

EUA prices €/t 24.9.2020 11:04

Product	Bid	Ask	Last	Change*
Spot**	26.14	26.18	26.14	-9.45 %
Dec-20	26.18	26.20	26.18	-9.43 %
Dec-21	26.40	26.44	26.40	-9.62 %
Dec-22	26.78	26.83	26.78	-9.67 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 24.9.2020 11:04

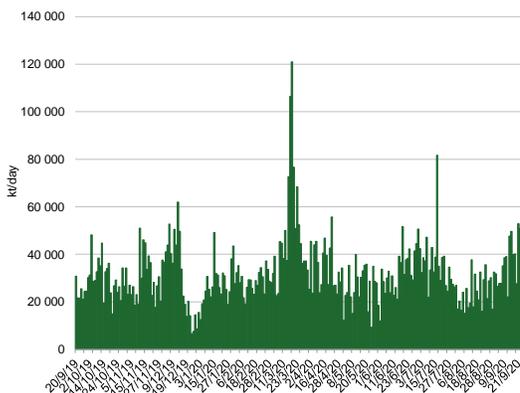
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.24	0.28	0.28	-3.57 %

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

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.40	-9.62 %

Daily traded EUA volume, ICE Futures Europe*

*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices 24.9.2020 11:04

Product	Unit	Prices*	Change*
ENO Q4-2020	€/MWh	21.15	-3.31 %
ENO 2021	€/MWh	23.45	-0.64 %
ENO 2022	€/MWh	24.54	-0.04 %
ENO 2023	€/MWh	25.34	0.36 %
EEX, Base load Cal-21	€/MWh	41.48	-3.11 %
Brent crude	\$/bbl	41.47	-2.00 %
Natural gas UK (Q4-20)	p/therm	36.20	2.53 %
Coal CIF ARA API2 2021	\$/t	57.70	-1.39 %

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

Market Analysis

The emission allowance price took a downturn last week. The week got off to a robust start on Monday with the emission allowance price rising by around €2 during the day. The rise was driven by a leaked draft from the EU showing the EU's intention to increase the climate target for 2030 to 55%. On Monday, the price closed at a level of €30.47/t, which was the fifth time in three months that intraday levels north of €30/t had been tested. Tuesday opened at the same levels as on Monday and the price was just €0.02 shy of July's peak of €30.80/t before retreating. On Wednesday, when the rumors that had lifted the price on Monday turned out to be correct and with von der Leyen supporting an emissions reduction target of at least 55%, the price rose slightly. On Thursday and Friday, the price started on a downward correction. On Friday, the price closed at a level of €27.99/t, down €0.27 on the week.

This week's auction availability is 20.84 Mt and next week's availability will contract slightly to 19.74 Mt. Last week exchange activity was considerably higher than normal; trading in future products on the ICE averaged 40.97 Mt a day, which is considerably greater than the year's average of 31.9 Mt.

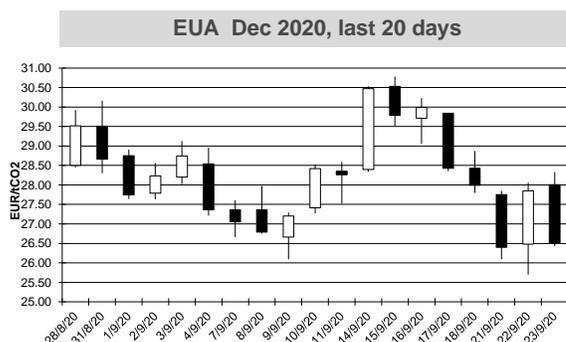
Market View

Stock markets have been falling on the back of tightened restrictions in many countries because of new incidences of coronavirus. For example, in England the government is urging people to work from home where possible and this and restrictions imposed could last up to six months.

In her speech last week, President of the European Commission Ursula von der Leyen announced the intention to increase the EU's emission reduction target for 2030 to 55% compared to 1990 levels. The European Parliament will vote on the Climate Law, which also concerns climate targets, in a plenary session in early October. June 2021 is expected to see proposals for legislative reform concerning the EU ETS; an emissions CAP and a tightening of the Market Stability Reserve (MSR), a reduction in free allocation, the inclusion of new sectors in emissions trading at least are on the Commission's list. In addition, carbon border adjustment mechanisms are being examined.

The market continues to be affected by opposing forces, with low short-term demand and abundant auction availability, and the adverse implications of the coronavirus pandemic on the global economy. On the other hand, stricter climate targets can be seen as improving market sentiment. Also Chinese President Xi's address at the UN General Assembly, at which he said that China would tighten its climate targets, may also have taken the market to a new upward trajectory on Tuesday this week, which was a positive piece of news for global climate work.

The emission allowance price weakened last week but having fallen to below the support level of €26/t, an upward corrective movement has been seen this week. A strong support level for the emission allowance price can be found at this level as well as at €27/t, and at €25.70/t and €24.82/t. Resistance to a rise in the emission allowance price is at €28/t, €29.13/t and €30.80/t. We expect the emission allowance to trade at lower than last week's peak and to trade at between €25 - €29/t.



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

CDM pipeline 24.9.2020 11:04

	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
5.-8.10.2020	The European Parliament Plenary, vote on increasing the climate target
23.10.2020	Deadline for Carbon Border Adjustment consultation

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Sources:

[1 Euractiv news](#)

[2 Euractiv news](#)

[3 Talouselämä news \(in Finnish\)](#)

On Agenda: Europe

The European Commission's decision to include carbon sinks in its 55% emission reduction target has been criticized by environmental organizations. According to the Commission, the methods are UNFCCC compliant. Environmental organizations consider the inclusion of carbon sinks in the 55% target to be a dilution of the target. ¹

The European Commission cut the number of industrial sectors receiving compensation payments for emissions trading. Ten industrial sectors may receive payments in Europe in those countries where compensation is allocated. Aluminum, paper and copper production are among those sectors remaining on the list, with hydrogen production as a newcomer. Many of these sectors are so-called carbon leakage sectors and are on the list for strategic reasons. Fertilizer production and ceramics production were taken off of the list. ²

On Agenda: Global

China aims for carbon-neutrality by 2060. The aim is to reach an emissions peak before 2030. Chinese President Xi told of the country's climate target at the virtual UN General Assembly on Monday. Mr Xi also mentioned the green recovery after post coronavirus. China had earlier promised to peak emissions at around 2030, whereas the target has now been brought forward to before 2030. China does not plan to zero all its emissions but to strive for carbon neutrality, which could mean, for example, increasing carbon sinks or emissions offsets. After China's announcement, the US will be the world's largest polluter which has no goals for carbon neutrality. For the EU, China's aim is a relief since the EU's strategy has been based on other countries reducing their emissions. ³

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