

EUA prices €/t 28.8.2020 10:06

Product	Bid	Ask	Last	Change*
Spot**	28.45	28.48	28.45	9.17 % ↑
Dec-20	28.50	28.51	28.50	9.23 % ↑
Dec-21	28.86	28.88	28.86	9.18 % ↑
Dec-22	29.33	29.37	29.33	8.86 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 28.8.2020 10:06

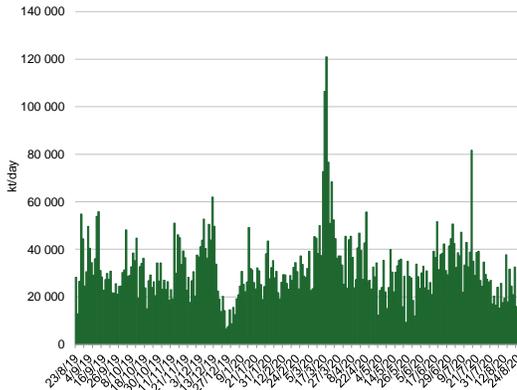
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.28	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	28.86	9.18 % ↑

*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 28.8.2020 10:06

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	24.08	17.36 % ↑
ENO 2021	€/MWh	24.51	12.89 % ↑
ENO 2022	€/MWh	25.75	8.54 % ↑
ENO 2023	€/MWh	26.90	6.88 % ↑
EEX, Base load Cal-21	€/MWh	42.06	4.85 % ↑
Brent crude	\$/bbl	45.63	1.58 % ↑
Natural gas UK (Q4-20)	p/therm	34.59	4.97 % ↑
Coal CIF ARA API2 2021	\$/t	54.35	-1.93 % ↓

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

Market Analysis

The emission allowance price rose slightly last week. The week started by testing the support level near €25 following a weak auction result but a technical correction ultimately saw a rise to close the day. The upward trend continued on the trading day on Tuesday. On Wednesday, the price took a downward turn, which spilled into Thursday and Friday. The decrease in the price was triggered by weak auction results and may have also been affected by disruptions in the EU's auction register. On Friday, the emission allowance price closed at a level of €25.65/t, up €0.17 at the weekly level. The emission allowance price has shown a robust rise during the current week along with improved market sentiment brought about by potential new means to treat the coronavirus and a better technical picture.

Auction availability was halved during August because of the holiday season. Next week may see a slight increase in auction availability to 12.2 Mt but availability will not yet return to normal due to two missed auctions because of public holidays. There was less trading than normal in emission allowance future products on the ICE last week, averaging 25.1 Mt a day.

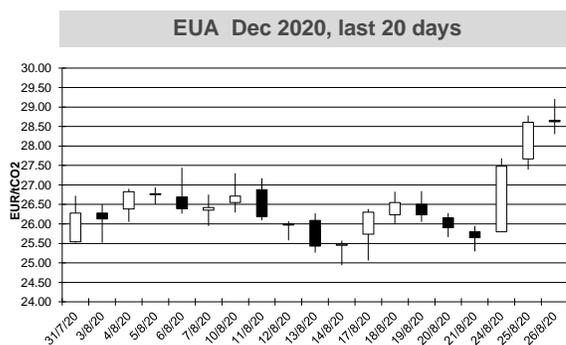
Market View

The weather in Central Europe may remain normal or slightly cooler during the current and following week and wind power production is likely to remain normal. On the fuel markets, oil and natural gas prices have remained robust. The price of coal has again remained weak despite having seen a small recovery. The fall in the price of coal has improved the profitability of coal-fired condensing power from very low levels in July/August. A hurricane that has hit the American mainland is threatening oil producing parts of the United States and Gulf of Mexico, and this in the short-term may support the price of oil.

News about the development of a coronavirus vaccine and the approval of new forms of treatment in the United States boosted market sentiment on Monday of the current week. Stock markets continued to move upwards during the week and provided support for the emission allowance price. Market activity has risen slightly as the price has risen and trading on the ICE has averaged 28.7 Mt a day.

After having been halved in August, auction volumes will return to normal next week but two public holidays will limit increased availability. The downward impact of any additional availability could be minimal next week. However, availability in September will be 51% higher than at the same time a year earlier and this may exert pressure on the market. European decision-makers have returned from their summer recess. The ENVI Committee meeting, which was due to vote on the draft for a new climate law draft, has been moved to September 2-3.

The emission allowance price has been trading at €25-€27.50/t during August before breaking the resistance level during the current week. The technical picture for the emission allowance price is strong. At its peak, the price nudged the level of €29.21/t, which is now the resistance level. Also €30/t and July's peak of €30.80/t provided resistance. Support for the emission allowance price can be found at the levels of €27.50/t, €26/t and €25.50/t. We expect the emission allowance price to remain strong and to move in the range of €27 - €30/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 technical and financial possibility of increasing the EU's net-zero carbon target will become apparent from a study. The EU is discussing increasing the emissions reduction target for 2030 to 50-55% compared to 1990 levels, whereas the existing target is a 40% reduction. Based on a study by the German Agora Energiewenden and Öko-Institut, to reach the 55% target, emissions under EU ETS would need to be cut 61% from 2005 levels, which would be a significantly greater reduction than the 43% currently planned. This would mean a reform of the emission market and the study mentions an increase in the emission ceiling to 5.4%. Based on the study, there is no credible road to reaching the 55% target without efforts from all EU countries. For example, Poland and the Czech Republic consider that the economic recession caused by coronavirus will affect the achievement of the climate goals. ¹

CDM pipeline 28.8.2020 10:06

	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

The UK's Department for Environment, Food and Rural Affairs has updated its emissions trading guidelines. The UK's ETS installations are still covered by EU ETS until the end of the transition period at the end of the year. This means installations and industrial actors must meet their EU ETS obligation for 2020. By the end of March 2021, actors must submit a verified report on emissions in 2020 and surrender allowances in early May. Operators will have access to the register until the end of May 2021, after which any remaining emission allowances can be transferred to a trading account managed by an EU country. Free allocations will be made before the end of 2020. The UK and EU are negotiating the future participation of Northern Ireland in EU ETS. The UK intends to introduce a carbon emission tax next year if the country's own UK ETS is not ready before the turn of the year. ²

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 BEIS news](#)

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