EEX Group Online Conference
Environmental Markets Update

Leipzig, 07/09/20
Overall Volume and Price Development

- **Overall trading volumes** in secondary market in Jun19 – May20: -14% compared to Jun18 – May19

Source: EEX, ICE, CME, LEBA; secondary trading and auctions volumes
MSR is cutting **auction volume** by ~3,106m EUAs (2019-2030)
Auction Statistics (1/2)

- Significantly **reduced supply** through Market Stability Reserve (MSR)
- Almost **daily auctions** at EEX
- EEX successfully conducted more than 1,900 auctions

Source: ICIS, EEX estimation
- **Reliable auctions** despite Covid-19 crisis
- Number of **admitted participants** for auctions at **record high** of 91
- **Several options for** direct or indirect **access** available ([link](#))
Auction Calendars

2020

- Update published on 1 July 2020 (link)
- Included 50 million allowances for Innovation Fund as of 16 July 2020
- Deducted ~ 98 million allowances in the period September 2020 to December 2020 for the MSR

2021

- Calendars for general and aviation allowances planned to be published in the autumn of 2020 (depending on the coordination with the involved authorities)
Innovation Fund and Modernisation Fund

**Innovation Fund**
- What? Auctioning of 450 million allowances from 2020 to 2030 as well as any unspent funds from the NER300 programme
- Why? To support clean innovative technologies
- For whom? Varied projects via application process

**Modernisation Fund**
- What? Auctioning of 2% of the total allowances for 2021 to 2030 of EU ETS as well as additional allowances from beneficiary Member States
- Why? To support 10 lower-income EU Member States in their transition to climate neutrality
- For whom? Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia
Phase 3 / Phase 4 transition

- **Phase 4** of the EU ETS starts in January **2021**
- Phase 4 allowances **cannot** be used for compliance for 2020 (due in April 2021)

Primary market:
- Auction platforms will auction Phase 3 allowances until the last auction in December 2020
- Auction platforms will auction **Phase 4 allowances starting with the first auction in January 2021**
Spot & Futures Trading Volumes

Growing futures orderbook volumes
Activity in Futures Orderbook

- Strong increase of activity in **futures orderbook**

Source: EEX
## Orderbook

### Spot and Spot-Future-Spreads

<table>
<thead>
<tr>
<th>Contract</th>
<th>Settle</th>
<th>Last</th>
<th>NetChg</th>
<th>Vol</th>
<th>WrkBuys</th>
<th>ImpBidQty</th>
<th>BidQty</th>
<th>Bid</th>
<th>Ask</th>
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- **EEX futures market share** by open interest in **May20: 18%**

Source: ICE; EEX - synthetic net OI figure (total of: net OI proprietary accounts, net OI MM accounts, gross OI agent accounts), does not necessarily reflect the factual open interest; last reported date: 29.05.2020
## Latest & coming improvements at EEX

### Recent enhancements

- EUA options, changed exercise setup (auto exercise)
- EUA options, early expiry

### Planned changes

- Trading Period 3 to 4 transition
Global Environmental Markets

North America
- Market successfully introduced in Nov´2018
- Offering covers physical deliverable futures and option contracts for Carbon Emissions Allowances (California, RGGI), Renewable Energy Certificates, SO2/NOx Allowances, Renewable Fuel Credits

Apart from carbon markets in Europe and North America, EEX is actively monitoring market developments in other countries and sectors, with a view to further expand its offering over time, for example...

China
- Introduction of national ETS in China further delayed due to Corona situation
- EEX is ready to support this new market, whenever starting conditions are in place – together with our local cooperation partners (carbon exchanges in Beijing, Guangzhou, Shanghai)

New Zealand
- Major revision of NZ ETS will take effect as of 2021
- EEX cooperates with local provider New Zealand Exchange (NZX), assessing different options for NZ carbon market

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