

### EUA prices €/t 3.7.2020 11:09

Product	Bid	Ask	Last	Change*
Spot**	26.93	26.95	26.93	7.06 % ↑
Dec-20	27.00	27.02	27.00	7.00 % ↑
Dec-21	27.30	27.32	27.30	6.89 % ↑
Dec-22	27.72	27.77	27.72	6.78 % ↑

\*Change compared to the previous report \*\* EEX spot

### sCER prices €/t 3.7.2020 11:09

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.27	0.27	7.41 % ↑

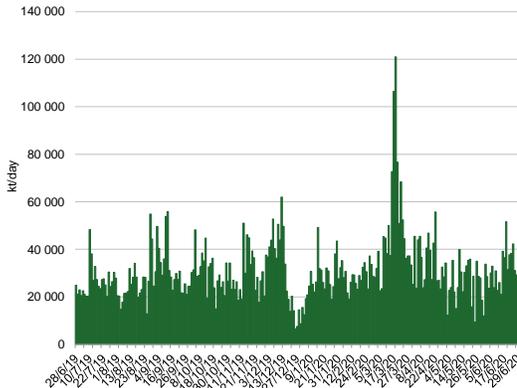
### Product Spread Change\*

EUA Dec20-sCER Dec20 Spread*	27.30	6.89 % ↑
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\*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 3.7.2020 11:09

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	19.55	- ↓
ENO 2021	€/MWh	23.75	-6.53 % ↓
ENO 2022	€/MWh	25.90	-1.93 % ↓
ENO 2023	€/MWh	27.05	-1.29 % ↓
EEX, Base load Cal-21	€/MWh	41.77	0.89 % ↑
Brent crude	\$/bbl	42.61	5.23 % ↑
Natural gas UK (Q4-20)	p/therm	29.38	-
Coal CIF ARA API2 2021	\$/t	58.40	3.51 % ↑

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

## Market Analysis

Emission allowance prices have remained on an upward track. On Monday, the emission allowance price opened the week on an upward note, which spilled into Tuesday. On Wednesday, the price reflected uncertainty and the markets sought direction. Increased coronavirus cases last week sparked concern on the stock markets. This sentiment was seen also in downward prices on Thursday and Friday. On Friday, the price closed at a level of €24.73/t, up €0.57 at the weekly level. This week the emission allowance price rose to €28.33/t, its highest this year, but has since seen a slight downward correction.

Weekly auction availability will vary between 15.85 Mt and 16.24 Mt for another couple of weeks, after which on July 16, the auction quantity in the EU's joint auctions will increase with additional allowances from the Innovation Fund. Last week, exchange trading was slightly brisker than normal; Trading in EUA futures averaged about 35.6 Mt a day on the ICE exchange.

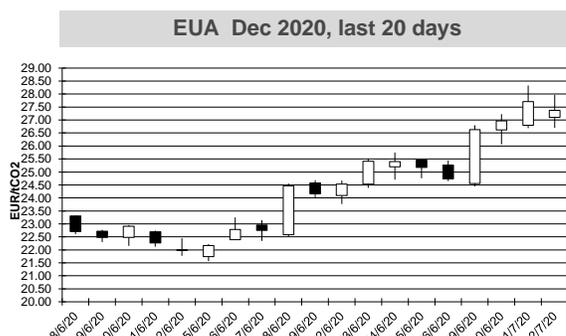
## Market View

Last week, there were concerns in the air caused by coronavirus. Increasing numbers of new corona infections triggered growing concerns about the future state of the economy, which had just started to recover. However, concern has faded on the back of better economic data and no actual fall has been seen on the stock markets.

The EU has added 50 million emission allowances to the auction calendar. The original plan was to put the emission allowances funding the Innovation Fund up for auction at the start of the year but this plan was delayed. The change will increase the quantity of emission allowances at the EU's joint auctions by 32%, taking the quantity from the current figure of 2.72 million to 3.59 million, i.e. the total auction quantity will increase by 2.6 million a week. The change does not affect Polish or UK auctions. During the four last quarters of the year, auction volumes will rise by 45%, taking into account the impact of the Market Stability Reserve (MSR). The increase in auction availability is a downward signal but on the other hand recent trading in allowances has not recently been taking direction from the fundamentals.

The emission allowance price has been strong recently, especially compared to the economic situation and actual demand. The market seems to be pricing in an optimistic economic recovery from the corona crisis and certainly also part of the reason is the Commission's intent to tighten its environmental targets and to stimulate the economy using green means. Also Germany's intention during its EU Council presidency to push for an EU ETS price floor may have brought support to the market in recent days. However, the fundamentals are weak since actual emissions are forecast to fall this year, thereby reducing demand for emission allowances.

The emission allowance price is technically enjoying a very robust upward trend and resistance levels have again been breached during the current week. However, the risk of a downward correction exists after such a sudden upward movement. The RSI indicates the product is overbought, which also tells of the approaching possibility of a correction. This week the highest price touched €28.34/t. Besides this, resistance levels are found at €29/t as well as the peak of €30.34/t a year ago. Support for the emission allowance price is at €27.14/t, €26.63/t and €25.86/t. We expect emission allowance prices to remain strong, with the reservation of a technical correction and high volatility, and to move between €24 - €28/t.



Black candles indicate days with closing price below opening price.  
White candles indicate days with closing price above opening price.

### On Agenda: Europe

The German Cabinet has adopted the details to phase out coal power plants. The first unit to exit the market is RWE's 297 MW brown coal station, which will leave on December 31. A year later on December 31, 2021, 294 MW will be removed from the market. At the same time two other facilities will close and the following ones in 2022 and 2025. Most of the plants will close during 2028-2038. An agreement with operators cannot finally be terminated until the coal exit law has been passed by the German Parliament and once it has been confirmed that this complies with EU's acts applying to state aid. Parliament aims to pass the bill in its session on 3 July before its summer recess. <sup>1</sup>

### On Agenda: Global

ICAO has decided to change CORSIA's (Carbon Offsetting and Reduction Scheme for International Aviation) reference year. The change means that only 2019 will be used as the reference year when examining emissions growth and the need for reductions. Emissions in 2020 have been discarded from reference years. In this way, airlines avoid an additional burden of around USD 15 bn, which would come from emissions reduction purchases were 2020 emissions to have been included. The coronavirus pandemic has caused airlines to suffer losses and emissions have decreased. If 2020 had been included in the first phases as CORSIA's reference year, the airlines would have had to compensate an abnormally large quantity of emissions during 2021-2023. Also the EU supported the idea of changing the reference years. <sup>2</sup>

CDM pipeline	3.7.2020 11:09	
	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

Upcoming events	
Date	Event
2.7.2020	German parliament vote on law concerning coal-fired power shutdown
Q3-20	Completion of an impact assessment on increasing the greenhouse gas reduction ambition from 50% to 55% for 2030

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#### Sources:

- [1 Montel news](#)
- [2 S&PGlobal news](#)

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