

EUA prices €/t 22.1.2020 12:18

Product	Bid	Ask	Last	Change*
Spot**	25.24	25.27	25.24	6.62 % ↑
Dec-20	25.32	25.34	25.32	6.64 % ↑
Dec-21	25.51	25.55	25.51	6.55 % ↑
Dec-22	25.83	25.88	25.83	6.54 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 22.1.2020 12:18

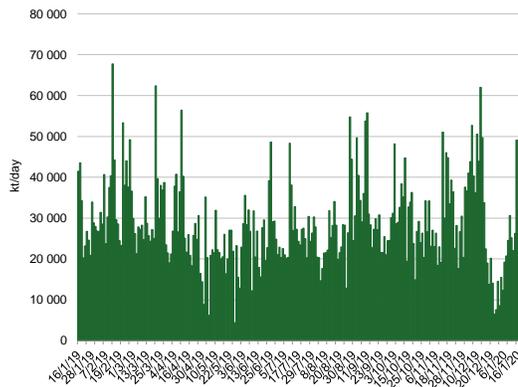
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.22	0.00 %
Dec-20	0.17	0.24	0.24	8.33 % ↑

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	25.51	6.55 % ↑

*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 22.1.2020 12:18

Product	Unit	Prices*	Change*
ENO Q2-2020	€/MWh	20.40	-25.00 % ↓
ENO 2021	€/MWh	29.30	-12.97 % ↓
ENO 2022	€/MWh	30.68	-7.17 % ↓
ENO 2023	€/MWh	30.63	-3.98 % ↓
EEX, Base load Cal-21	€/MWh	43.13	-5.31 % ↓
Brent crude	\$/bbl	64.17	-0.86 % ↓
Natural gas UK (Q2-20)	p/therm	26.11	-12.69 % ↓
Coal CIF ARA API2 2021	\$/t	60.60	-7.92 % ↓

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

Market Analysis

Emission allowance prices have risen. On Monday, the prices rose slightly from the day's opening, climbing slightly above the €24/t support level. On Tuesday, the same support level broke and the day closed below it. The general increase in the EU's climate ambition through the European Green Deal lifted emission allowance prices from Wednesday onwards. Emission allowance prices rose above the €24/t level on Wednesday. Germany intends to cancel EUAs as part of its coal phase-out plans, and this news received on Thursday supported the prices for the rest of the week, too. Friday saw the prices climb above €25/t, closing at €25.44/t. Emission allowances were up €1.23 at the weekly level.

Auction demand was stronger last week, with the bid-to-cover ratio rising above 2 in three out of five auctions. On Monday this week, the bid-to-cover ratio was again lower and the prices were weak compared with the secondary market. This week's auction supply totals 10.5 million EUAs.

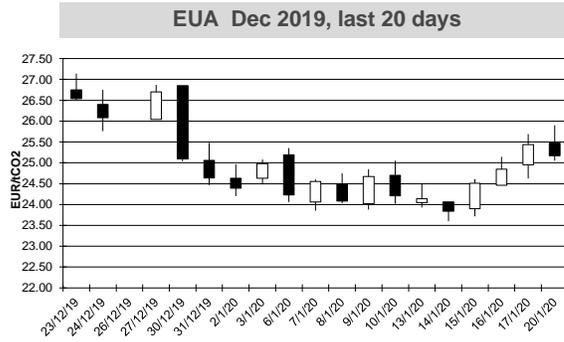
Market View

The European weather picture still remains mild, and there are no signs of the weather picture turning cold. European gas prices have remained low, and the market outlook is not strong for next month, either, as LNG shipments will arrive in Europe and the stock situation is already at record-high levels.

On Tuesday last week, the European Commission adopted President von der Leyen's climate package, the European Green Deal. In the years ahead, the EU will invest €1 trillion in action against climate change. The emission reductions target for 2030 has increased from 40% to 50–55%, and the carbon neutrality target will be enshrined in law in the spring. The Green Deal's impact on the EU ETS is not yet certain, but new industries might be included if carbon duties were to be introduced at borders and free allocation reduced or eliminated. Information about carbon duties will not be available until the end of this year or the beginning of 2021 once the impact assessment is completed.

The announcement of when the UK is permitted to begin the auctioning of allowances for 2019 is expected in the coming weeks but probably not before January 31. Communication about the start of the auctioning of the Innovation Fund allowances is also expected during January.

Emission allowance prices have taken an upturn, with the MACD also signaling a bullish trend. The bullish signal is not supported by the weather or the demand for emission allowances, however. Consequently, the trend turned bearish on Monday. Support levels for emission allowance prices can be found at €25/t, €24.44/t and €23.15/t. Resistance to emission allowance prices climbing is provided by the levels of €25.50/t, €25/t and the latest high from December at €27/t. We expect emission allowance prices to remain within the €24/t–€27/t range.



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

CDM pipeline	22.1.2020 12:18
	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

On Agenda: Europe

Germany has reached an agreement on compensation involved in its coal exit plan. According to the agreement, coal will be phased out by 2038, possibly already by 2035. Germany's coal-dependent states would receive a total of €40 billion in compensation for the phasing out of coal industry. The Datteln 4 (1.1 GW) coal plant has been permitted to enter service as older and less efficient coal plants are being taken off the grid. As part of its coal exit plan, Germany also intends to cancel EUAs that will form a "surplus" as coal-fired plants are shut down. The amount of EUAs to be cancelled will depend of the efficiency of the MSR, but up to 210–250 million allowances may be removed from the market, with 120–200 million of these during this decade. Any larger amounts of cancellations will not take place until from June 2022 onwards. More information about the timing of coal phase-outs and the cancellation amounts is expected this and next week. ¹

On Agenda: Global

Last decade was the hottest on record, and 2019 was the second-warmest year on record. According to a report by NASA and the National Oceanic and Atmospheric Administration (NOAA), every decade since the 1960s has been warmer than the one before. Extreme weather phenomena and climate disasters have cost the USA a total of USD 45 billion. The USA has withdrawn from the Paris climate agreement aiming to limit global warming to 2 degrees Celsius. ²

Upcoming events	
Date	Event
21.-24.1.2020	World Economic Forum in Davos
31.1.2020	Brexit day

Microsoft plans to become carbon negative by 2030. The company pledges to offset all the carbon emissions it has made in the 45 years since it was founded by 2050. It intends to reduce its direct and indirect emissions and remove more carbon from the atmosphere than it emits. By 2025, the company will shift to 100% supply of renewable energy in its data centers and intends to expand its carbon reduction ambitions to its supply chain, too. Microsoft intends to achieve carbon negativity through afforestation and reforestation, soil carbon sequestration and carbon capture technologies. Environmental organizations have urged Microsoft to also stop assisting fossil fuel businesses with its AI technology. ³

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Sources:

- [1 Montel news](#)
- [2 CBS:n news](#)
- [3 BBC news](#)

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