

APX-ENDEX and Port of Rotterdam to Cooperate on Biomass Exchange Initiative

- APX-ENDEX and Port of Rotterdam to jointly engage in feasibility study for exchange trading of biomass products
- Focus on wood pellets as a likely first product to start with
- APX-ENDEX to deliver trading and clearing services
- Port of Rotterdam to facilitate infrastructure for physical settlement of trades
- Initiators make an appeal to the new government to swiftly take up a position on the role of biomass within the energy mix
- Initiative supported by Holland Financial Centre and Rotterdam Climate Initiative as it is inline with their objectives

AMSTERDAM/ROTTERDAM, 13 July 2010 - APX-ENDEX, the Anglo-Dutch energy exchange, today announces the cooperation with the Port of Rotterdam in the development of biomass markets. This cooperation has been formalised by signing a Letter of Intent.

Since November 2008, APX-ENDEX has published a price index for industrial wood pellets to provide the market with much needed transparency. This index has gained wide acceptance in the market and the number of parties that contribute prices to the index has increased steadily. A recent survey among APX-ENDEX members and active market participants in the bio-energy markets, indicated the need for standardised, exchange traded bio-energy products, facilitated by an independent and secure platform. APX-ENDEX is responding to the market's request by investigating a market infrastructure where standardised biomass contracts will be settled physically in Rotterdam.

APX-ENDEX and the Port of Rotterdam intend to work closely together in developing the necessary market infrastructure and are excited by the prospect of establishing the first biomass exchange in the world. It is their intention to closely involve market participants in developing the market. With the introduction of a biomass exchange with physical settlement, the Port of Rotterdam will strengthen its position as a main port in Europe for biomass products.

Both Holland Financial Centre (HFC) and Rotterdam Climate Initiative (RCI) strongly welcome this initiative. In 2008, the improvement of the trading in biomass products had already been on the agenda of HFC. The initiative to start this exchange therefore fits in well, dovetailing with their spearhead of Climate & Sustainability. For RCI, this initiative has great value as it contributes to its objectives of reducing CO₂ emissions, and strengthening the economy of Rotterdam.

APX-ENDEX will provide the trading platform as well as clearing and settlement services for trading members of the exchange. The Port of Rotterdam will contribute its expertise and know-how with regards to shipping, storage and distribution of biomass products to the joint effort.

Once the details of the market structure have been established, major market players, active in the trading of biomass, will be approached for consultation and their commitment to support this initiative. Input of market participants is considered a key success factor for a successful launch of this new market. Market consultation is expected to take place in Q3 2010.

The biomass exchange will facilitate wider use of biomass products to generate renewable energy by providing a safe trading and investment environment for producers, trading houses and end

users. The first biomass product to focus on are industrial wood pellets. In generating power industrial wood pellets are used as a substitute for coal. This clean form of fuel is CO₂ neutral and contributes considerably to CO₂ reduction goals.

It is crucial for the new government to express its vision on the role of biomass in the sustainable generation of electricity. Biomass is a reliable technology that is already available and further development would also have spin-off benefits. Various studies have shown that biomass is the cheapest way for the Netherlands to generate sustainable electricity. The energy companies are willing to make substantial investments if the government provides the necessary clarity and long-term certainty. In this connection, the government is urged to oblige energy suppliers to purchase a certain percentage of sustainable electricity. This should be combined with financial support for a brief transitional period.

"Biomass is an important priority for Port of Rotterdam. Biomass will be used as an alternative to fossil fuels, thereby making an important contribution to our sustainability objectives and cutting CO₂ emissions in this area. A biomass exchange will encourage the supply and use of biomass. Given the experience that APX-ENDEX has gained with trading in other energy products and the ambition to extend those activities to include biomass, we see APX-ENDEX as a highly suitable partner." - Hans Smits, CEO of Port of Rotterdam.

"APX-ENDEX is thrilled to be given the opportunity to work closely together with Port of Rotterdam in this initiative. This not only fits very well with our ambition to take up a strong market position in the trading, clearing and settlement of green energy products; working together with one of the major ports in the world with a vested position in biomass lends high credibility to this initiative. By facilitating fair and transparent trading in these products, access to biomass will become easier and its use as an alternative source of energy will be encouraged. This will contribute to achieving carbon reduction targets and further enhance the already strong position of Port of Rotterdam in these products." - Pieter Schuurs, COO of APX-ENDEX

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Note to editors – About APX-ENDEX

APX-ENDEX is Europe's premier provider of power and gas exchange services for the wholesale market, operating transparent platforms for short term and futures trading in the Netherlands, the United Kingdom and Belgium. Established in 1999, APX-ENDEX provides exchange trading, central clearing & settlement and data distribution services. APX-ENDEX has over 300 memberships from more than 15 countries. APX-ENDEX offers benchmark data and provides industry indices. APX-ENDEX's offices are located in Amsterdam, London and Nottingham. For more information please visit www.apxendex.com

About Port of Rotterdam

The aim of the Port of Rotterdam Authority is to enhance the port of Rotterdam's competitive position as a logistics hub and world-class industrial complex. Not only in terms of size, but also quality. The core tasks of the Port Authority are to develop, manage and run the port in a sustainable way and to maintain a speedy and safe service for shipping.

Facts and figures for the Port Authority and the port of Rotterdam:

- **Port Authority:** 1,200 employees, turnover approx. € 500 million.
- **Port area:** approx. 26,000 acres (12,500 acres of which commercial sites, 13,500 acres water and rail lines, roads and pipeline zones). The port will be extended by Maasvlakte 2 with 20%. The length of the port area is approx. 40 km.
- **Direct employment:** over 90,000 jobs.
- **Goods throughput:** 400 million tonnes of goods a year.
- **Shipping:** approx. 33,000 ocean-going vessels and 110,000 inland vessels per annum.

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