

# Carbon Price Projections for the EU ETS

## The EU ETS is evolving, and the carbon price is more impactful than ever before

Carbon prices proved resilient in the face of the COVID-19 pandemic and have risen to new highs, holding above prices of €90/tCO<sub>2</sub> for the first time in the history of the EU ETS.

The European Green Deal is ambitious and will need strong policy support to become a reality. We are seeing the impacts of the latest target proposals and Market Stability Reserve (MSR) reforms, the integration of the maritime sector, and a carbon border adjustment mechanism explored seriously for the first time. The outcome of these issues will have a strong impact on carbon prices which will, in turn, affect wholesale electricity prices and the viability of different assets throughout Europe.

AFRY has its own in-house carbon model, Æther, and a dedicated carbon team focusing on how the EU ETS is changing and modelling carbon price projections.

In our EU ETS market report we provide:

- an overview of the EU ETS;
- key price risks and issues facing the market;
- key drivers of carbon prices; and
- our carbon price projections out to 2060.

[aim.afry.com](https://aim.afry.com)



# Our Offering

## AFRY Independent EU ETS Market Report

- Presents our annual projections for EU ETS carbon prices out to 2060 for our three internally consistent scenarios (High, Central and Low). These scenarios incorporate different decarbonisation trajectories for the EU ETS that are consistent with AFRY's whole-economy decarbonisation targets.
- Considers the main drivers of carbon prices in each scenario, including:
  - legislative developments in the EU ETS;
  - the evolution of generation capacity mix;
  - interaction of other commodity prices; and
  - developments in technology costs.
- Delivers in-depth market intelligence, including insights into:
  - policy and regulation; and
  - the EU Emissions Trading Scheme.
- Based on highly detailed modelling from our suite of worldwide commodity models.

Key data for AFRY projections is provided in a useable Excel format at an annual resolution. These are based on our latest projections. An annual subscription covering the one-off report and three subsequent quarterly updates is available for an additional fee.

## One-hour workshop

- Provides the opportunity to discuss the market, our modelling and price developments.

## Webinar

- Access to webinars held on a quarterly basis presenting the latest results of our modelling.

## Invitation to our Power Market Conference

- Hear the latest developments in our modelling, insights into new topics and areas of research every year.

## Subscriber support

- Prompt access to our experts who have a wealth of experience and constantly follow market developments.

## Our reports and projections are:

- **Independent.** Our reputation is built on providing an impartial view.
- **Trusted.** The 'AFRY curves' are the definitive benchmark for the power sector.
- **Bankable.** Relied on by the financing community for over 25 years.



## Our carbon market experts



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# Table of Contents



<b>1. Executive Summary</b>	<b>5</b>
<b>2. Market Background</b>	<b>7</b>
2.1 An overview of the EU ETS phases	8
2.2 Sectors covered	8
2.3 Historical prices	9
<b>3. Key Price Risks</b>	<b>11</b>
3.1 Summary of key price risks	12
3.2 Impact of COVID-19	12
3.3 Decarbonisation targets	12
3.4 Market Stability Reserve (MSR)	13
3.5 Brexit	14
3.6 International aviation	15
3.7 Cancellation of allowances under Germany's coal phase out	15
3.8 Overlapping environmental policies	16
<b>4. Drivers of EU ETS carbon prices</b>	<b>17</b>
4.1 Fundamental drivers of carbon prices	18
4.2 Demand for abatement	18
4.3 Supply of emission reductions	20
<b>5. Carbon price projections</b>	<b>23</b>
5.1 Carbon price projections	24
<b>Annex A – AFRY market models</b>	<b>26</b>

# Additional Services

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## Transaction support services

*M&A advisory including commercial, market, regulatory and technical due diligence*

## Bespoke scenarios and sensitivities

*Customisation for client-led assumptions e.g. fuel prices, decarbonisation goals,...*

## Climate change modelling

*Bespoke simulations of physical and transitional risk for assets and/or portfolios for 2, 4 and 6 degree pathways*

## Model offerings

*BID3 and Pegasus models and datasets are available for purchase*

## Other AFRY Independent Market Reports available

*Our expansion is client-led: if you're interested in any other market, please contact us for options*

## Capture prices

*Available for all markets and technologies*

## AFRY Analytics Capture

*A cloud-based digital tool to calculate asset-specific capture price projections*

## Imbalance projections

*Projections of the costs of imbalance for wind and solar farms*

## Ancillary service projections

*Reserve product value projections for flexible generation and storage*

