 crucial principles:

- the guarantee of transaction performance based on a secure and harmonised settlement-delivery mechanism avoiding payment defaults and CO<sub>2</sub> quota delivery defaults
- the transparency of prices and their determination
- a non-discriminatory access to the market and the complete confidentiality of participants
- a straight through processing from transaction to delivery, open to all participants owning an account in one of the 25 CO<sub>2</sub> emissions registries.

On 14 December 2004, the Caisse des Dépôts et Consignations, Euronext and Powernext signed a letter of intent setting up the basis of this partnership. This market –which procedures are being finalised – is planned to be launched in March 2005.

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**Powernext SA**, incorporated the 31st of July 2001, manages the short term (Powernext Day-Ahead™) and medium term (Powernext Futures™) electricity exchange in France. Its 50 members are all major actors of the European energy markets. Powernext recently signed a cooperation agreement with the Dutch power exchange and the corresponding Transmission System Operators in order to create a Belgium power exchange coupled with France and the Netherlands.

**Caisse des Dépôts et Consignations** is a public financial institution in charge of managing private funds, thus one of the biggest institutional investor. It plays a leading role in the launch of "CO2 financing". On one hand, The Caisse des Dépôts et Consignations initiated the creation of an investment fund dealing with greenhouse gas emissions allowances, the European CO2 Funds, and, on the other hand, developed the Seringas software used to keep the French registry for the exchange of greenhouse gas allowances. This software was retained by 8 members-states to manage their own registry.

**Euronext** is the first pan-European exchange, operating the equity and derivatives markets in Amsterdam, Brussels, Paris and Lisbon and includes as well the LIFFE, the international derivatives exchange. Measured by number and value of trades processed through its central order book, Euronext is the largest equity market in Europe. Euronext.liffe, the derivatives business of Euronext, is world's second largest derivatives exchange.