

EUA prices €/t 27.11.2019 12:20

Product	Bid	Ask	Last	Change*
Spot**	24.66	24.68	24.75	4.24 % ↑
Dec-19	24.67	24.68	24.68	3.69 % ↑
Dec-20	24.82	24.83	24.83	3.75 % ↑
Dec-21	25.06	25.08	25.10	4.02 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 27.11.2019 12:20

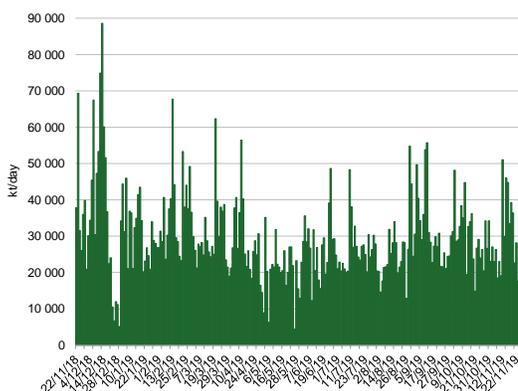
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.18	0.18	11.11 % ↑
Dec-19	0.17	0.20	0.18	11.11 % ↑
Dec-20	0.16	0.20	0.17	11.76 % ↑

Product	Spread	Change*
EUA Dec18-sCER Dec18 Spread*	24.50	3.63 % ↑

*Change compared to the previous report **Last trade price

Daily traded EUA volume, ICE Futures Europe*

*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices 27.11.2019 12:20

Product	Unit	Prices*	Change*
ENO Q1-2020	€/MWh	42.60	1.53 % ↑
ENO 2020	€/MWh	36.95	0.46 % ↑
ENO 2021	€/MWh	34.85	1.29 % ↑
ENO 2022	€/MWh	33.05	0.76 % ↑
EEX, Base load Cal-20	€/MWh	45.71	1.27 % ↑
Brent crude	\$/bbl	64.40	3.84 % ↑
Natural gas UK (Q1-20)	p/therm	43.46	1.13 % ↑
Coal CIF ARA API2 2020	\$/t	64.00	0.00 %

*Change compared to the previous report **Last trade price

Market Analysis

Last week, emission allowance prices saw a small upturn. The week opened with a small fall closing 1 eurocent below the important support level of €23.40/t. Tuesday saw an upward price correction trying to seek an intraday rise. Ultimately the price rose from Monday's levels to just over a level of €23.40/t. Wednesday saw the price make a brisk correction to rise slightly above the level of €24/t with buyers found for emissions allowances as the price dropped and a firm auction price was realised. Thursday saw the price slip slightly and volumes were weak. On Friday, forecasts for colder weather and a rise on the gas and energy market also lent support to emission allowances. Emission allowance prices closed at e24.58/t on Friday, a gain of €0.73 on the week. The offer ratios in auctions fell during the week from 2.07 on Monday to 1.45 on Friday.

This week will see emission allowances of 11.1 million tonnes enter the market since the Polish auction will not be held this week. On Monday, emission allowance prices began to fall from last Friday's level and have continued to fall since the start of Tuesday.

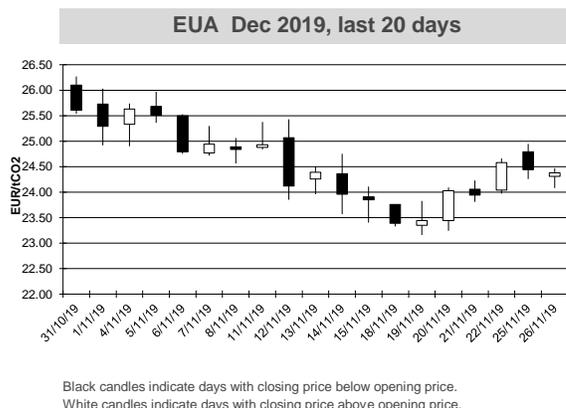
Market View

The weather in Central Europe this week is warmer than normal and wind power production is good. At the start of December, temperatures are forecast to fall to below normal and this may support emission allowances. Profit margins on coal condensate have improved slightly. The oil and energy markets continue to be driven by developments in the China-US trade agreement as well as the upcoming OPEC meeting in December.

Norway has announced it is to cancel as many as 6 million emission allowances, but analysts estimate that the impact on price will be very minor even at best, depending slightly on how many other countries follow Norway's example. Von der Leyen's inauguration will take place next week if the European Parliament approves the remaining Commission candidates. The new Commission intends to tighten Europe's climate targets.

The sentiment is currently one of wait and see on the emission markets. More change in the price can be expected after mid-December. EUA options and futures mature on December 11 and 16, the UK general election is on December 12 and the December break in auctions starts on December 17.

Technically, emission allowance prices continue to fall, even though last week price saw a slight rise. Buyers have been found for emission allowances as the price has fallen. Last week, the important support level of €23.40/t held. The level further supports emission allowances, on top of which having risen to €24.30/t and at a lower level of €22.03/t the price creates support for emission allowance prices. Resistance levels settled at the rolling 50-day average value of €24.82/t, which prevented the price from rising on Monday during the current week. The psychological level of €25/t as well as €25.5/t are considered resistance levels. We expect emission allowance prices to move between €23 - €25/t.



On Agenda: Europe

The Norwegian government has proposed cancellation of 6 million emission allowances in connection with non-trading system emission reduction targets. Permission is being sought from the Norwegian Parliament for the withhold 3 million allowances from auctions between 2021 and 2030 and possibly an additional 3 million allowances. The reason behind the strategy is that it is harder and more expensive to reduce emissions in sectors not included in the EU emissions trading scheme. Emissions targets for 2030 would thus remain unchanged, but additional emission reductions can be achieved by transferring allowances away from the market. If allowances were not used to credit Norway's emissions not included in the EU ETS, they can be cancelled. The cancellation of emission allowances was made possible by a rule in 2014 whereby a total of 100 million allowances can be used to compensate emissions outside the EU ETS sector. Countries which are covered by the rule must notify of any cancellations before 2020. The impact of cancellations depends on how many are made. According to analysts, even full cancellations would increase the price by only around €0.50.¹

CDM pipeline 27.11.2019 12:20

	Amount	Change
Number of projects**	8374	-6
Registered projects*	7808	0
Volume of the pipeline by the year 2020, MtCO2e**	515	0
Issued CERs, MtCO2e*	2000	15

*Change compared to the previous report.

**Pipeline: UNEP/Risoe is updated monthly. Registered projects and issued CERs: UNFCCC

On Agenda: Global

Use of coal in China will increase. China is working on coal-fired power plants with a capacity equating to that of the whole of Europe. Across the country, 148 gigawatts of coal-fired power plants are either being built or ready to be brought back into use. The current coal-fired power plant capacity across Europe is 150 gigawatts. China is adhering to coal in energy production: over the past 18 months, the increase in coal-fired capacity has been greater than the reduction in coal-fired power elsewhere in the world. Elsewhere in the world, climate change pressure is driving operators to withdraw from coal and China has invested more in renewable energy than any other country. Should capacity rise to 1,400 gigawatts by 2035, as certain parties in China are lobbying for, China's capacity alone would be three times the global capacity limit determined in the Paris Agreement. China should cut its capacity by 40% to reach the limits in the Paris Agreement.²

The concentration of greenhouse gases in the atmosphere is rising according to the World Meteorological Organization. Concentrations of carbon dioxide, methane and nitrogen oxide have risen. In 2018, carbon dioxide concentrations rose to 407.8 ppm. Methane has also risen faster than the average increase over the previous decade. Compared to 1990, the increase in greenhouse gas concentration has contributed 43% to the warming impact of gases in the atmosphere. The increase in greenhouse gas concentration does not seem to be slowing let alone reducing concentrations.³

Upcoming events

Date	Event
December 2019	Ursula von der Leyen as the president of the European Commission
12.12.2019	UK general elections
2.-13.12.2019	COP25 -meeting in Spain

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Sources:

- [1 Carbon Pulse news](#)
- [2 Bloomberg news](#)
- [3 BBC news](#)

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