

NER300 Monetisation

Final Monthly Report – April 2014

Overview

The European Investment Bank (EIB) supports the NER300 initiative, which is one of the world-wide largest funding programmes for carbon capture and storage demonstration projects and innovative renewable energy technologies. Acting as an agent of the European Commission (EC), the EIB fulfils two separate roles:

1. appraisal of projects that have been submitted by EU Member States and are seeking funding from the programme;
2. monetisation of 300 million EU Allowances to raise financing for the programme.

More information on the NER300 initiative can be found at <http://www.eib.org/ner300>.

The monetisation was divided into two phases. The EIB sold 200 million EU Allowances between 5 December 2011 and 28 September 2012 at an average price of EUR 8.05 per EU Allowance. A summary report of the sales from this first phase is available at http://www.eib.org/attachments/ner_summary_monthly_report.pdf.

Sales under the 2nd phase of the NER300 monetisation for the remaining 100 million EU Allowances started on 14 November 2013 and ended on 11 April 2014 with an average sales volume of some 20 million EU Allowances per month, reflecting both the number of trading days and overall market liquidity.

All EU Allowances were sold as futures and the EIB only used direct screen trades and exchange cleared over-the-counter (OTC) transactions.

April 2014 report

During April 2014, the EIB sold 10,250,000 EU Allowances for a total value of EUR 50,948,200.

The EIB used December 2014 settlement and sold on average 1,138,890 EUAs per trading day. All of these transactions were executed as direct screen trades.

A summary concerning the total volume of EU Allowances sold under the 2nd phase of the NER300 monetisation is provided here below:

Summary of EU Allowances sold – 2nd phase NER300 monetisation	
Reporting period	14/11/2013 – 11/04/2014
EU Allowances sold (#)	100,000,000
Value of allowances sold (EUR)	547,705,340
Average price per allowance sold so far (EUR)	5.48

The following table provides an overview of monthly and total volume sold between 14 November 2013 and 11 April 2014 when the EIB has completed sales under the NER300 initiative:

Month	Sales channel	EU Allowances sold (#)	EU Allowance contract	Executed average price (EUR)	Deviation from Index	Value of EU Allowances sold (EUR)
Nov-13	Screen trades OTC cleared	10,250,000 300,000	Dec-13	4.45	0.03%	46,947,320
Dec-13	Screen trades OTC cleared	16,300,000 500,000	Dec-14	4.86	0.01%	81,695,800
Jan-14	Screen trades OTC cleared	22,255,000 100,000	Dec-14	5.06	0.06%	113,163,030
Feb-14	Screen trades OTC cleared	20,195,000 100,000	Dec-14	6.55	0.12%	132,850,480
Mar-14	Screen trades OTC cleared	19,750,000 0	Dec-14	6.18	0.30%	122,100,510
Apr-14	Screen trades OTC cleared	10,250,000 0	Dec-14	4.97	0.12%	50,948,200
Total		100,000,000		5.48	0.11%	547,705,340

Further details on the daily volumes sold during the reporting month are shown in the table below:

Date	EU Allowances sold (#)	EU Allowance contract	Executed average price (EUR)	Index (EUR)	Deviation from Index	Value of EU Allowances sold (EUR)
01/04/2014	1,250,000	Dec-14	5.0348	5.03	0.10%	6,293,560
02/04/2014	1,125,000	Dec-14	4.8783	4.87	0.17%	5,488,040
03/04/2014	1,370,000	Dec-14	4.8130	4.78	0.69%	6,593,760
04/04/2014	710,000	Dec-14	4.7934	4.79	0.07%	3,403,290
07/04/2014	1,440,000	Dec-14	4.9021	4.90	0.04%	7,058,960
08/04/2014	1,030,000	Dec-14	5.0516	5.04	0.23%	5,203,190
09/04/2014	1,065,000	Dec-14	4.9837	4.97	0.28%	5,307,680
10/04/2014	1,760,000	Dec-14	5.0795	5.10	-0.40%	8,939,850
11/04/2014	500,000	Dec-14	5.3197	5.32	0.00%	2,659,870
Total	10,250,000		4.97		0.12%	50,948,200

The column "Deviation from Index" measures the executed average price against the "ICE Futures ECX EUA futures Contract Emissions Index¹" of the respective EU Allowance contract, which is used as a benchmark. The monthly and total deviations from the Index in the two tables above represent the volume-weighted average of the daily deviations from the corresponding index.

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¹ The Index is published on a daily basis at <https://www.theice.com/marketdata/reports/ReportCenter.shtml?reportId=82&productId=390&hubId=564> and represents the volume weighted average price or "VWAP" of the contract under consideration.