

EUA prices €/t 4.9.2020 13:32

Product	Bid	Ask	Last	Change*
Spot**	28.58	28.62	28.58	0.45 % ↑
Dec-20	28.63	28.65	28.63	0.45 % ↑
Dec-21	28.96	29.00	28.96	0.35 % ↑
Dec-22	29.41	29.45	29.41	0.27 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 4.9.2020 13:32

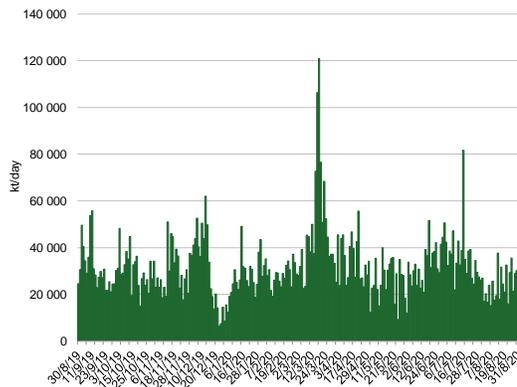
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.22	0.29	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	28.96	0.35 % ↑

*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 4.9.2020 13:32

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	25.20	4.44 % ↑
ENO 2021	€/MWh	25.60	4.26 % ↑
ENO 2022	€/MWh	25.85	0.39 % ↑
ENO 2023	€/MWh	26.65	-0.94 % ↓
EEX, Base load Cal-21	€/MWh	42.67	1.43 % ↑
Brent crude	\$/bbl	44.42	-2.72 % ↓
Natural gas UK (Q4-20)	p/therm	35.99	3.88 % ↑
Coal CIF ARA API2 2021	\$/t	56.50	3.81 % ↑

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

Market Analysis

The emission allowance price rose 15% last week. On Monday, the emission allowance price started to rise on the back of market sentiment, which was buoyed up by positive news about a coronavirus vaccination and media news about the future of the EU ETS. Also the technical resistance level was broken. The rise continued on Tuesday driven by stock markets and the fuel markets. On Wednesday, the rise came to a halt and even a small dip in the price was seen on Thursday to end a volatile trading day. On Friday, the price was supported by news about nuclear power plant maintenance outages in France, which will continue. The price tested north of the resistance level of €30/t on Friday but closed south of the level at €29.88/t. The emission allowance price closed up €3.90 at the weekly level. The present week has seen a slight fall in the emission allowance price since last week's close.

There were fewer auctions than normal this week since only three auctions were held. Next week auction availability will increase by around 8 Mt to reach 20.85 Mt. There was slightly more trading than the average for the whole of August in emission allowance future products on the ICE last week, averaging 29.1 Mt a day.

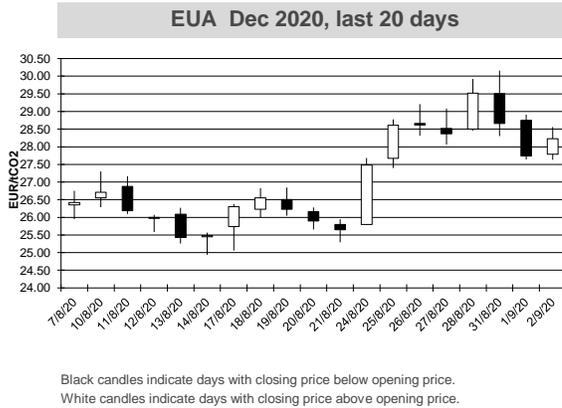
Market View

The weather in Central Europe is likely to remain slightly cooler than normal during the current and following week and wind power production is likely to remain normal. On the fuel markets, the natural gas price has remained robust during the current week. Oil prices have seen a slight softening, but the technical picture is still strong. Recent weeks have seen a strengthening of the profitability margin of coal-fired condensing power. The French nuclear power output situation can support the European coal and gas market.

European decision-makers have returned from their summer break and in September the European Commission plans to present the impact assessment of increasing climate targets for 2030 and to submit a proposed law based on this assessment. Possible information on the Commission's decisions may provide guidance during the coming weeks and months. The possibility of tightening emissions trading helped to support the price last week. Sources indicate that the Commission is in favor of the stricter 55% emission reduction target for 2030.

Germany's first invitation to tender for the closure of coal-fired condensate plants went out on September 1 and the results are expected in October. Germany has announced that it will withdraw emission allowances in respect of the closure of coal-fired plants to prevent a fall in price on emission allowance market, but the exact amounts are not yet known.

The emission allowance price is enjoying a strong upward trajectory. The current week has tested support levels of €30/t and above, but closed the day south of €30/t. The resistance level was €30/t and additionally the July peak of €30.80/t. Support for the emission allowance is found at the levels of €28.30/t, €27.50/t, which provided support in August, and €26/t and €24.80/t. We expect the emission allowance price to remain strong and to move between €27-€30/t.



On Agenda: Europe

The amount of free allocations for the next emissions trading period will decrease by the maximum amount for many products. The European Commission's proposed law shows that 43 EU ETS industrial sectors out of 53 will see the maximum possible reduction in free allocations for the following five years. This could mean higher trading costs, but on the other hand industry will continue to receive most of its emission allowances free of charge to avoid carbon leakage. The actors in the 43 industrial sectors concerned would receive about 24% fewer free allocations per tonne of product produced than is currently the case. This includes oil refining products, brick production, glass, ammonia and the pulp and paper industry. The free allocation for the EU ETC 2021-2025 trading period for the aluminum and steel industry would be cut by 3%. Even though emissions from the power sector, which come under emissions trading, have rapidly decreased, industrial emissions have changed only little because of widespread free allocations. The Commission intends to propose carbon-based border taxes in 2021 as an alternative to free allocations. ¹

On Agenda: Global

The UN Climate Change Unit is considering holding climate change conferences in 2021. COP26 was postponed this year because of the coronavirus and has been re-scheduled to take place in November 2021. The climate change conference preceding this in Bonn in Germany was also postponed. One alternative considered by diplomats responsible for the UNFCCC is a third conference for 2021, which would allow the negotiators to make up for the lost work this year and to be ready for the Glasgow COP. The aim in Glasgow is to agree on the final unresolved issues related to the rules of the Paris Agreement. Preparations were already behind schedule even before the pandemic struck. Funding of the conference, however, raises questions since the Covid-19 pandemic means that UNFCCC members have been unable to pay their contributions and the bureau focusing on UN climate work has managed to collect only 48% of the financing for 2020. ²

CDM pipeline	4.9.2020 13:32	
	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
7.9.2020	The ENVI Committee will vote on the proposed climate law
September 2020	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 Climate Change News](#)

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