

EUA prices €/t 11.12.2020 10:42

Product	Bid	Ask	Last	Change*
Spot**	30.95	30.99	30.95	5.56 % ↑
Dec-20	30.95	30.99	30.95	5.53 % ↑
Dec-21	31.19	31.23	31.19	5.61 % ↑
Dec-22	31.42	31.46	31.42	5.51 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 11.12.2020 10:42

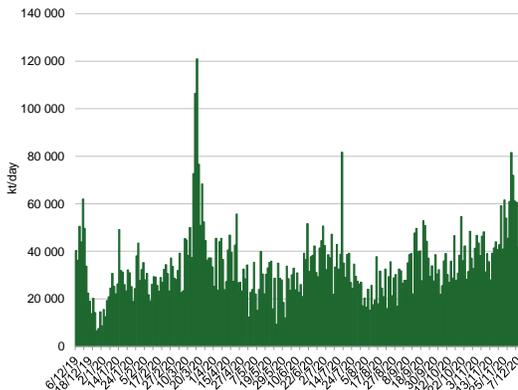
Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.27	0.29	0.29	0.00 %

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	31.19	5.61 % ↑

*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 11.12.2020 10:42

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	21.15	-9.22 % ↓
ENO 2021	€/MWh	18.65	-4.83 % ↓
ENO 2022	€/MWh	22.13	-2.35 % ↓
ENO 2023	€/MWh	23.60	-1.48 % ↓
EEX, Base load Cal-21	€/MWh	44.64	3.90 % ↑
Brent crude	\$/bbl	50.49	5.07 % ↑
Natural gas UK (Q1-21)	p/therm	44.64	4.05 % ↑
Coal CIF ARA API2 2021	\$/t	64.35	4.20 % ↑

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

Market Analysis

The emission allowance price continued rising last week driven by colder weather and the upcoming break in auctions. On Monday, the day started on a strong rise, which continued on Tuesday when the European Commission announced the extended break in emission allowances auctions. The price took a downward turn during Tuesday. Strong sentiment, supported by news of the start of coronavirus vaccinations in the UK and the US stimulation package, lifted the price also on Wednesday. Concerns about Brexit weakened the market on Thursday, but on Friday the price was again on a strong upward trajectory. The emission allowance price closed on Friday at a level of €30.11/t, up €1.98/t at the weekly level. The €30/t level has been tested several times during the current week.

A break will be seen in auction availability after December 14, following which there will be a break in auction trading. The break is expected to last until late January or early February next year. December 14 is also the last day of trading of the DEC-20 product. Volumes on ICE have remained considerably higher than normal last week and this.

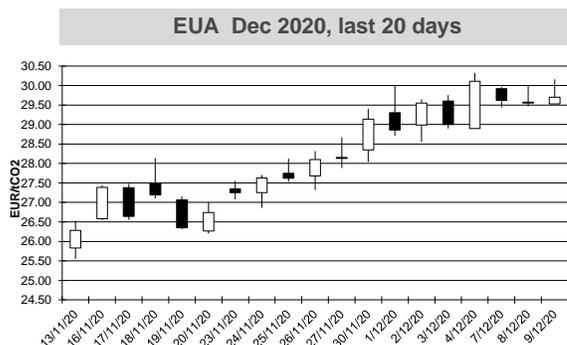
Market View

The fuel markets have been comparatively strong in recent weeks. General sentiment has been supported by the prospects of an economic upswing brought by coronavirus vaccines. However, further extension of the restrictions is still under consideration as the coronavirus situation continues to worsen in Germany. Whereas last week and this have been cooler than normal, the weather in Central Europe will grow warmer towards the end of the week and this may put downward pressure on the emission allowance price. Wind power production in Germany, however, is likely to remain weaker than normal.

The upcoming reduction in availability will be supportive of the emission allowance price. The last auction of the third trading period will be on Monday next week, after which, for technical reasons, there will be a break in auctions until at least the end of January. The emissions allowances auctioned next year may not be used for third trading period surrenders.

Brexit negotiations drag on and the new deadline is now Sunday. On the politics front, the agenda of the European Union leaders at the summit this week also includes the EU Climate Law and the 2030 emissions reduction target. Securing agreement on the EU's long term budget also defines the debate on the Climate Law since without agreement on the budget, it is more difficult to decide on climate targets. Some EU countries will need support in transitioning to a low-carbon society and without this the draft law risks being left on the table. Decisions, or deferring a decision, on the 2030 emissions reduction target can give the market direction.

The emission allowance price has remained robust and the trend is strongly upwards. The €30/t level has been tested several times during the current week and may break this week driven by political acts. Besides this level, resistance can also be found at €30.80/t, €31/t and €33.22/t. Support for the emission allowance price can be found at levels of €29/t, €27.85/t and €26/t. We expect the emission allowance price to seek direction between €29 - €31/t.



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

CDM pipeline 11.12.2020 10:42

	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

The United Kingdom has decided to cut emissions by 68%, compared to 1990 levels, by 2030. This new target aims to keep the country on track to the 2050 carbon neutrality goal. The announcement comes ahead of the COP26 Climate Change Conference, which will be held next year in Glasgow. Prime minister Johnson pointed out that climate acts are global and that other countries should be more ambitious in their climate targets. The aim of the UK's climate target is to promote the Paris Agreement's goal of limiting global warming to well below 2°C and preferably to 1.5°C compared to pre-industrial levels.¹

The European commission has updated the benchmark values determining the level of free allocations in emissions trading. The values are still drafts but progress has been made in the delayed process. The benchmark values have been opened for consultation and feedback on the benchmarks in 52 sectors as well as benchmark values for heat production and fuels until January 4. Efforts will be made to get the benchmark value rule ready in February 2021. Initially, the benchmark values in 43 of the 52 sectors covered by emissions trading will tighten as much as possible for the following five years. The average reduction in free allocation in these 43 sectors is around 24%.²

Upcoming events

Date	Event
10. - 11.12.2020	EU leaders' Summit
31.12.2020	End of the Brexit transition period

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Sources:

- [1 Montel news](#)
- [2 Carbon Pulse news](#)

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