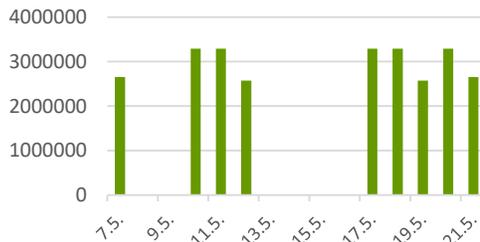


EUA prices €/t 7.5.2021 11:40

Product	Bid	Ask	Last	Change*
Dec-21	49.69	49.71	49.70	4.55 % ↑
Dec-22	50.16	50.19	50.12	4.23 % ↑
Dec-23	50.97	51.04	50.76	4.24 % ↑

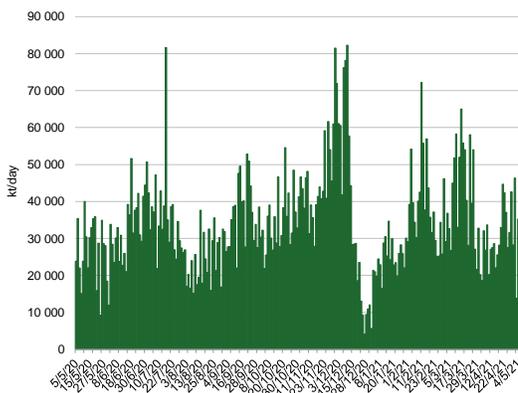
*Change compared to the previous report ** EEX spot

Upcoming auction volumes



Daily traded EUA volume, ICE Futures Europe*

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



Energy prices 7.5.2021 11:40

Product	Unit	Prices*	Change*
ENO Q3-2021	€/MWh	33.95	15.46 % ↑
ENO 2022	€/MWh	31.90	13.32 % ↑
ENO 2023	€/MWh	30.25	11.74 % ↑
ENO 2024	€/MWh	29.30	9.04 % ↑
EEX, Base load Cal-21	€/MWh	62.47	5.68 % ↑
Brent crude	\$/bbl	68.06	0.19 % ↑
Natural gas UK (Q2-21)	p/therm	60.53	11.16 % ↑
Coal CIF ARA API2 2022	\$/t	78.00	4.17 % ↑

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

Market Analysis

Last week, the emission allowance price continued upwards and new record levels were reached on the market almost daily. On Monday, the market sought direction slightly, but towards the end of the week, the rise in the fuel markets also supported the emissions market. Investor activity has also provided support for the market. On Thursday, the rise in the oil price supported the market. Despite a very weak auction result on Friday, the day closed at a level of €48.84/t, up €1.89 at the weekly level. During the current week, the emission allowance breached the psychological level of €50/t.

Next week, (week 19), auction availability will decrease since only three days' volume will be available. Volumes traded on ICE have been lower than normal during the current month.

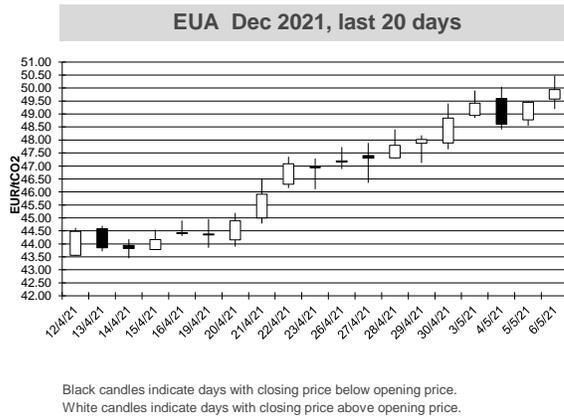
Market View

During the current week, the rise in the fuel markets has also boosted the emission allowance price. Prices of coal, oil and natural gas have been rising. The tightness of the gas market in Europe has increased the price of gas, adding to the profitability of coal-fired power. Gas stocks are lower than normal, and the cold weather has also increased gas consumption. On the other hand, the rise in the price of gas also affects the availability of gas, and despite the high emission allowance price, also encourages the operation of coal-fired plants. Stock markets have remained historically strong, even though they have generally been seeking direction in recent weeks.

Early next week, the weather in Europe will change to warmer than normal before leveling off to approach normal. Renewables production during the current week and early next week is strong, offsetting the increased energy consumption caused by the chilly weather. Investors' net positions on the market have decreased, especially with increased short positions. Funds accounted for 29% of market participants on the market at the end of last week.

Presentation of the EU's climate law package could be delayed until the end of July. The package, which includes 11 proposals for a law, and which is intended to take the EU closer to the 55% climate target could be pushed back several weeks from the earlier plan to present the laws in June.

The emission allowance price is likely to remain very robust technically. The RSI has remained north of 70, indicating that the DEC-21 is overbought. Resistance levels for the emission allowance price can be found at the level of the all-time peak of €50.5/t. Support for the emission allowance price can currently be found at the levels of the previous peaks of €47.36/t, €47/t, €44.35/t and €43.77/t. We expect the emission allowance price to continue rising and to trade at €46 - €50/t.



On Agenda: Europe

The European Commission may include carbon contracts for difference (CFD) in upcoming changes to the EU ETS. Some working groups have warned against this, fearing this would depress emission allowance prices unless the ETS is otherwise strengthened to compensate. CFDs would allow countries to cover the funding need from emissions originating from energy-intensive sectors. Governments would pay the difference between the extra investments in emission reduction technologies and the emission allowance price at the time. In an industrial climate neutrality strategy meeting, it transpired that the price of electricity is becoming a larger cost item in, among others, the steel industry. In the Netherlands, a CFD-based government subsidy has already been authorized and Germany intends to pilot its own CFD system from 2022 onwards. ¹

CDM pipeline	7.5.2021 11:40	
	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

Germany is pursuing a more ambitious climate target. The country intends to cut its emissions by 65% compared to 1990 levels by 2030 and by 80% by 2040. Carbon neutrality would be reached by 2045, which is five years earlier than announced earlier. The German Federal Constitution Court has ruled that the current climate protection measures do not lay down an adequate timeframe for emission reductions post 2030. ²

Upcoming events	
Date	Event
May 19, 2021	First UK ETS auction and listing of future products on ICE
July 2021	Presentation of law package of climate law and EU ETS reform

The number of un-surrendered emission allowances rose by a quarter in 2020. Almost 400 installations or airline companies failed to surrender emission allowances corresponding in part or in full to 2020 emissions by the deadline. Of these, 100 were airline companies and the remainder industrial and power production enterprises. The penalty for insufficient surrenders is a fine of €100 adjusted by inflation and a duty to surrender the missing allowances. More than half of the operators going beyond the reporting deadline in the third emissions trading period were from France, Greece, Italy or Portugal. ³

Contacts:

Markus Herranen
Toni Sjöblom
Laura Pokka
E-mail: firstname.lastname@gasum.com

Sources:

- [1 Montel news](#)
- [2 YLE news \(in Finnish\)](#)
- [3 Carbon Pulse news](#)

Terms of delivery: The Emissions Trading Weekly (the "Review") is delivered via email to the Buyer's contact persons as an Adobe Acrobat pdf-document. All rights to the Review are reserved to Gasum Portfolio Services Oy. The Review, parts of the Review and the username and password that enable access to the Review, shall not be redistributed by the Buyer in any form to any third party, including subsidiaries, partly-owned companies and owners. Redistribution of the Review in any form is illegal and Gasum Portfolio Services Oy will fully enforce all available legal remedies in the event of such redistribution.

Gasum Portfolio Services Oy disclaims all warranties as to the accuracy, completeness or adequacy of information in the Review and does not assume any responsibility of delays in delivery of or access to the Review. The Buyer assumes full responsibility and risk of, and Gasum Portfolio Services Oy shall not be liable for, any loss which results from any transactions or decisions made by the Buyer on the basis of the Review supplied by Gasum Portfolio Services Oy. The Buyer shall accept sole responsibility for and Gasum Portfolio Services Oy shall not be liable for the use of the Review by the Buyer (or any user) and the Buyer shall hold Gasum Portfolio Services Oy harmless and fully indemnified against any claims, costs, damages, loss and liabilities arising out of any such use.