



EUs kvotesystem – en ny æra?

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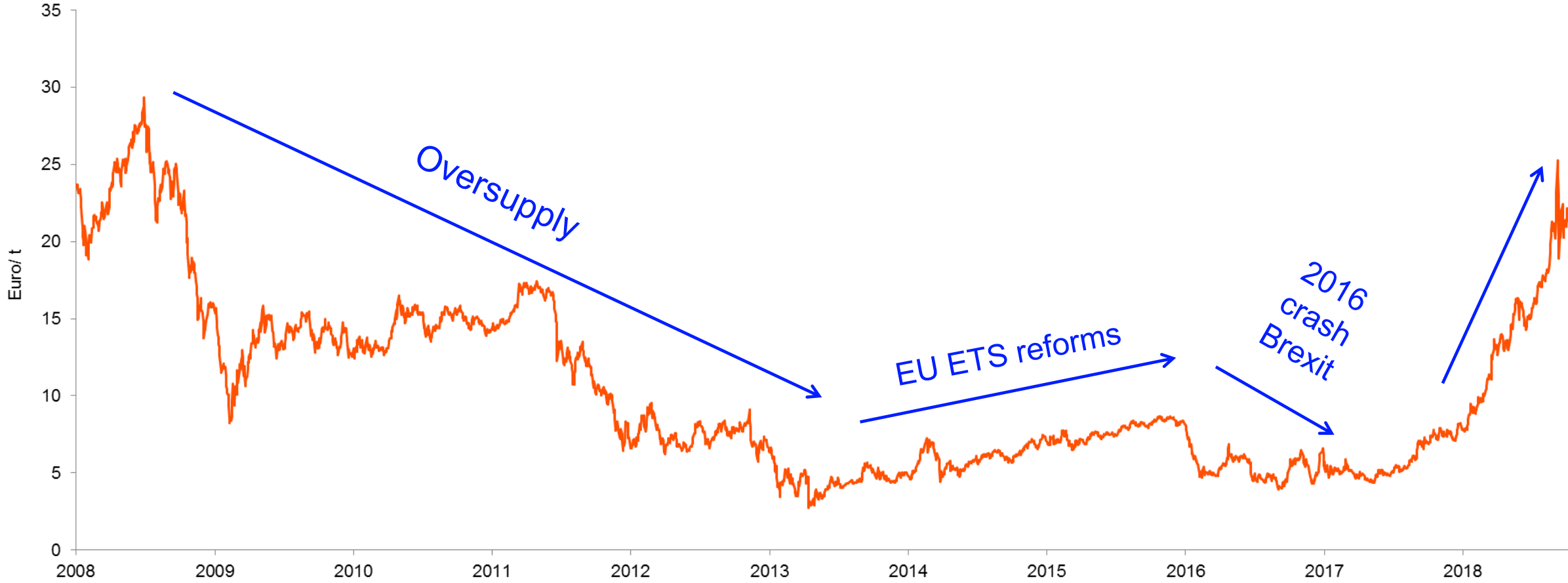
Agenda

- **Hvorfor** har karbonprisen skutt i været det siste året?
- **Hva** er egentlig markedsstabilitetsreserven (MSR)?
- **Hvor** går karbonprisen herfra?

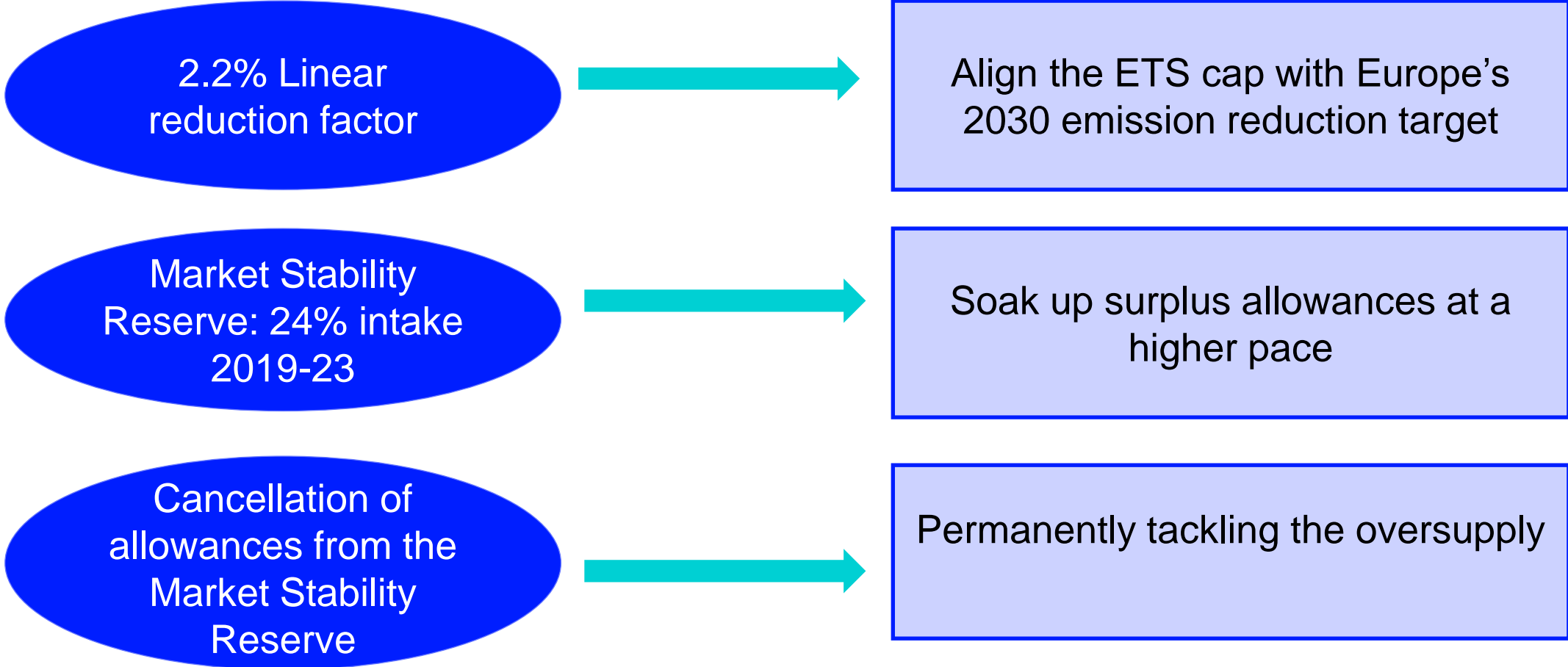


Carbon price development

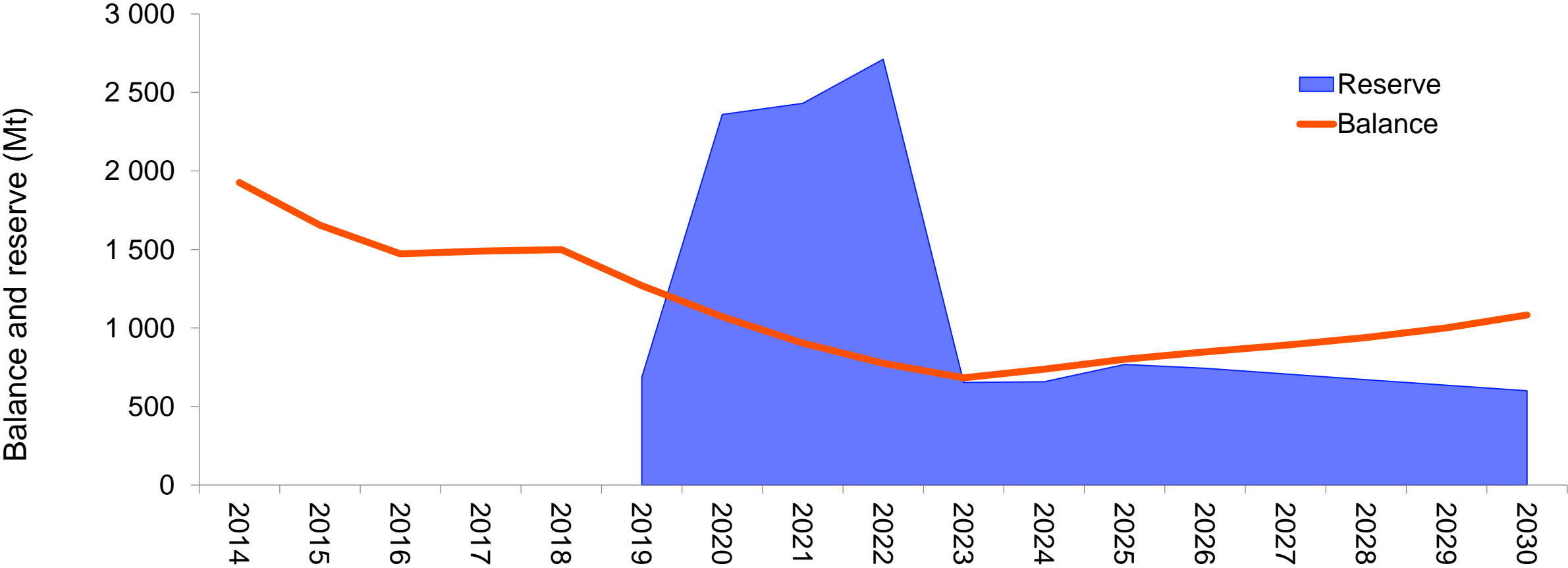
The price of emission allowances has doubled in 2018



Main tightening elements of EU ETS reform



The Market Stability Reserve at work



2018: Big appetite for EUAs



- 55 % of EU ETS emissions
- Buy all allowances at auctions or in secondary market
- **More aggressive carbon hedging strategies?**

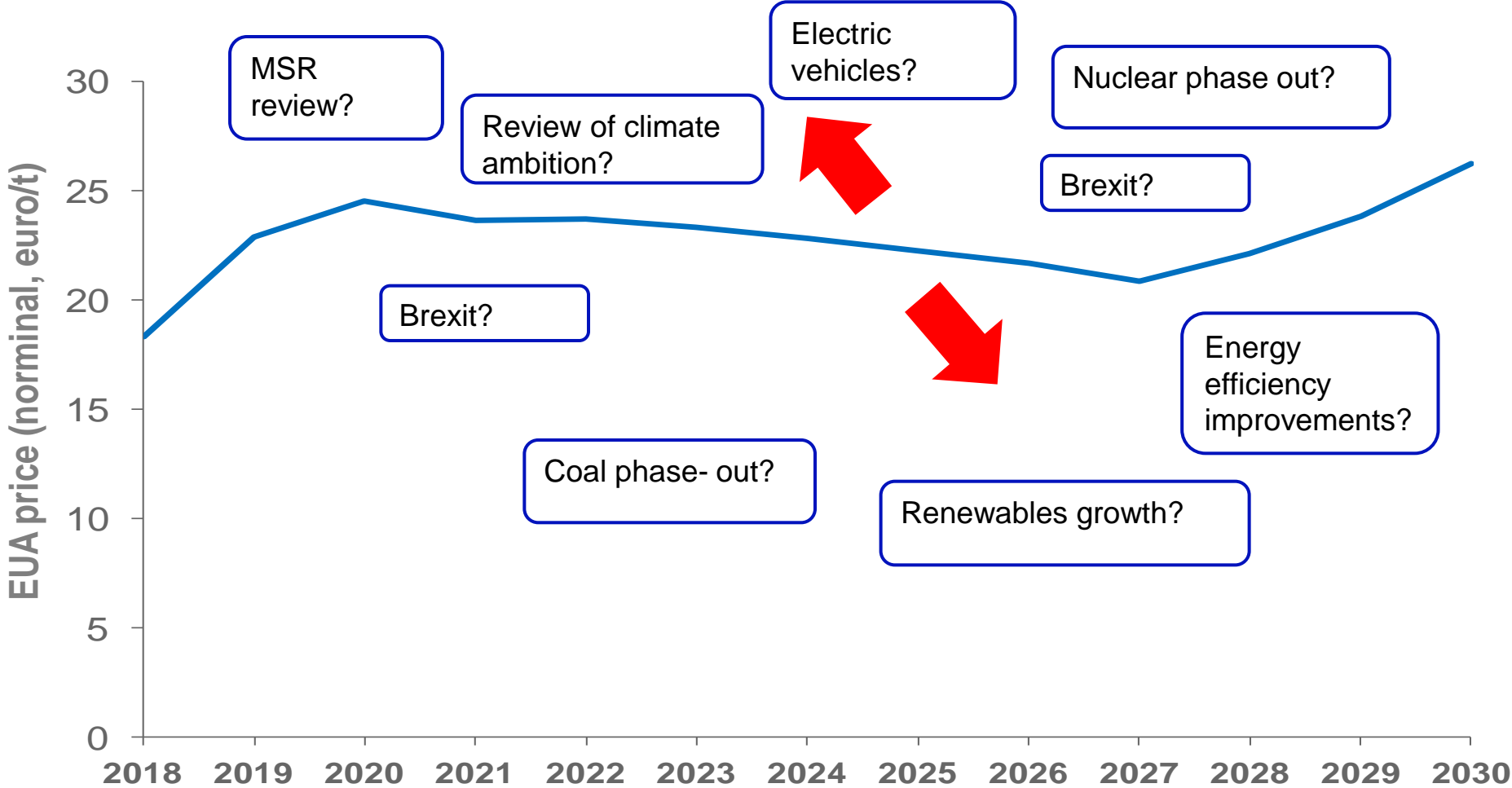


- 45% of EU ETS emissions
- Receive allowances for free
- **More reluctant to use or sell allowances in light of tighter future allocation?**



- Banks and hedgefunds re-entering the market
- Increased volatility
- **In it for how long?**

EUA price forecast



Take away's

- 2018 price rise due to market **anticipating the start of the MSR** curbing auction supply. Tight gas market in Europe **limiting fuel switching** further fuelling the rally.
- Calmer waters ahead? **€23/t** is average price forecast 2019-2030....but brace for continued short-term volatility!
- Decarbonisation of the power sector – **exit coal, more rapid renewables phase-in?**
- For the EU ETS, **review is the only constant.**

Takk!

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