

EUA prices €/t 21.8.2020 10:38

Product	Bid	Ask	Last	Change*
Spot**	25.65	25.69	25.65	-1.60 %
Dec-20	25.69	25.71	25.69	-1.71 %
Dec-21	26.01	26.06	26.01	-1.81 %
Dec-22	26.54	26.59	26.54	-1.81 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 21.8.2020 10:38

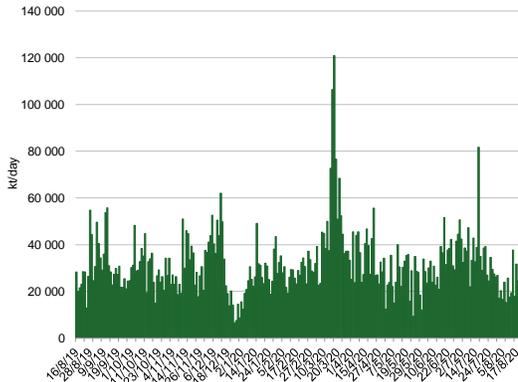
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.28	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.01	-1.81 %

*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 21.8.2020 10:38

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	20.30	9.85 %
ENO 2021	€/MWh	22.25	6.07 %
ENO 2022	€/MWh	24.25	2.68 %
ENO 2023	€/MWh	25.39	1.73 %
EEX, Base load Cal-21	€/MWh	39.85	0.60 %
Brent crude	\$/bbl	44.81	-1.07 %
Natural gas UK (Q4-20)	p/therm	32.69	7.92 %
Coal CIF ARA API2 2021	\$/t	54.40	-4.23 %

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

Market Analysis

The emission allowance price fell slightly last week. The week started on a slightly upward trading day with warm weather providing support. On Tuesday, Wednesday and Thursday, the emission allowance price fell on the back of a weak auction result as well as a fall to below the technical levels on Thursday. There was a slight softening on the fuel markets, too. The lowest levels of the week were tested on Friday, but the price began to rise having fallen towards a level of €25/t. On Friday, the emission allowance price closed at a level of €25.48/t, down €0.94 at the weekly level.

Auction availability has been halved in August because of the holiday season, but will show a slight increase next week at 9.96 Mt. There was less trading than normal in emission allowance future products on the ICE last week, averaging 23.6 Mt a day.

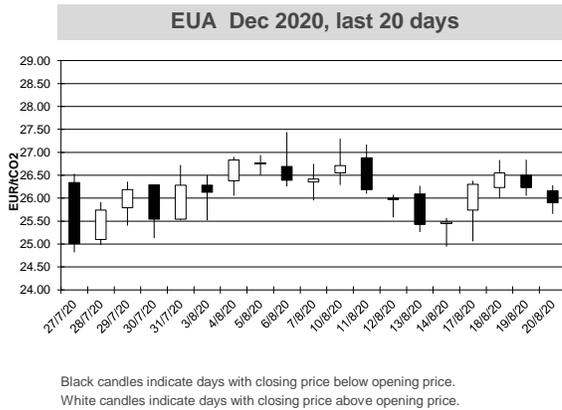
Market View

The weather in Central Europe has been warm this week, but next week temperatures will drop to normal levels and wind power production may remain normal. On the fuel markets, August saw the price of natural gas rally and the price of oil has remained strong. The price of coal has again fallen due to poor demand outlook and the profitability of coal-fired condensing power has increased. However, historically low natural gas prices continue to be unfavorable for coal-fired condensate power.

Next week is the last week of low auction availability because of the holiday season. Thereafter, public holidays at the turn of August-September will lower auction availability in week 36 before a return to fully normal auction availability levels. Aftermarket activity has risen slightly in the previous and current week but continues to be weaker than normal. Auctions have also been weak and often at prices lower than those on the aftermarket. Increased market volatility can be expected once the holiday season has ended and emission auction trading returns to the normal rhythm, and it is conceivable that greater availability could push prices down.

The end of the holiday season also means meetings of the European Parliament and among other things voting by the ENVI Committee on September 10 to increase the climate targets for 2030.

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 €25.86/t and €24.51/t. Resistance levels for the emission allowance price are €25.90/t, €26.63/t and €27/t. We expect the emission allowance price to seek direction in the range of €25 - €27/t.



On Agenda: Europe

The EU ETS register had to be closed on Wednesday this week because of technical issues. The register was working again in the evening. Market participants were unable to log in to their accounts and process emission allowance transactions. This type of closure may affect spot deliveries but these have a relatively small share of the market. It is unclear whether the news affected the EUA price, even though the DEC 20 product fell €0.50 to €26.05 at the time of the announcement. ¹

An impact assessment of the plan to increase the EU's climate target for 2030 will be ready in September. The study will assess the costs and benefits brought by increasing the target from 50% to 55%. EU decision-makers plan to decide on the basis of the study whether or not to propose an increase. A 5% difference in the targets would mean around 280 Mt of emissions in 2030, which corresponds in magnitude to brown coal emissions in Europe in 2019. The Commission currently seems to be in favor of the higher target, but in particular eastern European countries, whose economies are based on fossil fuels, are against the idea. On the other hand, Europe is suffering from a severe economic recession because of the coronavirus pandemic and many countries are prioritizing getting through the virus crisis. ²

CDM pipeline	21.8.2020 10:38	
	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

Earth Overshoot Day falls on Saturday August 22. Earth Overshoot Day is the day on which humankind has consumed more renewable resources than the Earth is capable of regenerating during the year. Global Footprint Network has calculated Earth Overshoot Day since 2006 and the day has been earlier every year until the current year. The economic recession brought about by the coronavirus pandemic has delayed Earth Overshoot Day by several weeks. In 2019, Earth Overshoot Day was on July 29. Humankind's carbon footprint has fallen 9.3% this year because of the pandemic. ³

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 Carbon Pulse news](#)
- [2 Euractiv news](#)
- [3 NY Times news](#)

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