

EUA prices €/t 4.12.2020 10:45

Product	Bid	Ask	Last	Change*
Spot**	29.63	29.66	29.63	5.23 % ↑
Dec-20	29.64	29.66	29.64	5.23 % ↑
Dec-21	29.81	29.85	29.81	5.17 % ↑
Dec-22	30.06	30.12	30.06	5.16 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 4.12.2020 10:45

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.29	0.30	0.30	6.67 % ↑

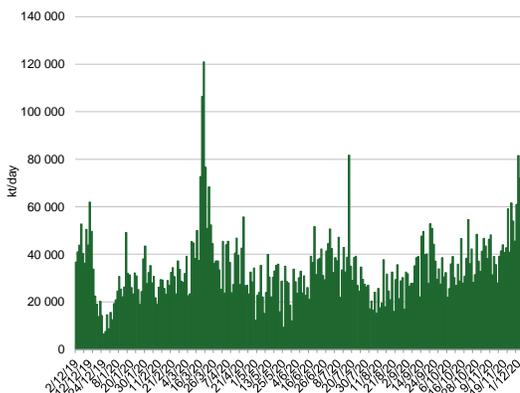
Spread Change*

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	29.81	5.17 % ↑

*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 4.12.2020 10:45

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	21.25	0.99 % ↑
ENO 2021	€/MWh	18.75	3.20 % ↑
ENO 2022	€/MWh	22.29	-6.77 % ↓
ENO 2023	€/MWh	23.75	-3.96 % ↓
EEX, Base load Cal-21	€/MWh	42.57	3.57 % ↑
Brent crude	\$/bbl	49.84	3.29 % ↑
Natural gas UK (Q1-21)	p/therm	40.43	2.35 % ↑
Coal CIF ARA API2 2021	\$/t	61.95	4.76 % ↑

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

Market Analysis

Last week the emission allowance price continued to rise. On Monday, news of the coronavirus vaccinations boosted the market and the trend continued on Tuesday. On Wednesday, the strong emission auction supported the market and the price tested levels above €28/t. With the weather forecasts predicting cold weather in Europe, the market continued to rise on Thursday. The European Commission's announcement that auctions would be delayed in 2021 brought support. The rise slowed on Friday, but the emission allowance price rose slightly to close at a level of €28.13/t, up €1.39 on the week.

Auction availability will be 19.7 Mt next week. A further 3.96 Mt will be available on December 14, after which there will be an auction break lasting until the end of January or early February next year. December 14 is also the last day of trading for the DEC-20 product. Last week and this, volumes on ICE have remained considerably higher than normal.

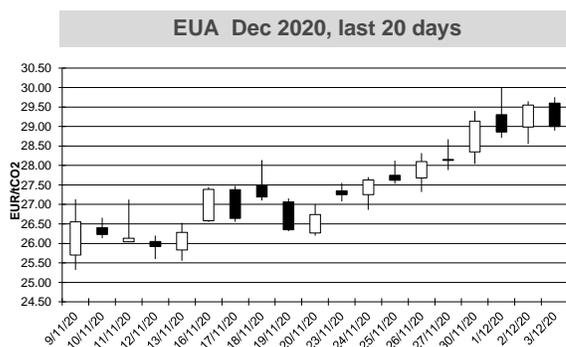
Market View

Fuel markets have recently been strong following news of corona vaccines and demand outlook supported by the weather. The weather in Central Europe will remain fairly chilly next week and wind power production will be weaker than normal, so the weather picture is supportive of the emissions market.

The third emissions trading period is drawing to a close. The auction break will last longer than the usual three weeks, perhaps as long as eight weeks, in addition to which free emission allocations for 2021 are not expected until towards the end of the second quarter 2021. Period 3 emission allowances will still appear on the market for just over a week, after which the price will be determined on the aftermarket. Emission allowances up for auction in 2021 may not be used for 2020 surrenders. Also, most of the production of operators covered by EU ETS has recovered from the downturn caused by coronavirus restrictions to almost pre-pandemic levels. The demand-availability ratio during the first quarter of next year seems much tighter than in the last quarter of 2020, when availability has been greater compared to a year earlier.

EU decision-makers are currently expected to decide on the EU Climate Law at next week's summit, at least the matter is on the agenda. Should the decision be taken at the summit, negotiations on the final text of the Climate Law can begin with the European Parliament. The Commission's legislative proposals in the European Green Deal in summer next year depend on emissions reduction goals, which means the matter is important to the Commission. The political risk to the market is the possibility that next week's summit will fail to make a decision. Also, there is less than a month to the end of the Brexit transition period and still no agreement has been reached in the negotiations.

The emission allowance price has remained robust and there is a strong upward trend. During the current week, the emission allowance price has tested the €30/t level. This level may limit the rise also next week. Besides this level, resistance can also be found at €29/t, €30.34/t and €30.80/t. Support for the emission allowance price can be found at levels of €28/t, €27.73/t and €25.84/t. We expect the emission allowance price to remain strong and to trade at between €28 - €31/t.



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

CDM pipeline	4.12.2020 10:45	
	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

Contacts:

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

Sources:

- [1 European Commission news](#)
- [2 CLEW news](#)
- [3 BBC news](#)

On Agenda: Europe

EU emissions fell to their lowest last year. Greenhouse gas emissions have been measured for three decades and the lowest level was reached in 2019, when emissions fell 3.7% last year. Over the same period GDP, grew 1.5%. Emissions have fallen 24% compared to 1990 reference levels. The emissions reduction in sectors under EU ETS was 9.1%, which is the biggest fall so far and equates to the elimination of around 152 million tonnes of carbon dioxide. Emissions in the power sector were 15% lower. There were no major changes in emissions outside emissions trading. According to Frans Timmermans, Executive Vice-President of the European Commission, efforts must be stepped up in all economic areas to reach the goal of carbon-neutrality in 2050. ¹

The first coal phase-out auction intended to decommission coal power generation capacity from the German electricity network was successful. The average compensation paid per megawatt of capacity removed was €66,000/MWh, which, because of high competition, is significantly below the legal maximum price. This auction round means 4.78 GW of capacity will be taken offline in January. A total of 4.8 GW of hard coal power generation will be withdrawn on this round. Germany intends to exit from coal by 2038. Current hard and brown coal capacity is 39.5 GW. ²

On Agenda: Global

2020 is on track to becoming one of the warmest years on record. According to the World Meteorological Organization's provisional State of the Global Climate report, 2020 will join 2016 and 2019 as the third warmest year. All the warmest years since 1850 have been measured since 2015 and 2011-2020 is the warmest decade. ³

Terms of delivery: The Emissions Trading Weekly (the "Review") is delivered via email to the Buyer's contact persons as an Adobe Acrobat pdf-document. All rights to the Review are reserved to Gasum Portfolio Services Oy. The Review, parts of the Review and the username and password that enable access to the Review, shall not be redistributed by the Buyer in any form to any third party, including subsidiaries, partly-owned companies and owners. Redistribution of the Review in any form is illegal and Gasum Portfolio Services Oy will fully enforce all available legal remedies in the event of such redistribution.

Gasum Portfolio Services Oy disclaims all warranties as to the accuracy, completeness or adequacy of information in the Review and does not assume any responsibility of delays in delivery of or access to the Review. The Buyer assumes full responsibility and risk of, and Gasum Portfolio Services Oy shall not be liable for, any loss which results from any transactions or decisions made by the Buyer on the basis of the Review supplied by Gasum Portfolio Services Oy. The Buyer shall accept sole responsibility for and Gasum Portfolio Services Oy shall not be liable for the use of the Review by the Buyer (or any user) and the Buyer shall hold Gasum Portfolio Services Oy harmless and fully indemnified against any claims, costs, damages, loss and liabilities arising out of any such use.