

EUA prices €/t 26.3.2021 9:44

Product	Bid	Ask	Last	Change*
Spot**	40.79	40.85	40.79	-5.07 %
Dec-21	40.92	40.96	40.95	-5.08 %
Dec-22	41.26	41.32	41.21	-5.34 %
Dec-23	41.77	41.85	41.74	-4.96 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 22.3.2021 17:00

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
MAR-21	0.00	0.00	0.48	18.75 %

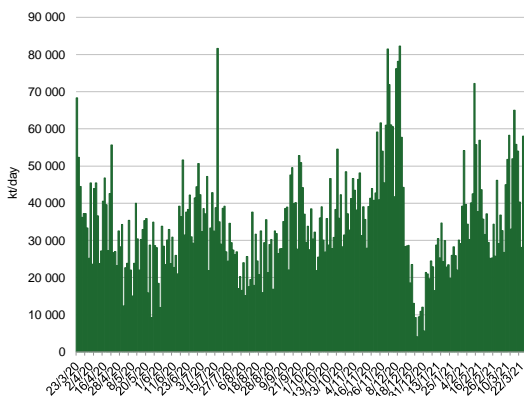
Spread

Product	Spread	Change*
EUA Dec21-sCER Dec21 Spread*	40.47	-5.36 %

*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 26.3.2021 9:44

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	29.54	4.87 %
ENO 2022	€/MWh	26.50	-1.70 %
ENO 2023	€/MWh	26.35	-2.20 %
ENO 2024	€/MWh	26.80	-2.65 %
EEX, Base load Cal-21	€/MWh	56.11	0.86 %
Brent crude	\$/bbl	63.73	-6.43 %
Natural gas UK (Q2-21)	p/therm	46.07	4.96 %
Coal CIF ARA API2 2022	\$/t	72.20	1.32 %

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

Market Analysis

Last week, the emission allowance traded at roughly between €41-€44/t. On Monday, the trend was upwards, and the market reached a new peak before taking a downturn. The fall spilled over into Tuesday. On Wednesday, the direction turned to a rise despite a weak auction result and Thursday saw new peaks reached at a level of €43.77/t. Prices retreated from these levels on Thursday with the price plummeting on the oil market. On Friday, the price closed at a level of €41.97/t, down €0.88 at the weekly level.

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 Easter public holidays in weeks 13 and 14 will reduce auction availability to around 12 Mt. Volumes traded on ICE have been slightly weaker than normal during the current week. The net position of funds was falling last week.

Market View

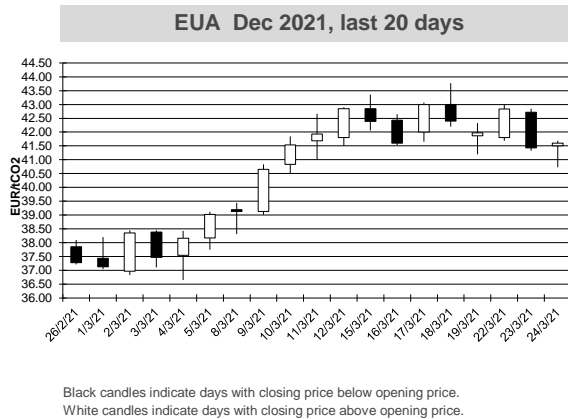
On the fuel markets, the gas market has been moving upwards, albeit the Suez Canal blockage and prevention of LNG freight traffic has triggered volatility. Concerns about effects of the coronavirus pandemic have softened the oil price trend and the Suez Canal blockage has also affected the market. The price of coal has been rising in recent weeks, but the most recent trading days have been weaker. Cooler than normal weather is expected in Central Europe next week and renewables' production will fall to normal levels.

The deadline for emissions reporting is at the end of the current month and soon after the EU will report last year's emissions and the number of allowances in circulation. This could bring movement to the market in one direction or another. There could be another risk if investors and funds start to unwind their positions. The impossibility of using free allocations for surrenders has also been supportive of the price and it remains to be seen whether the emission allowance will react once surrenders have been made.

The EU plans to complete discussions on the proposal for a Climate Law ahead of the Leaders Climate Summit hosted by the United States in April.

The emission allowance price has been falling during the present week but is still technically very strong. Support for any downward correction in the price could come from the wishes of regulated actors to buy ahead of the deadline for surrenders. Resistance levels to the emission allowance price are the psychological level of €44/t, the all-time peak of €43.36/t as well as €42.50/t. Support can currently be found at levels of €40.64/t, €40/t as well as €39.68/t. We expect the emission allowance price to remain strong and to trade at between €39 - €45/t.

The deadline for the exchange of CER units to emission allowances is April 30, 2021, after which it will no longer be possible to exchange CERs for EUAs. It is worth checking the Union registry for any exchange allowance still free. You can contact us if you need to buy or sell CER units.



On Agenda: Europe

Climate warming could lower Finland's credit rating, and this may be reflected also in company financing costs. A study carried out by a group of Cambridge researchers examined how the impacts of S&P's credit rating and climate warming on the economy would develop. The model shows that climate change could affect credit ratings already in 2030 and in a scenario where countries do not apply new emissions reduction measures, Finland's credit rating would fall by 1.75 on a 20-step scale. The impacts would be more moderate if climate warming slows. ¹

The EU has approved initial benchmark values to calculate free allocation to installations for the period 2021-2025. In 31 industrial sectors out of 52, the benchmark values have been tightened by 24%, the maximum possible. Earlier drafts aimed to tighten free allocation in 43 industrial sectors, which led to many protests in the consultation stage. Lower benchmark values mean high costs from emissions trading. The benchmark values have been reduced by 3% in aluminum and steel production, for example. Industrial emissions covered by EU ETS have been reduced only little and industry received 95% of its emissions as free allocations in 2018 and 2019. ²

CDM pipeline	26.3.2021 9:44	
	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

The UN Climate Change Conference (COP26) will take place as planned in Glasgow towards the end of this year. However, it will be inevitable that part of the event will be through virtual events. Some of the events will take place in situ and groups of people such as country representatives, the press and corporate representatives will be kept apart from each other. ³

China's emissions continue growing even though the country promised to reset its net emissions to zero by 2060 and that emissions would peak at the end of the current decade. However, the five-year plan published by China shows that emissions growth will slow but still grow. China intends to reduce its energy intensity and to reduce the amount of carbon dioxide created in proportion to economy growth. The share of zero-emission energy will be raised to 20%. All targets are linked to GDP, which means that as the economy grows, China can increase use of renewable but also fossil energy. The plan contains no cap on emissions growth. ⁴

Upcoming events	
Date	Event
22-23 April 2021	Leaders' Climate Summit hosted by the United States
June 2021	The Commission presents proposals for laws including a reform of emissions trading

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Sources:

- [1 HS news](#)
- [2 EU Commission news](#)
- [3 Carbon Pulse news](#)
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