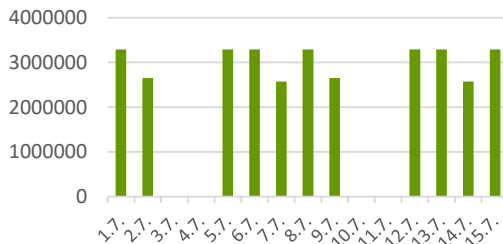


**EUA prices €/t 2.7.2021 8:42**

Product	Bid	Ask	Last	Change*
Dec-21	0.00	0.00	57.65	6.83 % ↑
Dec-22	0.00	0.00	58.06	6.82 % ↑
Dec-23	0.00	0.00	58.76	6.65 % ↑
UKA DEC-21	0.00	0.00	55.56	6.65 % ↑

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

**Upcoming auction volumes**



### Market Analysis

The emission allowance market took an upward turn last week. On Monday, the rise in the price of gas was supportive of the market and the fuel markets supported the price of the emission allowance also on Tuesday and Wednesday. On Thursday, the technical level of €55/t broke and this lifted the market. Friday saw the price reach its highest level of the week at €55.85/t, from where, however, the price retreated towards the close of the day. On Friday, the emission allowance price closed at a level of €55.05/t, up €3.15 at the weekly level.

Auction availability has returned to the normal 15.1 Mt and will remain at these levels until halving for the whole of August for the summer holiday season. Last week, EUA auction results did not cause a fall in the market even though at times they were lower than the secondary market price. Volumes traded on ICE were mostly below normal last week and were slightly higher than normal this week.

### Market View

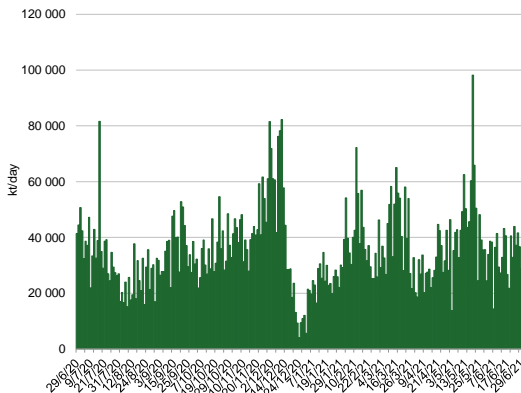
The rise on the gas market has continued and the market has risen to levels not seen for several years. In addition to the price of coal and the emission allowance, demand in Asia, which has meant little arrival of LNG gas to Europe, has supported the market. Stock levels are also low and stock injections have been lower than injections in the most recent weaker year of 2018. The rise in the price of gas is encouraging the combustion of thermal coal and the share of gas in energy production is decreasing, which will bring support to the market. The price trend for thermal coal and oil has also been upwards. If it continues, the rise in the power markets will further support the emission allowance price. The weather picture will slightly support the emission market at the end of the week. Temperatures in Europe will turn to normal, however, weak wind and photovoltaic power production during the current week will increase the consumption of fossil fuels.

The European Commission has approved the national distribution tables for free allocations, which brings the distribution of free allocations one step closer. Completion of this stage now enables Member States to start distributing free allocations in the weeks ahead. The Commission has not published a schedule because the allowances arrive in accounts in the EU register. Despite free allocations, upcoming changes and a tightening of emissions in the EU Climate Law, and the emission market will support the price in the near future.

The emission allowance price has risen through the technical resistance levels to new peaks. Technically, the market has strengthened further, and the new peaks mean strong technical resistance levels cannot be found. Support for the market can currently be found at the most recent peak of €56.90/t, €54.70/t and €54.19/t. Resistance levels to the emission allowance price can be found at the all-time peak of €58.49/t and the psychological level of €59/t. We expect the emission allowance price to continue rising and to trade at between €55 - €60/t.

**Daily traded EUA volume, ICE Futures Europe\***

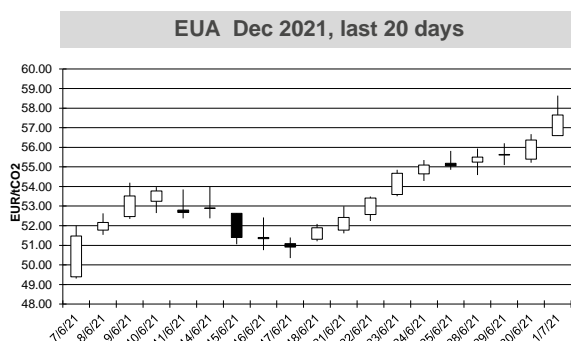
\*Daily traded volumes of EUA futures contracts at ICE Futures Europe exchange



**Energy prices 2.7.2021 8:42**

Product	Unit	Prices*	Change*
ENO Q3-2021	€/MWh	44.51	10.58 % ↑
ENO 2022	€/MWh	31.70	2.68 % ↑
ENO 2023	€/MWh	29.53	-0.07 % ↓
ENO 2024	€/MWh	29.10	-2.75 % ↓
EEX, Base load Cal-21	€/MWh	74.12	8.43 % ↑
Brent crude	\$/bbl	75.82	0.58 % ↑
Natural gas UK (Q3-21)	p/therm	95.05	20.93 % ↑
Coal CIF ARA API2 2022	\$/t	88.25	4.82 % ↑

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



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

### On Agenda: Europe

The EU is planning to include maritime transport in the EU ETS by 2023. Based on a leaked draft, maritime transport would come under emissions trading in stages during 2023-2025 and emissions would be fully included in the system from 2026 onwards. Ships arriving and calling in EU Member States would have emission allowances, which they relinquish. In 2023, shipowners should surrender emission allowances corresponding to 20% of verified emissions, 70% in 2025 and 100% in 2026. The draft mentions the possibility for changes in the law should the International Maritime Organization propose its own market-based solutions, but at the moment the draft suggests that the IMO's measures are insufficient. The inclusion of maritime transport in EU ETS would raise the emission ceiling by about 10%. The draft also refers to the discontinuation of free allocations in 2023-2025 for areas susceptible to carbon border tariffs, i.e. the cement, energy, fertilizer, steel and aluminum industries. Also, emissions trading separate from, but parallel to, the EU ETS for road transport and for buildings is mentioned as starting in 2026. The impact estimate indicates that EU ETS prices would rise to €50-€85/t. The draft is not binding and there could still be changes in July ahead of presenting the law. 2

CDM pipeline	2.7.2021 8:42	
	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
July 14, 2021	Next UK ETS auction
July 14, 2021	Presentation of law package of climate law and EU ETS reform

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**Sources:**

[1 Carbon Pulse proposal](#)

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