

EUA prices €/t 22.1.2021 10:23

Product	Bid	Ask	Last	Change*
Spot**	33.63	33.68	33.63	2.59 % ↑
Dec-21	33.73	33.75	33.74	2.55 % ↑
Dec-22	33.94	33.97	34.08	2.79 % ↑
Dec-23	34.29	34.33	34.68	2.68 % ↑

*Change compared to the previous report ** EEX spot

sCER prices €/t 22.1.2021 10:23

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

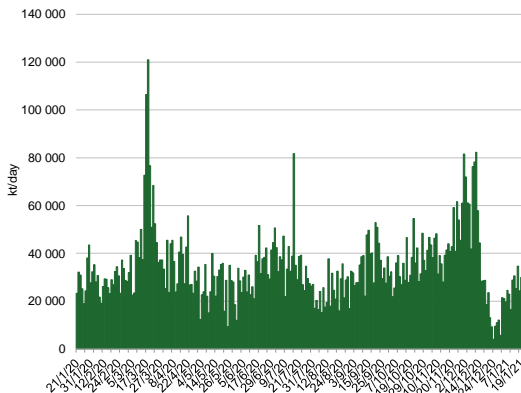
Spread Change*

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 22.1.2021 10:23

Product	Unit	Prices*	Change*
ENO Q2-2021	€/MWh	27.95	0.72 % ↑
ENO 2022	€/MWh	24.95	-7.78 % ↓
ENO 2023	€/MWh	24.94	-4.85 % ↓
ENO 2024	€/MWh	25.25	-3.09 % ↓
EEX, Base load Cal-21	€/MWh	50.71	0.34 % ↑
Brent crude	\$/bbl	55.31	-1.19 % ↓
Natural gas UK (Q2-21)	p/therm	44.10	-1.02 % ↓
Coal CIF ARA API2 2022	\$/t	68.00	-6.91 % ↓

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

Market Analysis

Last week saw a downward turn in the upward trend in the emission allowance price that had got under way in late October last year. On Monday, the emission allowance price reached new peaks, only to fall during the day. Tuesday saw the price rise to its highest historic intraday level of €35.42, supported by the gas market. At the end of the week, the price fell as a result of a downward energy market and gas price on the back of milder weather forecasts. On Friday, the price retreated around €1.80 as the gas market softened further. On Friday, the emission allowance price closed at a level of €31.74/t, down €3.18 or 9% at the weekly level.

The auction break that started on December 14 will continue until January 29, after which fourth emissions trading period allowances will be available. Volumes on ICE have been slightly weaker than normal since the start of the year, but trading has been increasing.

Market View

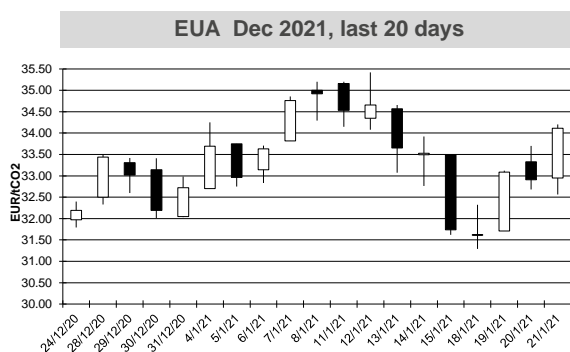
The fuel markets saw a downward correction last week and during the current week due to milder weather and concerns brought about by coronavirus restrictions. The correction movement slowed this week and oil and natural gas prices have picked up. Expectations of the stimulation package promised by Biden has been supportive of the oil price. High prices on the Asian market have supported the upward correction in the price of gas. The emission allowance price has recently followed the trend in the price of gas, and this may provide some direction for the emission allowance also in the near future, thereby keeping the markets volatile.

The market could quieten down somewhat once emission allowance auctions re-start at the end of next week. The auction break will still last just over a week. The first auction in the fourth emissions trading period will be held on Friday January 29 following an auction break of eight weeks. Fourth trading period emission allowances may not be used for 2020 surrenders.

The weather in Central Europe is largely close to normal or slightly milder for the time of year and wind power production is predicted to remain near to normal levels. A lower need for heating fuels will bring scant support to the emission allowance.

EU negotiations on the details of the climate law have got under way. Portugal intends to negotiate with the European Parliament and the Council for a convergent agreement on the EU climate law ahead of the meetings of the Environment Council (ENVI) and Council of the EU in March.

A downward turn has been seen in the emission allowance price following the new peaks reached last week. The fall reversed the upward trend that had got under way in early October last year. The resistance levels for the product are the early January peak of €34.25/t, the psychological level of €35/t and last week's peak of €35.42/t. Support for the emission allowance price can be found at levels of €33/t, €32.50/t, €31/t and €30.59/t. We expect the emission allowance price to seek direction between €31 - €34/t.



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

CDM pipeline	22.1.2021 10:23	
	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
18.-21.1.2021	EU Parliament's plenary
March 2021	Preparation of the European Climate Law

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Sources:

- [1 Euractiv news](#)
- [2 Carbon Pulse news](#)

On Agenda: Europe

The border carbon adjustment mechanism proposed by the EU is necessary for industry in the EU to survive says Frans Timmerman Executive Vice-President of the European Commission and Commissioner for Climate Action Policy. The Commission may propose carbon taxes before June as part of the climate law package, which is intended to reduce emissions by at least 55% by 2030. Timmermans also expressed a hope that other major emission-producing countries would introduce emission pricing, which would reduce the need for carbon taxes. If no decision on climate actions is reached at the UN Climate Change Conference in November, the EU intends to promote border taxes. ¹

On Agenda: Global

Carbon dioxide pricing and other market mechanisms, such as international carbon offsetting could help methane emissions from oil and gas production. The IEA Methane Tracker report says that methane emissions from oil and gas production fell by 10% in 2020, but emissions can be expected to grow during the current year. However, according to the IEA's sustainable development scenario, methane emissions would need to fall 70% by 2030. Including the cost of emission in prices could encourage a fuel switch. As much as 75% of methane emissions could be avoided at a global emissions price of 25 CO2eq / \$. Most of the curbing of methane emissions comes from voluntary initiatives, but leaders and regulations should play a bigger role by, for example, lowering the barriers to investments that allow methane to be reduced. The EU aims to reduce methane emissions relating to energy by a third by 2030, but the inclusion of these emissions in EU ETS would seem unlikely at least before 2025. ²

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