

### EUA prices €/t 2.10.2020 11:05

Product	Bid	Ask	Last	Change*
Spot**	26.20	26.22	26.20	-3.89 %
Dec-20	26.23	26.24	26.23	-3.89 %
Dec-21	26.43	26.45	26.43	-3.93 %
Dec-22	26.78	26.82	26.78	-4.03 %

\*Change compared to the previous report \*\* EEX spot

### sCER prices €/t 2.10.2020 11:05

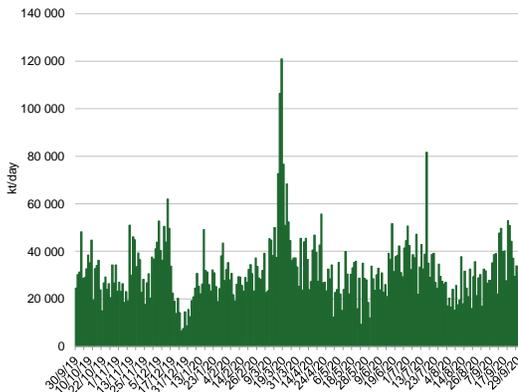
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.24	0.28	0.28	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.43	-3.93 %

\*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 2.10.2020 11:05

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	28.45	24.96 %
ENO 2021	€/MWh	23.65	0.68 %
ENO 2022	€/MWh	24.50	-0.61 %
ENO 2023	€/MWh	25.30	0.36 %
EEX, Base load Cal-21	€/MWh	41.07	-0.02 %
Brent crude	\$/bbl	39.72	-5.09 %
Natural gas UK (Q1-21)	p/therm	40.31	12.22 %
Coal CIF ARA API2 2021	\$/t	59.95	3.75 %

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

## Market Analysis

The emission allowance traded at a price of between €26-€28/t last week and the market was particularly volatile in the early part of the week. The week started with a downward trading day when on Monday the price fell below the support level of €27/t. Rising stock markets supported the price on Tuesday, whereas on Wednesday there was a downward correction. On Thursday and Friday trading was more narrow between €26-€27/t, with weak auction results keeping prices moderate. On Friday, the emission allowance price closed at a level of €26.17/t, down €1.82 at the weekly level.

This week's auction availability totals 19.74 Mt, which is slightly less, 1.1 Mt, less than last week and the following week. Last week saw weak results in emission allowance auctions, except for Tuesday, the auction was clearly below the aftermarket prices at the time and bids settled at a worse ratio than average.

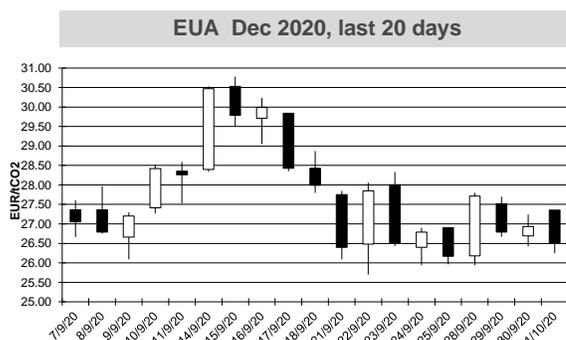
## Market View

Recent days have seen a softening of prices on the oil market since the global pandemic situation has increased concerns about the demand for crude oil. Market prices of oil and gas have maintained their upward trend despite a few weaker days also on these markets. Profit margins on coal condensate power have largely remained in negative territory. The weather in Central Europe remains at near normal temperatures and wind power production will drop to normal levels next week. Electricity consumption in Europe is still lower than normal because of the pandemic.

This week and next, the emission allowance price may take its direction from the stock markets, which are taking their cue among other things from any additional restrictions resulting from the coronavirus pandemic, the US presidential election debates and unemployment figures as well as Brexit negotiations. During the current week, the stock markets have been supported by positive sentiment, which has been raised among other things by hope of a US stimulus package and signs of a small recovery in industry.

An unofficial meeting of EU environment ministers is ongoing during the current week. The meeting is the first opportunity to discuss the 55% climate target for 2030 mentioned by von der Leyen and may reveal attitudes to the target.

The technical picture for the emission allowance price has weakened slightly although the emission allowance trend is still strong in the longer term. Volumes were high on the ICE at the start of last week but have fallen during the current week. A strong support level for the emission allowance price can be found at €25/t and buyers would be found once it falls below this. In addition, support can be found at the rolling 50 day average value of €26.56/t, €25.7/t and €24.82/t. Resistance to a rise in the emission allowance price is at €27/t, €28/t and €30.16/t. We expect the long-term trend in the emission allowance to remain strong and the allowance to trade at between €25-€29/t, without, however, seeking new peaks.



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

CDM pipeline	2.10.2020 11:05	
	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
3.11.2020	United States presidential election

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### Sources:

[1 Montel news](#)

[2 Helsingin Sanomat news \(in Finnish\)](#)

## On Agenda: Europe

The EU's carbon border tax plans could be difficult to implement. In September, President of the European Commission Ursula von der Leyen mentioned her aim to create an emissions border tax adjustment mechanism for selected sectors. The tax is aimed at encouraging other countries to follow the EU's example in climate matters. It is believed that also a mechanism, known as a carbon duty, will impose a tariff on the import of certain materials which is determined based on the carbon intensity of the product. The intention is use revenues obtained from carbon taxes to fund the EU's corona stimulus package. However, implementation of carbon taxes requires management of huge data volumes, which would increase the more sectors that are included. Criticism has also been raised about protectionist policy and unfair competition. The electricity production sector can be considered the best testbed for carbon taxes since the sector does not receive free allocations under the EU ETS and is dependent on fuel and the efficiency of facilities. On the other hand, the cement and steel industries are very reluctant to waive their rights to free allocations, which would be necessary for the carbon tax to comply with WTO rules. Imposition of a carbon tax adjustment mechanism could take as long as ten years but could be put in place faster in the electricity production sector. <sup>1</sup>

## On Agenda: Global

Norway is experimenting with capturing industrial emissions by burying them underground. Norway has traditionally become wealthy by pumping oil from the seabed, but now Norway plans to pump carbon dioxide back under the seabed. In the project, the carbon dioxide arising from incinerating mixed waste at the waste processing facility in Oslo will be recovered and transported to the west coast of Norway and pumped into the continental shelf. The waste processing facility generates around 400,000 tonnes of carbon dioxide emissions a year. The pilot plant is able to recover up to 99% of carbon dioxide. In addition to this, the tanker trucks transporting the liquid carbon dioxide would be emission free. Carbon dioxide could be sunk in the same place for a number of years for payment. A requirement for good business is a rise in the price of carbon dioxide. Carbon storage is one of the ways complementing actual emissions reductions to achieve the IPCC's target to curb climate warming. <sup>2</sup>

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