

### EUA prices €/t 23.12.2020 12:48

Product	Bid	Ask	Last	Change*
Spot**	31.51	31.55	31.51	-1.56 %
Dec-20	31.66	31.68	31.68	-1.61 %
Dec-21	31.89	31.92	31.94	-1.50 %
Dec-22	32.22	32.27	32.44	0.15 %

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

### sCER prices €/t 23.12.2020 12:48

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

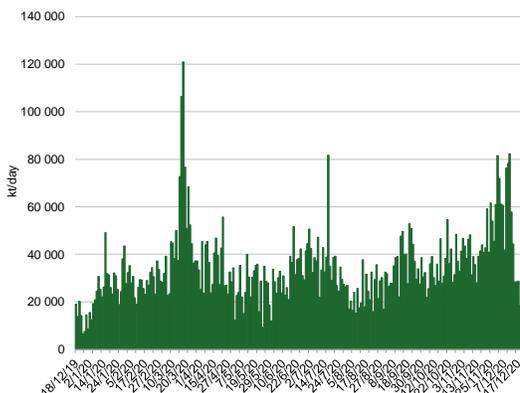
### Spread Change\*

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	31.00	0.00 %

\*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 23.12.2020 12:48

Product	Unit	Prices*	Change*
ENO Q1-2021	€/MWh	21.40	4.58 %
ENO 2021	€/MWh	18.20	1.10 %
ENO 2022	€/MWh	21.74	0.41 %
ENO 2023	€/MWh	23.30	0.64 %
EEX, Base load Cal-21	€/MWh	47.16	2.33 %
Brent crude	\$/bbl	50.22	-2.17 %
Natural gas UK (Q1-21)	p/therm	51.06	7.84 %
Coal CIF ARA API2 2021	\$/t	69.10	2.60 %

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

## Market Analysis

The emission allowance price rose to a record high last week receiving support from the uncertainty of availability and rising energy markets. At the start of the week, the last trading day in the DEC-20 product and rising stock markets lifted the price. The rise continued on Tuesday as the DEC-21 product changed to the benchmark-product. On Wednesday, the price rose to historic highest peaks of €32.59/t, before retreating during the day to a level of €31.84/t. On Thursday, the price saw a slight rise but on Friday started to fall with softer fundamental markets. On Friday, the emission allowance price closed at a level of €31.14/t, up €0.09 at the weekly level.

December 14 saw auctions close for a break, which instead of the normal three weeks will last until the end of January. Volumes on ICE have fallen to lower than normal during the current week, interrupting a three-week period of brisker than normal trading activity.

## Market View

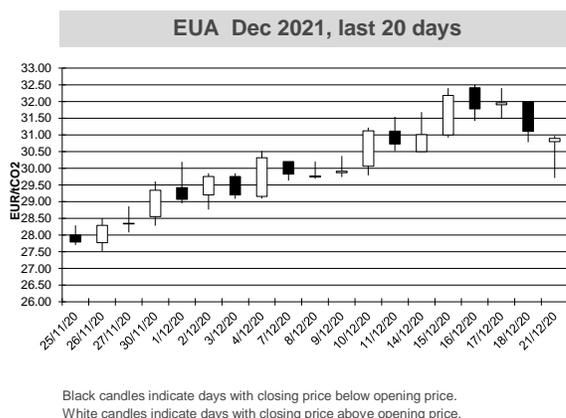
The discovery a new mutant coronavirus variant in Great Britain has deteriorated general market sentiment and a fall was seen on the oil and stock markets in the early part of this week. Movement on the UK borders has come to a halt and Prime Minister Johnson has restricted movement within the country. However, the price of coal has remained robust and colder weather forecasts in Europe have been supportive of the gas price. The US relief package that Congress decided on Monday may bring broader market support. The weather forecasts are growing colder in Central Europe and wind forecasts are weak. On the other hand, however, energy consumption during the holiday period is lower than normal, balancing demand for emission allowances.

According to the auction calendar published this week, emission allowance auctions will begin at the end of January next year. This lessens market uncertainty and could ease upward pressure. Repatriation of profits before the turn of the year could also cause a market fall but in the longer term, however, the direction is still upwards supported by the EU Commission's tougher climate laws.

Brexit trade negotiations stretched beyond Sunday, which was the deadline for the negotiations to allow the EU to vote on the Brexit trade agreement before the end of the year. In 2021, negotiations are expected on the EU's Climate Law, but before then the holiday period will quell negotiations.

The emission allowance price is still technically strong even though it has retreated from its peaks and the MACD has given a sell signal. Resistance levels for the product are last week's and the historic high of €32.5/t and €31.10/t. Support for the emission allowance price can be found at levels of €30.80/t, €30/t and €29.80/t. We expect the emission allowance price to seek direction between €30 - €32/t.

There will be no emissions trading review in week 53 and the report in week 1 will be briefer.



### On Agenda: Europe

Emission allowance auctions will begin on Friday January 29, 2021 on the common trading platform on EEX. Also, Poland's agreement with EEX has been extended for five years. Next year, 711 million EUAs will be sold on behalf of EU countries, including Germany and Poland. Some of these EUAs will be from innovation and modernization funds. Auctions will typically be on every weekday, German auctions on Wednesday and Poland's on Friday, with trading in other EU countries' emission allowances on other days. There will be adjustments to the now published volumes after August once the Commission has calculated the total number of allowances in circulation for 2020 on the basis of which emission allowances will be transferred to the Market Stability Reserve. The auction calendar of electricity generating facilities in Northern Ireland will be published in mid-2021. Next year, free allocations and auctioned emission allowances will also be endorsed to indicate the auction period to which they have been allocated. Fourth emissions trading period allowances may not be used for surrenders of 2020 emission allowances. <sup>1</sup>

### CDM pipeline 23.12.2020 12:48

	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: Global

Low-cost emission offsets from developing countries held their own on the emissions offset market in 2019 according to a report on the voluntary emissions market by Forest Trends' Ecosystem Marketplace. Indian and Chinese credits, average price USD 1.34/t and USD 1.13/t, accounted for a third of market trading. The average emission offset price across the market was around USD 3 and the market volume was 36.7 MtCO2e. 1 Mt of the volume was acquired in advance to offset emissions in 2021 and 2022. The largest offset credit standard operators on the market, VCS and Gold Standard, no longer grant approval to new renewable energy projects due to reduced additionality. VCS was the most used standard, with prices averaging USD 1.62/t, or with the CCB standard additional benefits, USD 3.84/t. The Gold Standard average price was USD 5.27/t. <sup>2</sup>

### Upcoming events

Date	Event
31.12.-4.1.2020	The EU ETS register is being serviced; the register is not in use
31.12.2020	End of the Brexit transition period

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#### Sources:

[1 Commission news](#)

[2 Ecosystem Marketplace report](#)

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