

EUA prices €/t 15.1.2021 10:48

Product	Bid	Ask	Last	Change*
Spot**	32.83	32.88	32.83	-3.59 %
Dec-20	32.95	32.97	32.95	-3.64 %
Dec-21	33.16	33.20	33.53	-2.59 %
Dec-22	33.52	33.56	34.11	-2.02 %

*Change compared to the previous report ** EEX spot

sCER prices €/t 15.1.2021 10:48

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

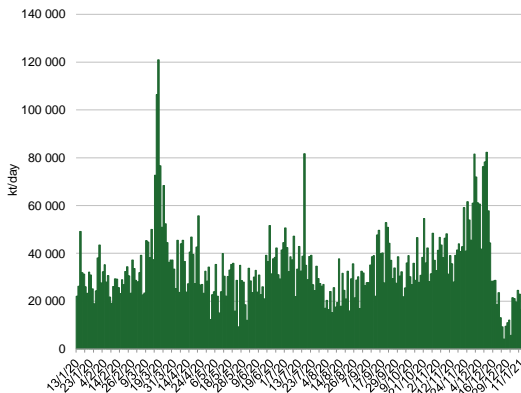
Spread Change*

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 15.1.2021 10:48

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	27.00	6.48 %
ENO 2022	€/MWh	26.25	-4.76 %
ENO 2023	€/MWh	26.01	-5.73 %
ENO 2024	€/MWh	25.90	-5.98 %
EEX, Base load Cal-21	€/MWh	50.53	1.35 %
Brent crude	\$/bbl	55.73	2.76 %
Natural gas UK (Q2-21)	p/therm	43.99	4.52 %
Coal CIF ARA API2 2022	\$/t	72.35	3.87 %

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

Market Analysis

The emission allowance price continued to rise last week, supported by the auction break, chilly weather and the rising price of natural gas. On Monday, the price rose above €33/t, but dipped below this level on Tuesday as a result of softer stock markets. The emission allowance price remained on an upward trajectory later in the week, supported among other things by expectations of the result of voting in the US Senate in favor of the Democrats. During the day on Friday, the price reached €35.20/t, the highest price in its history so far, a level which has been broken during the current week. On Friday, the emission allowance price closed at a level of €34.92/t, up €2.2 on the week.

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

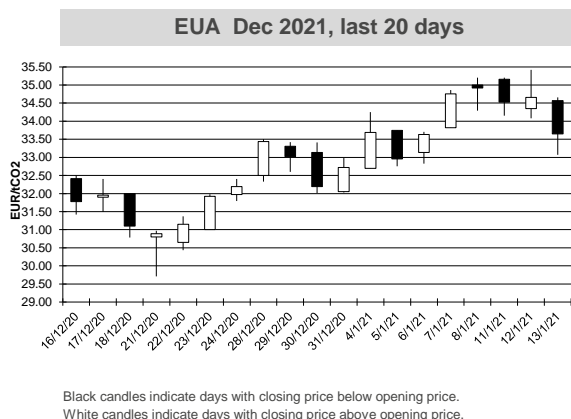
Market View

Fuel markets have remained strong in recent weeks, with support, among other things, from the start of the coronavirus vaccination program, a chillier weather picture in Europe and economic stimulation, which has reflected in the stock markets. With near-term products, coal condensate power has improved its profitability compared to gas condensate power and this might increase demand for emission allowance prices.

The weather is expected to grow colder in Europe towards the end of the week. Wind power production will also fall to below normal levels. Next week, the weather will normalize, with the chance of cold weather remaining from the end of the month. The number of coronavirus cases continues to grow in Europe and an increase in the number of new cases in China has also led to restrictions on movement, threatening economic growth and demand for oil.

Emission allowance auctions will recommence on Friday January 29 and the auction is likely to support the emission allowance price during the current week as has been the case to date. Portugal, which assumed the 6-month rotating EU Council Presidency on January 1, has announced its goal to have the EU climate deal approved during its presidency. The views of the EU Parliament and the Council differ by 5%, with the Parliament pushing for an increase in emission reductions of 60% and the Council to reductions of 55% by 2030. Corona will also dominate EU politics during the spring, but reform of the climate law will also play a major role which will also include changes in the EU emissions trading.

The emission allowance price is technically very strong, and the price has continued on an upward trend for more than two months. The price has reached new historic peaks, but slight downward corrections have been seen from these levels. The resistance levels for the product are the psychological level of €35/t and the current week's peak of €35.42/t, as well as €34.25/t. Support for the emission allowance price can be found at levels of €33.50/t, €32.50/t and €31/t. We expect the emission allowance price to seek direction between €32 - €35/t.



On Agenda: Europe

Global changes are forcing leaders to consider other ways than emissions trading to price emissions. The EU ETS has faced many problems, in particular too low emissions pricing. Modification of the market mechanism has lifted the EU ETS emission allowance price to its current level north of €30/t, but globally the emission allowance price averages around US\$ 2/t. Neither the UK's exit from the EU nor Biden has enthused emissions trading and the EU has also considered other ways of pricing emissions. The EU ETS, however, is not disappearing since the mechanism that reduces emissions is considered to work. A carbon tax is under consideration in the United States and the EU has talked about carbon border adjustment mechanisms. Payment credits, where emissions producers pay and environment-friendly operators receive credit, are one option. Operators in the industry agree that it is not easy to correctly price emissions and that transparency and political regulation are required to achieve it. ¹

On Agenda: Global

Norway intends to triple its carbon tax by 2030 with the aim of reaching its climate target. At its highest, carbon pricing would be €193/t by 2030. The current tax is around €55/t. Norway is the largest oil and gas producer in Western Europe and intends to cut its emissions by 50%-55% by 2030 compared to 1990 levels. Last year, the IMF report found that a carbon tax of around €65/t would be the most efficient way to reduce greenhouse gas emissions. ²

CDM pipeline 15.1.2021 10:48

	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 Euractiv news](#)
- [2 Helsingin Sanomat news \(in Finnish\)](#)

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