

EUA prices €/t 20.11.2020 9:20

Product	Bid	Ask	Last	Change*
Spot**	26.37	26.41	26.37	-2.12 %
Dec-20	26.39	26.41	26.39	-2.12 %
Dec-21	26.53	26.56	26.53	-2.04 %
Dec-22	26.79	26.82	26.79	-2.05 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 20.11.2020 9:20

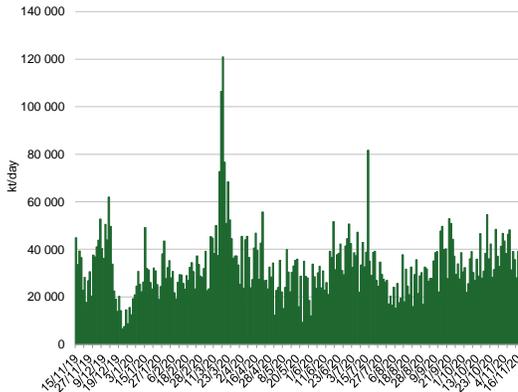
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.27	0.28	0.28	-3.57 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	26.53	-2.04 %

*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 20.11.2020 9:20

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	13.20	-38.26 %
ENO 2021	€/MWh	12.95	-34.29 %
ENO 2022	€/MWh	19.35	-22.48 %
ENO 2023	€/MWh	21.95	-12.21 %
EEX, Base load Cal-21	€/MWh	39.09	-0.92 %
Brent crude	\$/bbl	44.26	-1.54 %
Natural gas UK (Q1-21)	p/therm	37.41	-8.33 %
Coal CIF ARA API2 2021	\$/t	56.00	3.57 %

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

Market Analysis

The emission allowance price rose last week. On Monday, the price rose supported by the news of a coronavirus vaccine, as the more hopeful economic outlook was also reflected in the emissions market. There were no great changes in the price on Tuesday but on Wednesday the price tested levels north of €27/t, only to retreat during the day as the focus shifted to growing numbers of coronavirus cases as vaccine optimism abated. On Thursday, price movements remained moderate and Friday saw a small upward movement in the price. On Friday, the emission allowance price closed at a level of €26.28/t, up €0.86 at the weekly level.

Auction availability will remain high for the rest of the year and fluctuate between 19.73 and 20.84 Mt a week before the break in December. The auction break will spill over for longer than normal into next year. Volumes on ICE were slightly higher than normal last week but activity has fallen compared to trading volumes at the start of the month.

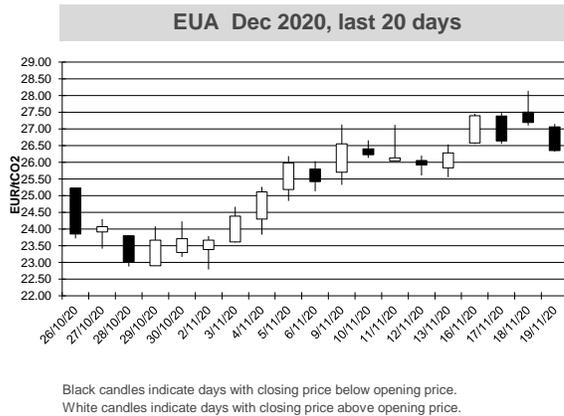
Market View

The fuel markets have been supported over the past two weeks by very successful medical studies of two different coronavirus vaccines. Optimism on the market has increased and the price of oil in particular has risen to approach August peaks. The price of coal has also recovered following the weakness seen at the turn of the month. The weather picture in Central Europe will grow slightly colder next week and this may be slightly supportive of the emission allowance price.

The Brexit negotiations continue, and some sources predict that the negotiations will continue until at least next week. There will presumably be no clarity of the UK's emissions pricing before the trade negotiations are over.

The Commission's announcement to delay auctions at the beginning of 2021 may also lift the market as short-term availability decreases. Next year's auction availability will be smaller than in 2020 but it is possible that 35 million EUAs will be added to next year's auctions since they have not been allocated under the energy sector modernization as intended. Recent auction demand has been weak, and availability will be higher than last year for the rest of the year until the auction break. A weak fundamental picture and less hedging towards the end of the year may continue to keep demand low until the start of the auction break. The auction break and prolonged free allocation, however, will add uncertainty to the market and fuel the possibility of volatility.

Technically, the emission allowance price is rising. Strong support for the emission allowance price can be found at levels near €23/t and resistance to a rise in the price can be found at a number of levels between €27-€28/t. Support for the emission allowance price can also be found at the levels of €26.33/t, €25.90/t and €24.82/t. We expect the emission allowance price to seek direction between €25-€28/t.



On Agenda: Europe

EU ETS emission auctions will be delayed in 2021. For technical reasons, as things stand at present auctions will begin in late January or early February 2021. This will prolong the normal break of around three-weeks in December, but on the other hand daily auction availability would rise towards the end of 2021. EEX, which was re-appointed as the common trading facility for trading period 4, will publish an emissions auction calendar next month. EEX is the auction facility for 25 EU member states, three EFTA countries and for allowances in modernization and innovation funds. In addition, the delay will also apply to German auctions. Regarding Poland's auctions, Poland must enter into a new agreement with EEX for the future. Next year's availability will be reduced by the higher linear reduction factor in trading period 4, the removal of the UK's allowances and the MSR. The allowances auctioned and allocated free of charge in 2021 contain data as to the period in which the allowances were allocated and so trading period 4 allowances cannot be used for surrenders of 2020 allowances. ¹

Germany's carbon dioxide emissions fell 10% during 2020. Energy production emissions are falling for the third year in Germany since the coronavirus has resulted in a fall in primary energy consumption, reducing emissions 7% during the current year compared to 2019. German energy production has also switched to use of renewable energy and gas. The emissions reduction will also increase the decreasing impact of the fundamental level on the emission allowance price. ²

The European Union's decision on the 2030 climate target may be delayed since there is the threat of disagreement on the economic stimulation plan spreading to other matters. European decision-makers were scheduled to discuss the EU climate law and 2050 climate-neutrality goal at a summit to be held on December 10-11. However, the threat to the European Green Deal and 55% emissions reduction target is that the proposal has yet to receive enough unanimous support. Reaching unanimity may be hampered by disagreements on the EU budget for the next seven years and the economic stimulation plan. Poland and Hungary have objected to the stimulation plan and the focus of next month's summit is likely to be on discussing the stimulation plan and any Brexit agreement, leaving little room to discuss the climate law. ³

CDM pipeline	20.11.2020 9:20	
	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
10. - 11.12.2020	EU leaders' Summit: decision on climate law
31.12.2020	End of the Brexit transition period

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Sources:

- [1 European Commission news](#)
- [2 Carbon Pulse news](#)
- [3 Bloomberg news](#)

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