

### EUA prices €/t 8.1.2021 11:50

Product	Bid	Ask	Last	Change*
Spot**	34.56	34.60	34.56	10.30 % ↑
Dec-20	34.71	34.72	34.72	10.20 % ↑
Dec-21	34.90	34.93	34.93	10.11 % ↑
Dec-22	35.24	35.29	35.31	10.08 % ↑

\*Change compared to the previous report \*\* EEX spot

### sCER prices €/t 8.1.2021 11:50

Product	Bid	Ask	Last	Change*
Spot**	0.00	0.00	0.00	0.00 %
Dec-20	0.00	0.30	0.30	0.00 %

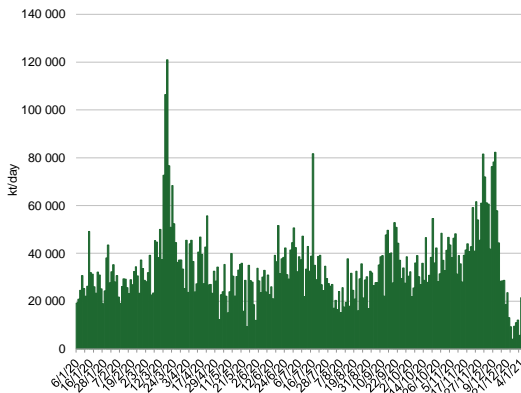
### Spread Change\*

Product	Spread	Change*
EUA Dec20-sCER Dec20 Spread*	31.00	0.00 %

\*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 8.1.2021 11:50

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	27.75	31.89 % ↑
ENO 2022	€/MWh	28.60	41.50 % ↑
ENO 2023	€/MWh	28.22	26.82 % ↑
ENO 2024	€/MWh	27.75	20.50 % ↑
EEX, Base load Cal-21	€/MWh	50.84	10.64 % ↑
Brent crude	\$/bbl	54.77	7.85 % ↑
Natural gas UK (Q2-21)	p/therm	44.45	-9.82 % ↓
Coal CIF ARA API2 2022	\$/t	70.50	3.40 % ↑

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

## Market Analysis

The emission allowance price has continued to rise. During the last week of the year, low trading added to volatility and among other things the reaching of a Brexit trade agreement kept the emission allowance price on an upward trajectory. The emission allowance price closed the last trading day of 2020 at a level of €32.32/t. The cool weather picture in Europe and the break in allowance auctions have been supportive of the price this week. A trading price of €34.25/t, the highest level in history was seen during the current week.

The auction break starting on December 14 will continue until January 29, after which fourth emissions trading period allowances will be available. Over the past two weeks, volumes on ICE have been weaker than normal, averaging about a third of normal trading volume.

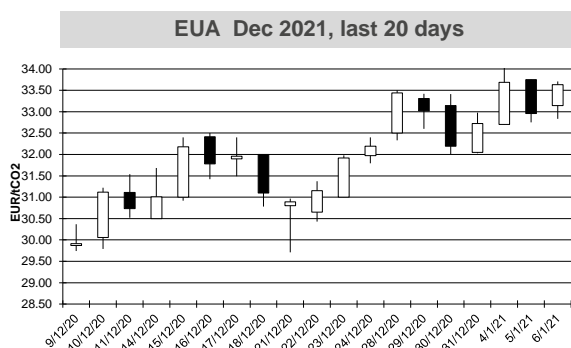
## Market View

Fuel markets have remained strong in recent weeks, with support from the start of the coronavirus vaccination program, a cooler weather picture in Europe and economic stimulation, which has reflected in the stock markets. However, recent days have seen a downward correction on the gas and coal markets on the back of decreasing demand. The cold weather in Europe may be short-lived and temperature and wind power production forecasts will normalize in Central Europe early next week. The oil price is supported by the OPEC+ decision to limit the increase in production to current levels until February. Many countries, including the UK, have again imposed tighter restrictions on movement because of the coronavirus pandemic.

Emission allowance auctions will recommence on January 29 and there may be greater than normal market volatility before then. Recent times have seen the emission allowance price follow the upward trend in fuel prices.

All is still quiet on the politics front following the holiday period. The UK and the EU reached a trade deal just days before the end of the Brexit transition period; the agreement will presumably be formally ratified in the EU Parliament's plenary in late January. Great Britain is no longer included in the current period of EU emissions trading, but operators will meet their emissions trading obligations for 2020. Northern Ireland remains in the EU ETS also in 2021.

The emission allowance price is technically very strong, with the upward trend beginning in November continuing to remain in the same direction. The price may again approach new peaks, but on the other hand the RSI indicates the product is close to the overbought limit. The resistance level for the product has been €34.25/t, the peak during the past week, but there are no historical resistance levels once the price rises above this. However, the psychological level of €35/t provides resistance. Support for the emission allowance price can be found at levels of €33.50/t, €32.50/t and €30.42/t. We expect the emission allowance price to seek direction between €31 - €35/t.



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

CDM pipeline	8.1.2021 11:50	
	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
13.11.2020-5.2.2021	Public consultation on the revision of the EU ETS
18.-21.1.2021	EU Parliament's plenary

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### Sources:

[1 Montel news](#)

[2 DW news](#)

[3 Euractiv news](#)

## On Agenda: Europe

The EU and Great Britain are carefully considering linking their emissions markets. Part of the new trade deal mentions combining the systems in a way that would provide an opportunity to boost their efficiency, but no deadline has been set for any linking. In December, Great Britain announced that it would start national emissions trading in the country. Two independent emissions markets have been earlier linked since EU ETS and Swiss emissions trading were linked at the start of 2020. <sup>1</sup>

Germany reached its emissions target for 2020 thanks to coronavirus, according to Agora's report. German emissions in 2020 were 45% lower compared to 1990 levels. Without the coronavirus pandemic, the decrease would have been 38%, which would have been 2 percentage points below the target. The report shows that 2/3 of emissions reductions were a result of the pandemic. A mild winter, low natural gas prices and high emission allowance prices also reduced emissions. The use of brown coal and coal decreased considerably, by 20% and 28% respectively. In 2021, German emissions are expected to increase as the economy recovers and demand for electricity increases. <sup>2</sup>

## On Agenda: Global

China's emissions trading system will begin operating next month according to Beijing's environment ministry. China aims to be carbon neutral by 2060. Coal is used to produce 60% of China's energy and the purpose of the system is to make this less profitable. China's emissions trading system will be the largest emissions trading system in the world, leaving the EU ETS behind. When up and running, the system should include around one third of Chinese emissions, which in 2019 totaled around 14 billion tonnes. <sup>3</sup>

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