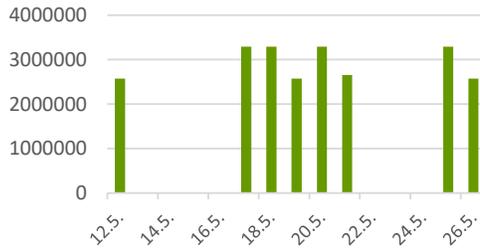


EUA prices €/t 14.5.2021 10:32

| Product | Bid | Ask | Last | Change* |
|---------|-------|-------|-------|-----------|
| Dec-21 | 55.28 | 55.30 | 55.28 | 10.38 % ↑ |
| Dec-22 | 55.86 | 55.88 | 55.87 | 10.45 % ↑ |
| Dec-23 | 56.71 | 56.76 | 57.08 | 11.04 % ↑ |

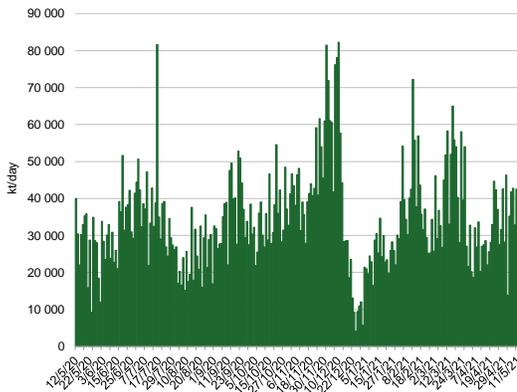
*Change compared to the previous report ** EEX spot

Upcoming auction volumes



Daily traded EUA volume, ICE Futures Europe*

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



Energy prices 14.5.2021 10:32

| Product | Unit | Prices* | Change* |
|------------------------|---------|---------|-----------|
| ENO Q3-2021 | €/MWh | 34.35 | 3.78 % ↑ |
| ENO 2022 | €/MWh | 32.10 | -0.78 % ↓ |
| ENO 2023 | €/MWh | 29.88 | 0.07 % ↑ |
| ENO 2024 | €/MWh | 28.90 | 0.59 % ↑ |
| EEX, Base load Cal-21 | €/MWh | 66.96 | 8.92 % ↑ |
| Brent crude | \$/bbl | 66.92 | -2.67 % ↓ |
| Natural gas UK (Q2-21) | p/therm | 64.52 | 7.86 % ↑ |
| Coal CIF ARA API2 2022 | \$/t | 79.10 | 2.40 % ↑ |

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

Market Analysis

Last week, the emission allowance price still continued to move upwards. Besides support from investors and the technical picture, the further strengthened price of gas was supportive of the market. In addition, the call by the European Commission representative not to intervene in the emission allowance price rise provided support for the market on Friday. Following a day of rising prices on Monday, the market weakened slightly on Tuesday but at the end of the week rose higher each day to reach the highest level of €51.10/t on Friday, before closing at a level of €50.45, up €50.45 at the weekly level. The upward trend has continued during the current week, with new peak levels being reached daily.

No auctions will be held on Thursday and Friday this week. Next week, auction availability will return to the normal 15.1 Mt until the following week, when the Monday public holiday in Europe will again reduce auction availability to 11.8 Mt. Volumes traded on ICE have been rising since last Friday.

Market View

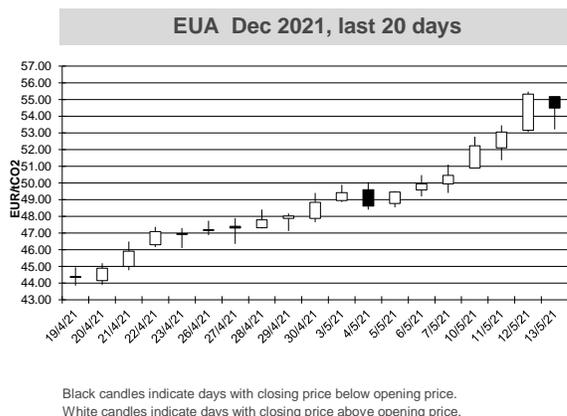
A rise on the fuel markets has again been seen, especially for gas and coal. The rise in the oil price has calmed during the current week. The gas market is supporting the emission allowance price. The TTF gas price has climbed to levels that were last seen during the very cold winter of 2018. Stocks are being replenished, but injections have begun later than usual and are slower. With the near product, the rise in the price of gas has also made more efficient coal power more profitable in Europe. The weather in Europe is likely to remain cooler than normal over the forecast period, which in turn will also support the price of gas.

Last week, Frans Timmermans, Executive Vice President of the European Commission, announced that EU market intervention was highly unlikely even though the EUA price has roughly doubled from the floors at the end of last year. According to Timmermans, the EUA price could be even higher in the light of the new climate targets.

In the EU, the ENVI Committee members adopted a 55% emission reduction target for 2030 as part of the formal process leading up to the entry into force of the draft Climate Law. In the next step, Parliament will vote on the proposal and this is expected to take place in late June. After this, adoption by the Council of the EU could be considered a mere formality. The current week will also see the publication of the total number of allowances in circulation (TNAC) in the EU ETS and this may lift the market.

Next week will see the start of trading at UK ETS auctions and trading in UKA futures on ICE. An impact on the EU market is possible if operators in Great Britain have used EU emission allowances for hedging purposes and the time comes to unwind hedges.

The emission allowance price is likely to remain very strong technically. The RSI has risen to north of 80, indicating that the DEC-21 is overbought, in addition to which the EUA price is bordering on the resistance levels of the trend that started at the beginning of October. In addition, resistance levels to the price can be found at the psychological level of €55/t. Support for the emission allowance price can currently be found at levels of €52/t and €49.90/t. We expect the emission allowance price to continue rising and to trade at €50 - €55/t.



On Agenda: Europe

EU countries want emission targets to be linked to a country's wealth. A meeting of EU government leaders at the end of May will among other things discuss implementation of the 55% emission reduction target. According to the draft, EU decision-makers would like country-specific emission reduction targets to be determined on the basis of GDP per capita, which means smaller climate targets for lower income countries. ¹

The UK intends to curb the price rise on its emissions market. Auctions start on May 19. British decision-makers are concerned about potential price peaks and if prices remained above £46 (€53.60) for more than three months, the system would trigger a cost control mechanism. Also, the deadline for surrenders could be moved and there could be intervention in the size of bids at auctions. ²

On Agenda: Global

A record amount of renewable energy capacity was completed last year. According to the International Energy Agency (IEA), 280 GW of renewable power production capacity was completed globally last year, up 45% compared to the previous year. The amount built almost equals the renewable energy capacity in the United States. China accounted for half of this new capacity driven by the country's support mechanisms. According to the IEA, 2020 is a foretaste of the new normal and the forecast is for the completion of 270 GW of new capacity this year. ³

CDM pipeline 14.5.2021 10:32

| | Amount | Change |
|--|--------|--------|
| Number of projects** | 8374 | -6 |
| Registered projects* | 7808 | 0 |
| Volume of the pipeline by the year 2020, MtCO ₂ e** | 515 | 0 |
| Issued CERs, MtCO ₂ e* | 2000 | 15 |

*Change compared to the previous report.

**Pipeline: UNEP/Risoe is updated monthly. Registered projects and issued CERs: UNFCCC

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 |

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Sources:

[1 Reuters news](#)

[2 Reuters news](#)

[3 Helsingin sanomat news \(in Finnish\)](#)

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