

EUA prices in EU ETS

Seminarium IBS „Ryzyka związane z transformacją niskoemisyjną w Polsce”
Warsaw, 12th October 2017 r.

Main carbon price drivers:

- **Regulatory framework (especially post 2020 reform):**

- ✓ **Direct impact:** changes in supply of EUAs or in the allocation mechanism (e.g. backloading, MSR implementation, linear reduction factor, Brexit, etc.)
- ✓ **Indirect impact:** climate and energy policy instruments other than the EU ETS e.g. policies that support renewable energy, efficiency improvement, other pollution reduction.

- **Macroeconomic development in the EU**

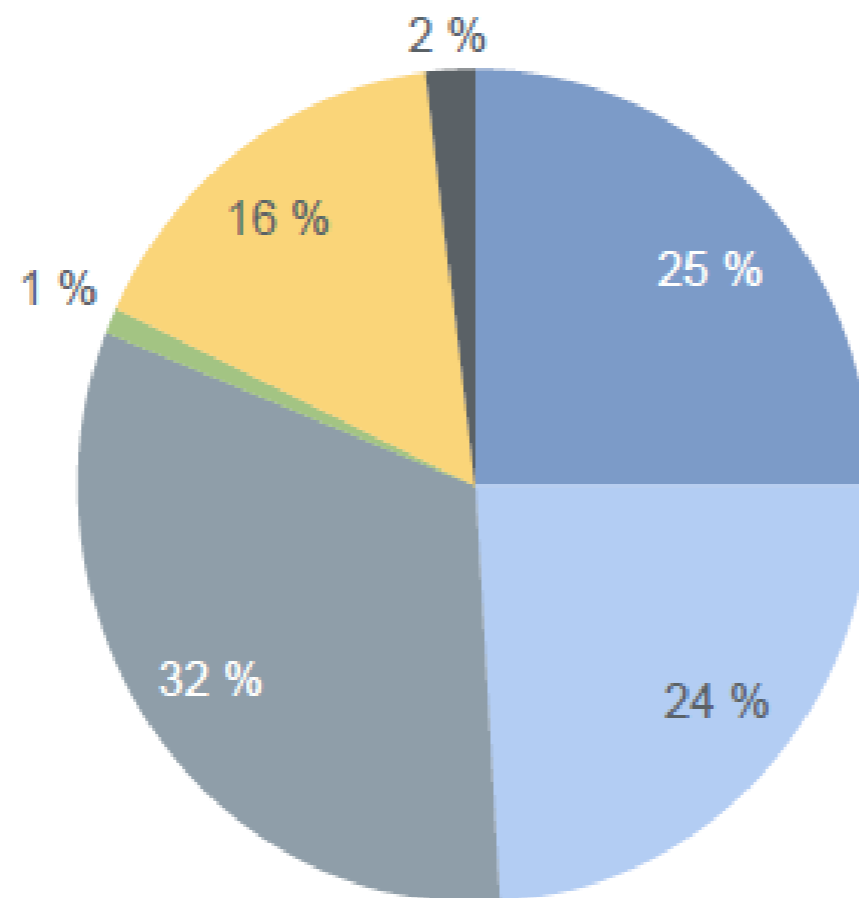
- ✓ GDP growth, carbon intensity, economy condition, innovation

- **Surplus of allowances**

- ✓ **Caused by:** Economic crisis, use of Kyoto mechanism (CER/ERU), influence of other environmental policies

- **Others: commodity prices, speculation, weather conditions**

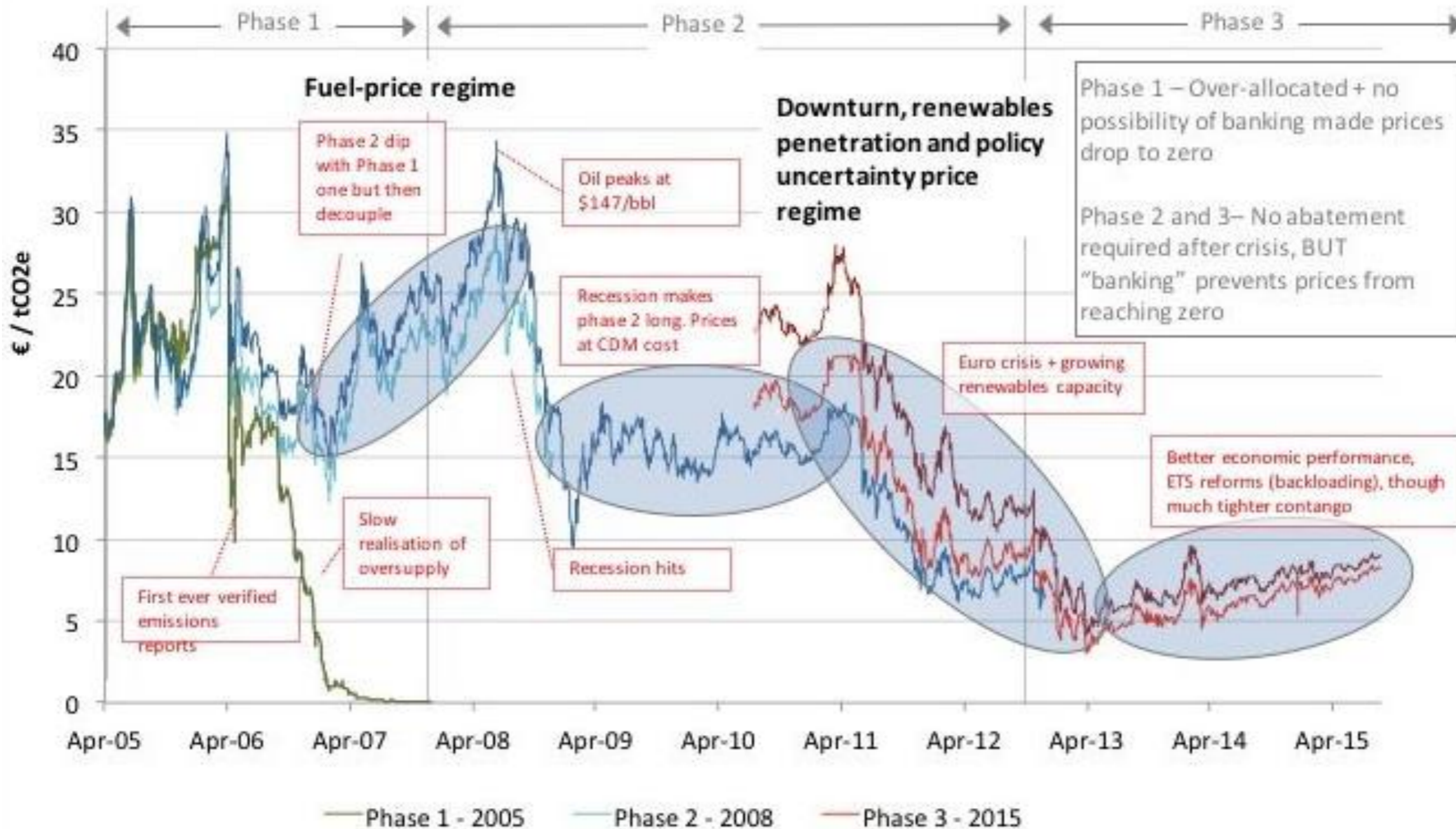
Main reason for EUA price drop in early 2015 – survey conducted among EU ETS companies



- Commodity prices / price ratio (e.g. oil, gas & coal)
- Regulatory framework / political environment
- Speculation with allowances
- General economic development
- Weather
- Paris agreement

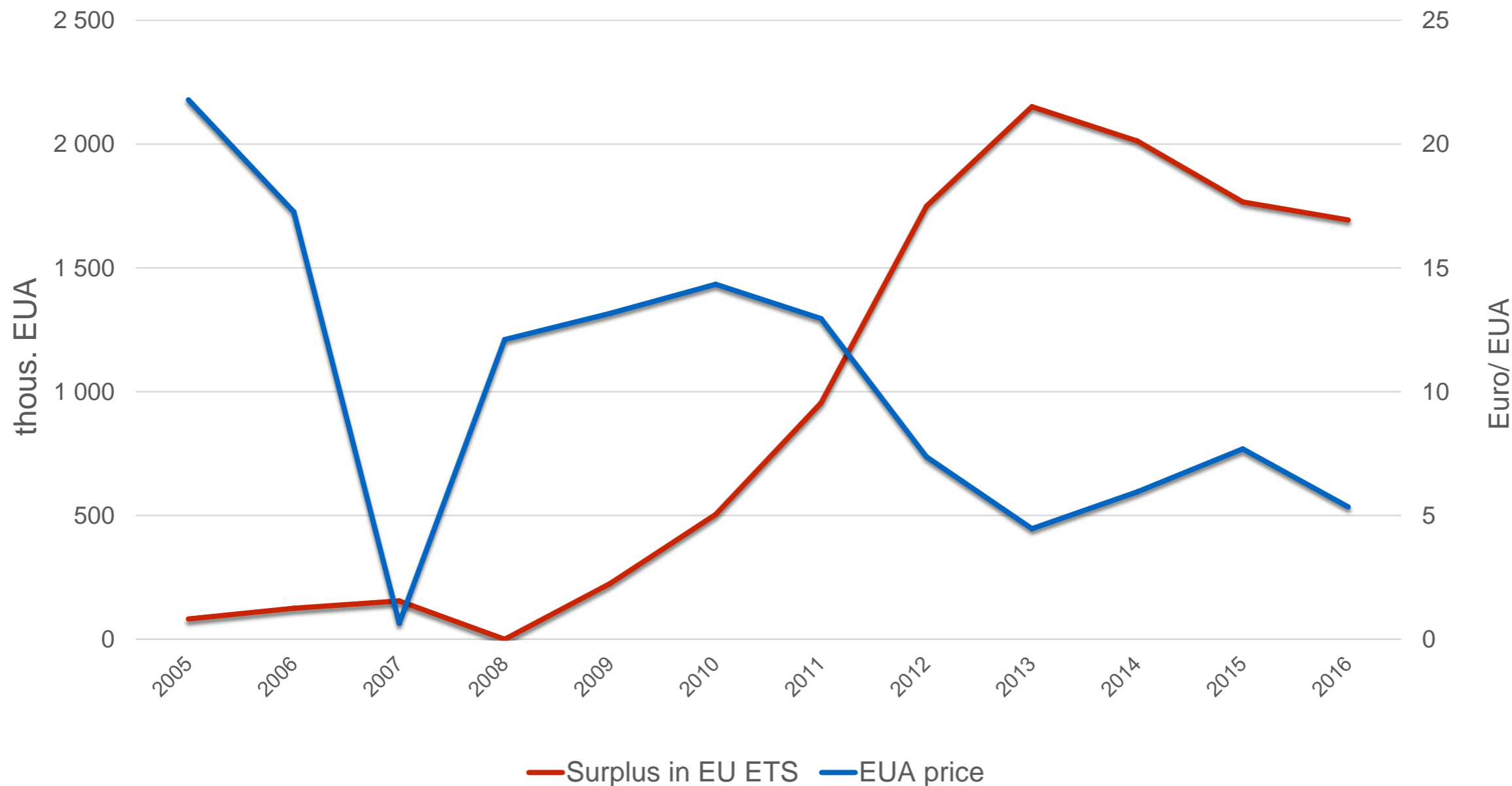
Source: KfW/ZEW CO2 Barometer 2016 – Carbon Edition

Long-term EUA price development 2005-2015 vs. political and economic situations



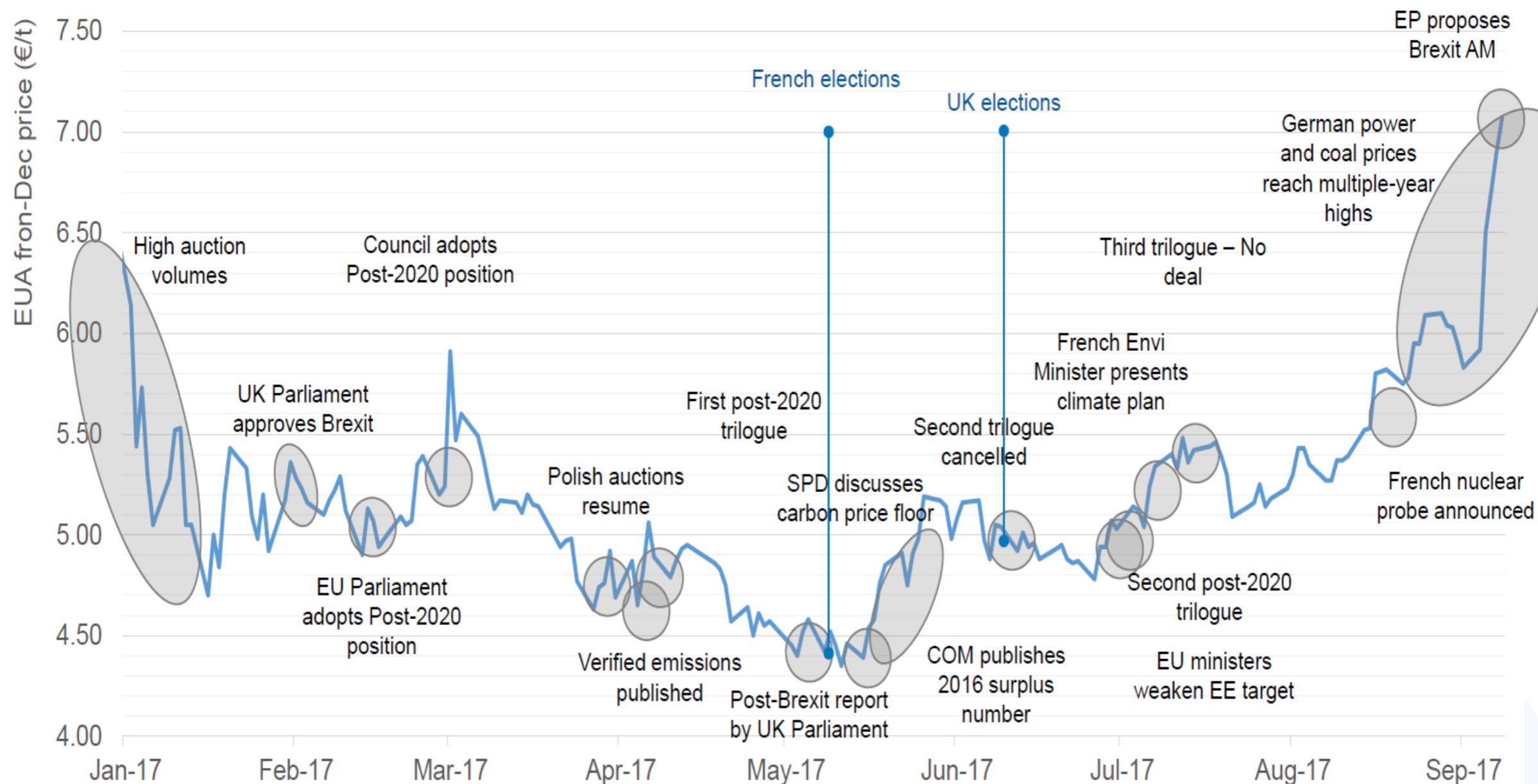
Source: Accenture

Average long-term EUA price vs. surplus of EUA



Source: KOBiZE, surplus of EUA based on EEA data and average price of EUA based on Thomson Reuters data.

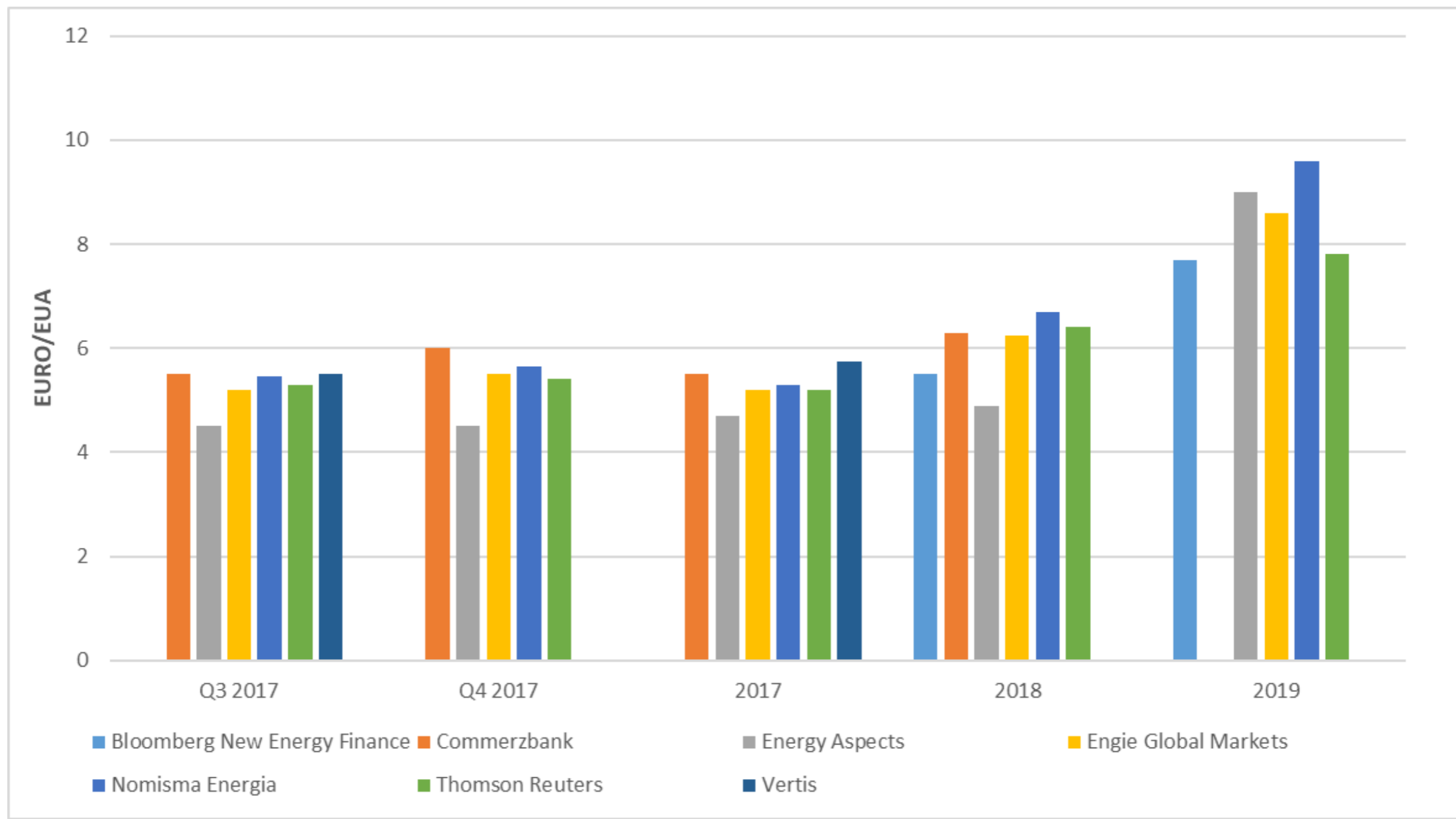
Short-term EUA price development in 2017 vs. political / economic situations and change in supply of EUAs



Source: ICIS



EUA price forecasts



Source: Thomson Reuters data, 12 July 2017

Possible approach to long-term carbon value prediction

CGE model of EU/worldwide economy

General information on economy growth, global market changes, energy demand in sectors, etc.

Supported by sectoral models

More detailed energy and industrial technologies modeling, environmental and energy policies, emission reduction costs, energy supply structure, etc.

GHG reduction costs

Thank you!

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