

EUA prices €/t 18.9.2020 14:02

Product	Bid	Ask	Last	Change*
Spot**	28.02	28.04	28.02	2.11 % ↑
Dec-20	28.05	28.06	28.05	2.10 % ↑
Dec-21	28.32	28.35	28.32	1.94 % ↑
Dec-22	28.72	28.75	28.72	1.98 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 18.9.2020 14:02

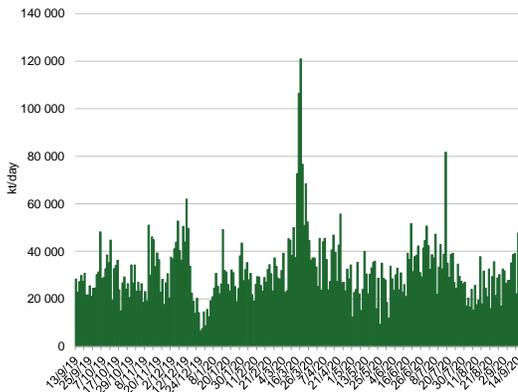
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.25	0.31	0.29	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	28.32	1.94 % ↑

*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 18.9.2020 14:02

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	19.75	-27.09 % ↓
ENO 2021	€/MWh	22.60	-11.28 % ↓
ENO 2022	€/MWh	24.40	-2.09 % ↓
ENO 2023	€/MWh	25.40	-0.04 % ↓
EEX, Base load Cal-21	€/MWh	42.67	3.47 % ↑
Brent crude	\$/bbl	43.58	7.69 % ↑
Natural gas UK (Q4-20)	p/therm	34.78	2.93 % ↑
Coal CIF ARA API2 2021	\$/t	58.25	2.58 % ↑

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

Market Analysis

The emission allowance price recovered slightly last week. On Monday, the price opened on a downward note following fairly poor auction results and greater availability and the trend remained the same on Tuesday. On Wednesday, support for the price was provided by expectations of the ENVI Committee's voting on a 60% climate target and Thursday's result in favor of the target kept the emission allowance price on an upward trajectory. Following a volatile trading day on Friday, the intraday price reversed into a fall. On Friday, the emission allowance price closed at a level of €28.26/t, up €0.90 at the weekly level. During the current week, the emission allowance price tested July's peak of €30.80/t to reach an intraday peak of €30.78.

The following week will see 20.85 Mt entering the market from auctions, which with the Polish auction is 1.1 Mt greater availability than during the current week. Exchange activity has been much higher than normal during the current week; trading in future products on the ICE averaged 45.7 Mt a day, which is considerably higher than the year's average of 31.7 Mt.

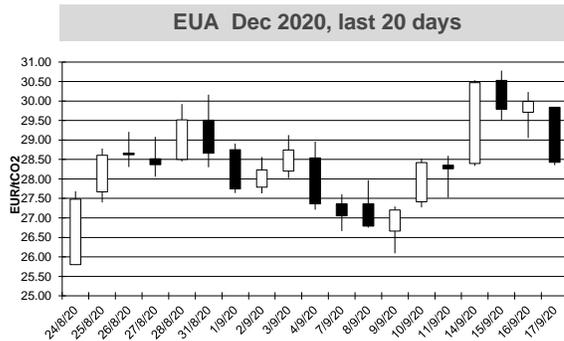
Market View

US stock markets have risen during the current week and have sought direction in Europe. The weather in Europe brings support to the emissions market; warm weather with little wind is forecast until halfway through next week. Also fuel markets have been rising during the current week.

Last week, the ENVI Committee voted in favor of the 60% emission reduction target and this lifted the market. During the current week, the emission allowance price was supported by expectations that the European Commission would increase its climate targets and report its goals on Wednesday. In her State of the European Union speech, Von der Leyen mentioned the Commission aiming for an emissions reduction of at least 55% compared to 1990 levels. The current target is for a reduction of 40%. Climate and energy legislation will be amended by next summer to bring it into line with the 55% reduction target. According to several analysts, a 55% climate target could mean a doubling or even tripling of emission allowance prices by 2030.

The European Parliament will vote on the climate target in October. During the current week, the European Parliament has also passed a legislative amendment which enables the inclusion of shipping emissions in the EU ETS from the start of 2022. Market sentiment is currently supported by the political climate, which shows clear support for increasing climate targets. On the other hand, it seems that a 55% climate target has already been priced into the market at this stage.

The emission allowance price is technically very strong and the allowance has been trading near €30/t on a number of days. However, the price has not been able to challenge previous peaks. Resistance can also be found at €30.16/t, €30.80/t and the all-time record of €31/t. A strong support level for the emission allowance price can be found at €27/t, as well as at €27.85/t and €25.90/t. We expect the emission allowance price to remain strong but to retreat from the current week's peaks and to trade at between €27-€31/t.



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

CDM pipeline	18.9.2020 14:02	
	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
14.-17.9.2020	The European Parliament Plenary, discussions on maritime emissions to be included in EU ETS
5.-8.10.2020	The European Parliament Plenary, increasing the climate target

Contacts:

Markus Herranen
Toni Sjöblom
Laura Pokka
E-mail: firstname.lastname@gasum.com

Sources:

- [1 Helsingin Sanomat news \(in Finnish\)](#)
- [2 Bloomberg news](#)
- [3 Euractiv news](#)

On Agenda: Europe

The European Court of Auditors (ECA) reported that the EU's emissions trading system has not worked in the best possible way. The object of the report was free allowance quotas during 2013-2019 and whether the allowances distributed encourage reductions in greenhouse gas emissions and the prevention of carbon leakage. Around 40% of emission allowances are distributed free of charge to emissions trading operators. Most of the quotas that went to eight countries, including Poland and the Czech Republic, went to coal and brown coal facilities. Better targeting of free allowances would have multiplied the benefits. ¹

On Agenda: Global

The era of oil demand growth is over says energy company BP in a report. Oil demand will not necessarily ever return to levels before the coronavirus crisis took hold. Even in a scenario where activities continue as at present, demand for oil would remain steady over the following two decades and the peak in demand was seen in 2019. In other scenarios, where the rise in the emission allowance price and social pressure to transition to a low-emission society have been factored in, demand for oil showed a clear fall. Many other organizations predict that demand for oil will rise for a further decade. This year the virus pandemic has reduced demand for oil and even if demand has risen slightly, the pandemic is still impacting in many parts of the world and there is still uncertainty surrounding the manufacture of a vaccine. ²

Poland has committed to climate neutrality by 2050. Poland's deputy minister of climate said that climate neutrality is something to which the country is committed. This is a strong message that the country is prepared to accept the EU's climate target for 2050. Poland is also planning investments of €34 billion to withdraw from the use of coal and to increase renewable energy and nuclear capacity. Poland currently generates 75% of its electricity from coal. ³

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