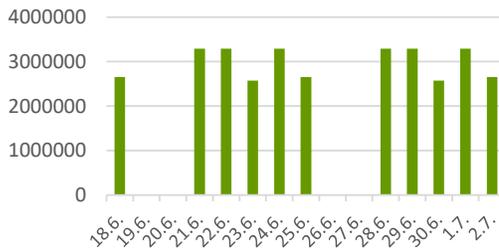


EUA prices €/t 18.6.2021 9:23

Product	Bid	Ask	Last	Change*
Dec-21	51.34	51.37	51.37	-4.15 %
Dec-22	51.69	51.75	51.61	-4.34 %
Dec-23	52.39	52.43	51.96	-5.02 %

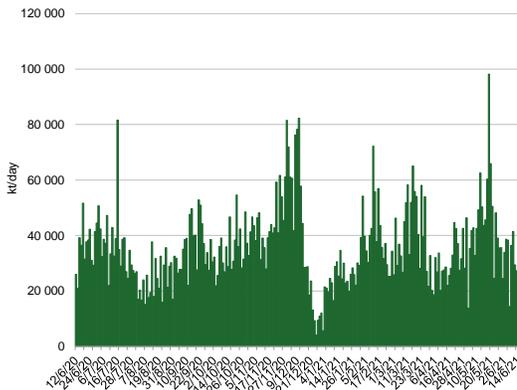
*Change compared to the previous report ** EEX spot

Upcoming auction volumes



Daily traded EUA volume, ICE Futures Europe*

*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



Energy prices 18.6.2021 9:23

Product	Unit	Prices*	Change*
ENO Q3-2021	€/MWh	32.55	-25.65 %
ENO 2022	€/MWh	28.73	-13.82 %
ENO 2023	€/MWh	28.45	-3.87 %
ENO 2024	€/MWh	28.85	-2.74 %
EEX, Base load Cal-21	€/MWh	65.11	-1.70 %
Brent crude	\$/bbl	72.72	0.51 %
Natural gas UK (Q2-21)	p/therm	69.07	-0.55 %
Coal CIF ARA API2 2022	\$/t	82.10	0.00 %

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

Market Analysis

Last week, the emission allowance market rose after a number of weak weeks. Technical issues hampered trading on ICE on Monday morning, but after this prices were rising until Thursday. A strong fuel market and the electricity markets brought market support. Also, the technical picture had improved and renewables production in Europe was low. On Thursday, the rise slowed and was small and a fall was seen on the market on Friday, when the emission allowance closed at a level of €52.67/t, up €2.70 at the weekly level.

Auction availability has returned to the normal 15.1 Mt and will remain at these levels until halving for the whole of August for the summer holiday season. Volumes traded on ICE have been close to average values in recent weeks.

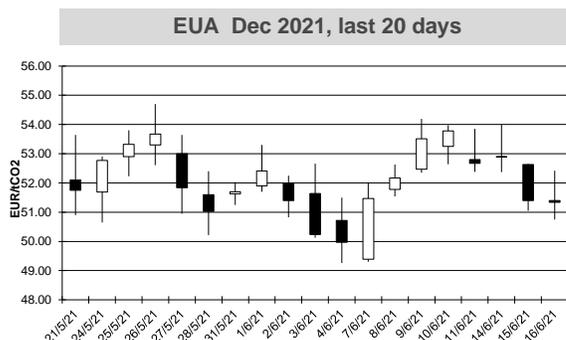
Market View

On the fuel markets, minor uncertainty has been seen in the price of coal and gas during the current week, but prices are still robust. There has been high correlation between the gas market and the emission market in recent weeks. The fundamentals, such as emptier than normal stocks and limited availability as well as the price of coal, are supportive of the gas market. This year, the share of thermal coal of German energy production will rise for the first time in eight years because of the tightness of the gas market and weaker wind power production. This week the weather in Europe has been hot, but will cool slightly next week, which will reduce the need for cooling. Forecasts indicate that wind power production will remain normal.

The UK ETS auction was held on Wednesday, and the price fell, also affecting the EU ETS market. UK market prices have fallen to the same levels as EU ETS. The UK has also increased the price restriction mechanism price to £45.90 (€53.42) for July-August. The average June price of the UKA has been higher than the previous price ceiling. More availability would be brought on the market when the mechanism triggers. UK ETS auctions are held on Wednesday every other week.

Germany has announced that it will allocate 5.25% fewer free allowances and the market reacted to the news. After the free allocations next month, the climate law packages will be published and the opinions preceding them could bring greater price movements to the market.

The technical picture of the emission allowance is still strong. Last week, prices again rose to north of €50/t. In addition, market support can be found at levels of €49.26/t and €48.61/t as well as rolling average values approaching the level of €49.60/t. Resistance levels to the emission allowance price are the all-time peak of €56.90/t as well as the psychological level of €55/t and the earlier peaks of €54.70/t and €53.30/t. We expect the emission allowance price to seek direction at between €50-€55/t.



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

On Agenda: Europe

Germany has announced that it will distribute 5.25% fewer free allowances in 2021-2025 compared to the level in 2020. Free allocations have been delayed this year due to the calculation of new reference values. The free allocation is more than expected and the EU ETS market fell in reaction to the news. Information about the amounts of free allocations is important for industrial companies and the market could continue rising once this information has become apparent as few actors will consider selling emission allowances. ¹

A referendum in Switzerland has rejected climate change legislation in that country. Among other policies, the legislation would have meant a tax on cheap flights and a fuel levy. Opponents voted down a rise in the price of fossil fuels and a proposal to outlaw pesticides. ²

Seven European energy producers are calling on policy-makers to tighten the EU-ETS market. Companies who among other things have large hydro and nuclear power plants want a mechanism on the emission market that would control oversupply. Companies also want faster emission reductions from 2023 onwards. In July, the European Commission will announce reforms to emission trading. Expanding the system to maritime and creating a parallel system for heating and road traffic are currently under consideration. ³

CDM pipeline	18.6.2021 9:23	
	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
July 1, 2021	Next UK ETS auction
July 14, 2021	Presentation of law package of climate law and EU ETS reform

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Sources:

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

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