



**Green gold:** algae could produce biodiesel much more efficiently than conventional crops.

that's achievable, but it is our goal," says Lissa Morgenthaler-Jones, its chief executive. Green-Fuel of Cambridge, Massachusetts, has so far raised \$20 million from venture-capital groups that support early-stage companies and 'disruptive' technologies.

Solix has solid backing from a local private investor, and says it plans to develop its technology as far as it can on its own before seeking venture capital. Solix believes it can build a system that's competitive on a small commercial scale with between \$5 million and \$15 million, and says it has sufficient backing to do this.

Solix chief executive Doug Henston warns, however, that it's important not to overstate the case for the technology. He prefers to take a low-key approach: "Biofuels are in a great position to fall on their face," he says, noting President George Bush's pledge to replace 35 billion gallons of petroleum with ethanol and biodiesel by 2017. "What happens now if people are all geared up for biofuels, but the market's not there?"

And all agree that the key to algae's success will be getting costs down. "The challenge is coming up with economical systems," says Al Darzins of the bioenergy centre at the NREL, which is now collaborating with LiveFuels. "When it comes down to it, you're producing a commodity that has to be dirt cheap." ■

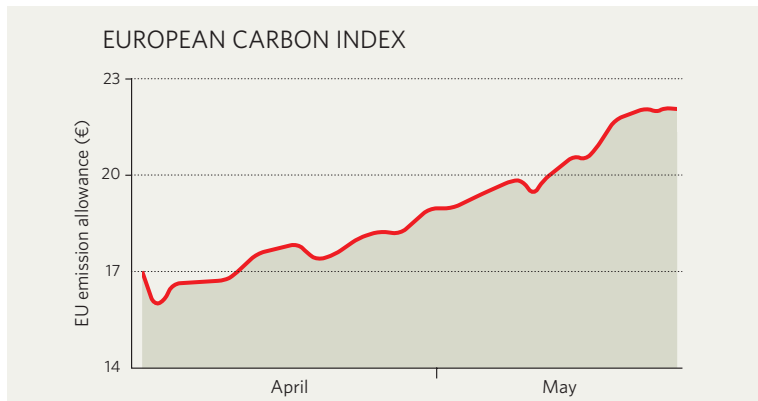
## IN BRIEF

**ENVIRONMENTAL UPTURN** US engineering firm General Electric (GE) says it has doubled sales of environmentally friendly products, to \$12 billion annually, in the two years since it announced that it was 'going green' (see *Nature* 435, 410-411; 2005). At an event in Los Angeles with California governor Arnold Schwarzenegger, GE chief executive Jeffrey Immelt said that the company was on track to meet its target of \$20 billion in sales of such products by 2010. The goods in question range from energy-efficient light bulbs to railway locomotives — GE also introduced what it says is the world's first diesel-electric hybrid locomotive at the event.

**COPYCAT CATCH** Sun Pharmaceuticals, India's biggest drug maker, has confirmed that it will purchase Israeli generics maker Taro for US\$454 million. The purchase, which reflects an increasingly acquisitive streak among Indian drug makers, will help the Mumbai-based company make inroads in the United States, where Taro has most of its sales. The Israeli company has been in financial difficulties, but Sun's shares rose by about 5% when the deal was announced on 21 May.

**GROUNDING NASA** Computer company Hewlett-Packard has won a mammoth contract, worth up to \$5.6 billion, from NASA, to supply computers and other equipment to parts of the federal government. The unusual contract enables any government agency to buy the kit within a framework agreed between the space agency and the computer maker, which is based in Palo Alto, California. It's a follow-on from two far smaller contracts that have run since 1992.

## MARKET WATCH



As the European Commission implements more stringent national caps on carbon dioxide emissions this spring, demand is rising on the emissions markets for the allowances that let companies emit more CO<sub>2</sub>.

Several million allowances are traded daily at five European carbon exchanges, including the European Energy Exchange (EEX) in Leipzig, Germany (above).

Many energy-supply companies in the European Union (EU) are snapping up allowances now, in the expectation that they will cost more by next year. The price of an allowance to emit one extra tonne of CO<sub>2</sub> in the second phase of the European emissions-trading system, from 2008 to 2012, has almost doubled since February, reaching a year high of €22 (US\$30) on 22 May.

EU emissions trading, introduced in 2005, seems to have got over an early phase of pronounced, and at times

worrying, turbulence, analysts say (see *Nature* 441, 405; 2006). Thanks to the reduced caps for the second trading period, the market is now unlikely to collapse, according to one senior market-watcher based in Amsterdam.

"There is a lot more clarity now," agrees Milo Sjardin, who watches carbon markets for New Carbon Finance in London. "Uncertainty hasn't gone away entirely, but the market is definitely more robust than it was."

There is not yet enough liquidity on the market to prevent single, large transactions from moving the price up or down. But brokers are confident that the price will continue to rise moderately through the summer, perhaps levelling off towards the end of the year when power companies have signed their contracts for selling electricity in 2008.

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SOURCE: EEX