

Market Analysis

Last week, the emission allowance price sought direction but closed slightly up at the weekly level. The market opened with a rise on Monday. On Wednesday, the market fell with the energy markets. On Tuesday and Thursday, the price again tested levels below €37/t but, however, turned upwards during the day. On Friday, the rise on the oil market also supported the emission allowance, which closed at a level of €39.02/t, up €1.74 at the weekly level. During the current week, the emission allowance again reached a new peak at €41.85/t.

Except for weekday public holidays, when there are no auctions, auction availability will remain fairly steady at about 15 Mt until August, when availability will halve. The market has absorbed auction availability well. Market volumes have been rising during the current week as the price has risen to new records.

Market View

OPEC's position not to increase production and the attacks on Saudi Arabian terminals pushed up the price of oil on the fuel markets but the rise reversed to a fall during the current week. The softening in the price of coal has turned into a rise and also the upward trend that began last week can be seen in the price of gas. The weather in Central Europe is mild this week but the forecasts are showing signs of a turn to colder weather after the middle of next week. This may support the emission market with the increased need for heating. Wind production is very abundant this week but will drop to near normal next week. There seem to be few possibilities of particularly cold weather and as the heating season gradually draws to a close, demand for EUAs will also fall slightly.

The deadline for submitting an emissions report is at the end of March, which means that the need for emission allowances will soon be clear for most operators. This may bring support for the emission allowance price and could curb any downward correction movements. There has been a clear correlation between investors' positions on the market and the development of the emission allowance price. Last week, funds had a 4.7% share of the market and the net long position of funds remained largely unchanged.

The European Parliament voted to support the CBAM (carbon border adjustment mechanism) report. The text about putting an end to free allocations when carbon border taxes enter into force was removed from the report. Carbon border taxes would first apply to electricity imports but would later expand to include all sectors coming under EU ETS and the border tax would be based on the EUA price at the time. The report is not yet legally binding.

The emission allowance price is technically still very robust having reached new historically high peaks during the current week. Resistance levels to the emission allowance price are the peaks at levels of €42.07/t and €41.85/t. Support can currently be found at levels of €40.64/t, €40/t as well as €39.68/t and lower at €36.50/t. We expect the emission allowance price to continue rising and to trade at between €39 - €44/t.

EUA prices €/t 12.3.2021 12:40

Product	Bid	Ask	Last	Change*
Spot**	41.82	41.88	41.82	12.31 % ↑
Dec-21	41.90	41.94	41.90	12.34 % ↑
Dec-22	42.24	42.29	42.26	12.33 % ↑
Dec-23	42.70	42.76	42.73	11.63 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 12.3.2021 12:40

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
MAR-21	0.35	0.39	0.39	7.69 % ↑

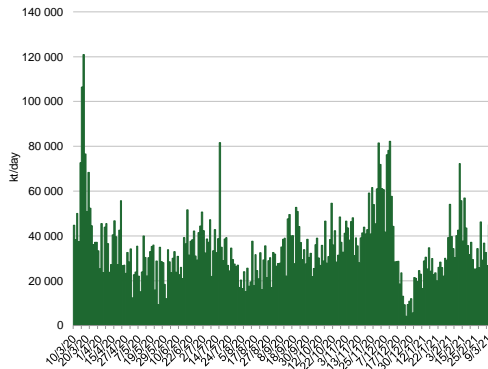
Spread

Product	Spread	Change*
EUA Dec21-sCER Dec21 Spread*	41.51	11.61 % ↑

*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

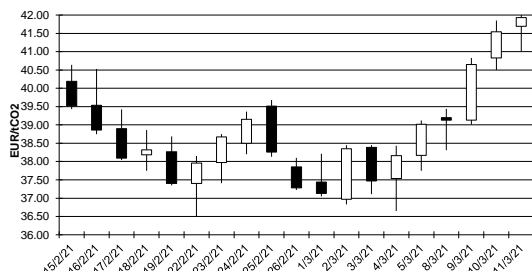


Energy prices 12.3.2021 12:40

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	30.60	16.08 % ↑
ENO 2022	€/MWh	27.80	6.33 % ↑
ENO 2023	€/MWh	27.79	4.97 % ↑
ENO 2024	€/MWh	27.95	3.76 % ↑
EEX, Base load Cal-21	€/MWh	55.72	6.37 % ↑
Brent crude	\$/bbl	69.78	8.44 % ↑
Natural gas UK (Q2-21)	p/therm	44.86	16.23 % ↑
Coal CIF ARA API2 2022	\$/t	68.75	-1.24 % ↓

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

EUA Dec 2021, last 20 days



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

CDM pipeline 12.3.2021 12:40

	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
12 March 2021	European Climate Law talks
June 2021	The Commission presents proposals for laws including a reform of emissions trading

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Sources:

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

On Agenda: Europe

Ukraine has set a target to reach climate neutrality by 2060. The decision was part of the country's long-term economic strategy and brought the milestone forward by ten years compared to the previous decision. Ukraine also intends to establish a national emissions trading scheme, which would be up and running in 2025. With the EU considering a carbon border adjustment mechanism, the Ukrainian metal industry and electricity imports would face a price rise if the country does not step up its climate measures. ¹

The rise in the price of emission allowances has forced Polish coal-fired power plants to operate at a loss. The emission allowance price has risen to new records north of €41/t and the oldest facilities in Poland are operating at a loss according to the CEO of PGE, the largest power company in Poland. Companies are seeking to tap into new capital to continue operating their coal-fired plants, but more and more finance companies are avoiding investments in fossil fuels. Coal is still used to produce around 75% of Poland's electricity. ²

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