

**EUA prices €/t 14.8.2020 17:00**

Product	Bid	Ask	Last	Change*
Spot**	25.10	25.13	25.10	-7.09 % ↓
Dec-20	25.16	25.18	25.16	-7.11 % ↓
Dec-21	25.51	25.54	25.51	-7.02 % ↓
Dec-22	26.04	26.07	26.04	-7.07 % ↓

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

**sCER prices €/t 14.8.2020 17:00**

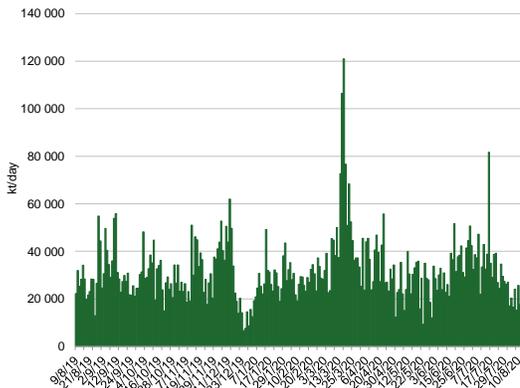
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.28	0.28	3.57 % ↑

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	25.51	-7.02 % ↓

\*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 14.8.2020 17:00**

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	18.35	-4.90 % ↓
ENO 2021	€/MWh	20.95	0.48 % ↑
ENO 2022	€/MWh	23.55	-1.49 % ↓
ENO 2023	€/MWh	24.90	-2.61 % ↓
EEX, Base load Cal-21	€/MWh	39.77	-1.36 % ↓
Brent crude	\$/bbl	44.91	-0.11 % ↓
Natural gas UK (Q4-20)	p/therm	30.60	2.41 % ↑
Coal CIF ARA API2 2021	\$/t	56.50	-5.49 % ↓

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

### Market Analysis

The emission allowance price rose slightly last week, but traded in a narrow range of €26-€27/t. On Monday, the price softened with a really weak auction result, but there was an upward correction before closing. The following two trading days were near the resistance level of €27/t when better than expected economic data provided broader support to the financial markets. On Thursday, the price rise and testing of support levels ultimately reversed to a fall. Friday saw a little uncertainty in the direction of the emission allowance price, which ultimately closed at a level of €26.42/t, up €0.14 at the weekly level. The lateral trend has continued during the current week.

Auction availability is halved in August because of the holiday season and next week will rise slightly to 9.44 Mt. There was less trading than normal in emission allowance future products on the ICE last week, averaging 18.6 Mt a day.

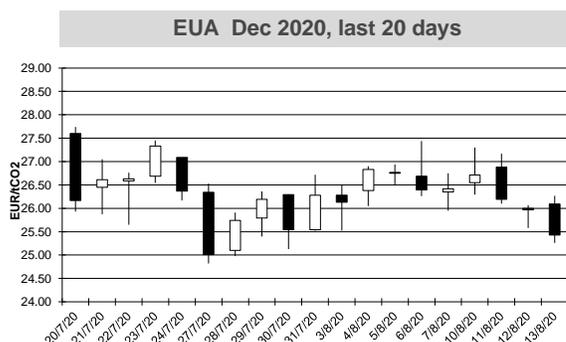
### Market View

The hot weather in Central Europe is easing this week but temperatures will still remain higher than normal and wind power production is weak, which buoys up demand for emission allowances. Gas prices have been rising, adversely affecting the profitability of gas-fired condensing power, whereas there has been a slight improvement in the margins of coal-fired power plants. However, on an annual basis the emissions market is still showing a surplus.

Emission allowance prices have historically risen in August following lower auction availability. During the holiday season this year, volumes traded on the exchange have fluctuated considerably less than normal. Volumes for emission allowance future products on ICE in July averaged 36.4 Mt a day, whereas the average for August to date is 19.4 Mt. Also auction prices during the previous and current week settled at considerably lower than the aftermarket price at the time. The trend in August so far has been a lateral one. In September, auction volumes will again return to normal. On the other hand, a rise in emission allowance prices is to be expected after August once the European Commission returns from holidays and discussion about the coronavirus recovery package can be expected. A presentation of the impact assessment of raising the 2030 climate target is also to be expected during the third quarter.

Coronavirus continues to bring uncertainty to the markets. On the other hand, recovery from the recession caused by the coronavirus in some countries has been better than expected, which in turn has buoyed up positive market sentiment in general. Production figures in the EU, and particularly in Germany, have been growing for the first time since the coronavirus crisis.

The short-term trend for the emission allowance is a lateral one but the longer-term technical picture remains strong. The emission allowance price has remained north of €25/t having risen above this level in late June when there was a strong upward trend. Support for the emission allowance price can also be found at €25.70/t and €25.50/t. Resistance levels for the emission allowance price are €26.63/t, €27/t and €28.33/t. We expect the emission allowance price to seek direction in the range of €25-€27/t.



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

CDM pipeline	14.8.2020 17:00	
	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
Week 35	European Parliament meeting after the summer recess
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 Euractiv news](#)
- [2 Reuters news](#)
- [3 Financial Times news](#)

## On Agenda: Europe

Switzerland will be linked to the EU ETS from September onwards. The starting date was originally intended to be in May but the coronavirus pandemic delayed plans. Registries of the Swiss and EU trading systems will use a provisional solution to transfer allowances this year. Emission allowance trading between the two markets will commence on September 21. Trades will be transferred between the registries over ten days between September and December, with September 28 as the first day. Switzerland's emissions trading market is 5 Mt CO<sub>2</sub>e, compared to the EU ETS of 1 600 Mt. The Swiss system will expand slightly this year to apply to power plants and some aviation. <sup>1</sup>

The EU is considering renewable fuel quotas in aviation in an attempt to reduce aviation emissions. The EU aims to be carbon neutral by 2050. The coronavirus crisis has also cut emissions in the aviation industry this year, but aviation emissions have otherwise risen each year between 2013-2019. The European Commission has launched consultation on among other things proposed quotas for renewable fuels for aviation and an obligation for the fuel industry to produce renewable fuels as part of its production. Other options include a trading system for carbon offsets for fuels, competitive tendering for renewable fuel production or a new accreditation system for green airlines. Renewable fuels currently account for 0.5% of aviation fuel consumption in the EU. A kerosene tax is also an option to reduce the price gap with renewable fuels. EU-wide taxes must be decided unilaterally, in other words any member state can exercise its veto. <sup>2</sup>

## On Agenda: Global

The finance sector is increasingly believing in emission pricing. The ETF launched on the New York Stock Exchange tracks the development of the three most liquid emissions markets. The fund provides institutions and asset managers with an opportunity to invest in growing emissions markets. Regional emissions trading systems currently cover 16% of global emissions. Of these emissions trading systems, the EU ETS, the Californian ETS and the US Northeastern ETS have been included in the volume-weighted fund. The current valuation is USD 20/ton. The green recovery package has increased the EU emission allowance price, which has strengthened by almost three quarters since the low in March. The future of emissions trading elsewhere in the world continues to attract skeptics and the inaction of the world's largest polluters will not help to scale the emissions market. In China, it is feared the economic recession as a result of coronavirus will further delay the launch of emissions trading and India has no intentions of pricing emissions. <sup>3</sup>

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