

Brussels, 8 December 2024

A NEED TO MEND THE BEND? INDUSTRY DECARBONIZATION AND MARKET STABILITY IN THE YEARS AHEAD

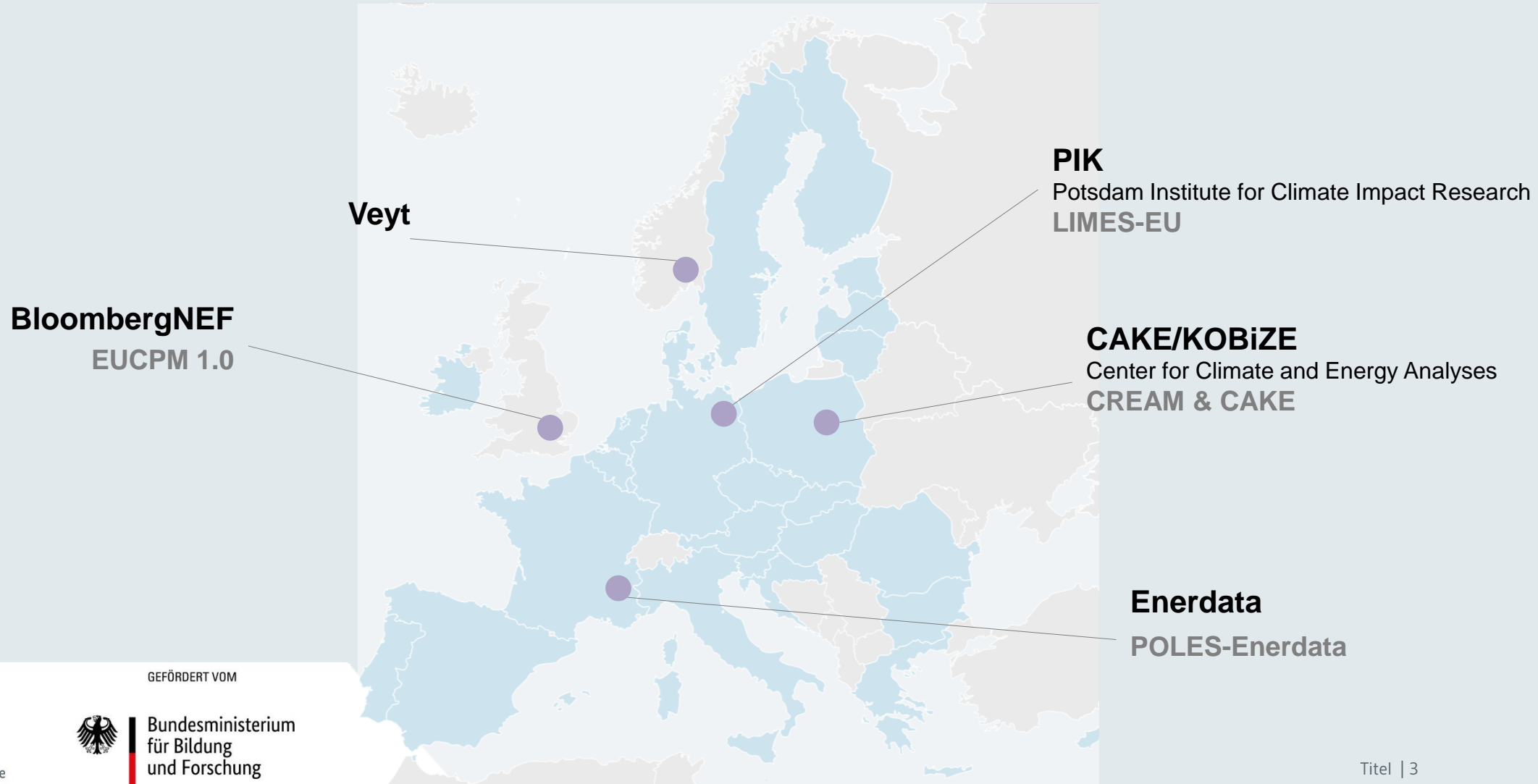
SESSION I: PRICES AND INDUSTRY DEMAND FOR ALLOWANCES THROUGH
2030



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FIVE DIFFERENT ORGANIZATIONS & MODELS



MODELLING APPROACHES

EU ETS simulation

> **EU ETS module**
Supply / Demand of certificates

> **Simulation of MSR**

Representation of sectors

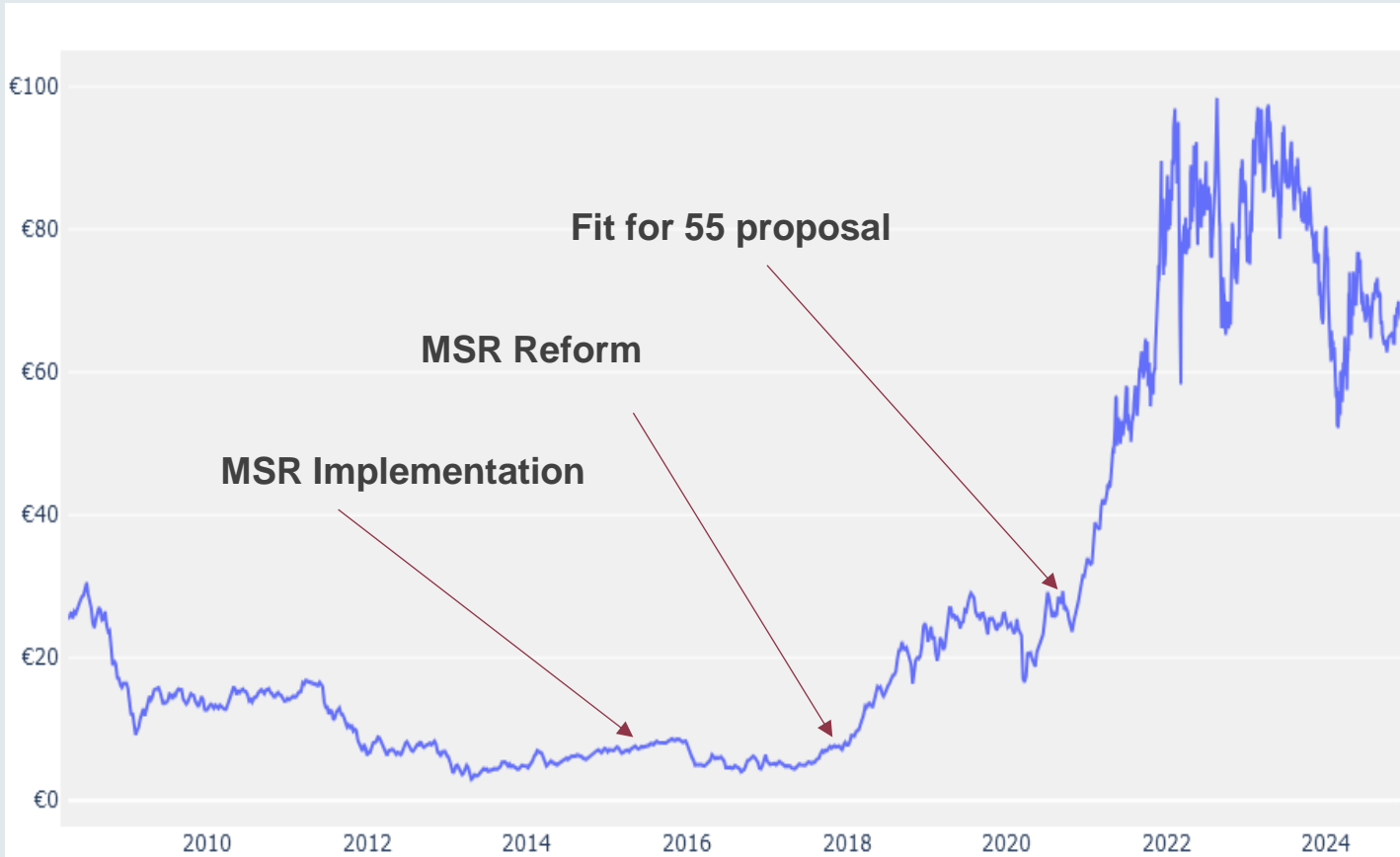
	Detailed representation	MAC curves	Emission projections
Power sector	Enerdata, PIK, CAKE	BNEF	
Heating	Enerdata, CAKE		PIK
Industry	Enerdata, CAKE	BNEF, PIK	
Aviation, Maritime	Enerdata, CAKE	PIK	BNEF
Other	CAKE		

BNEF
 Enerdata
 PIK
 CAKE

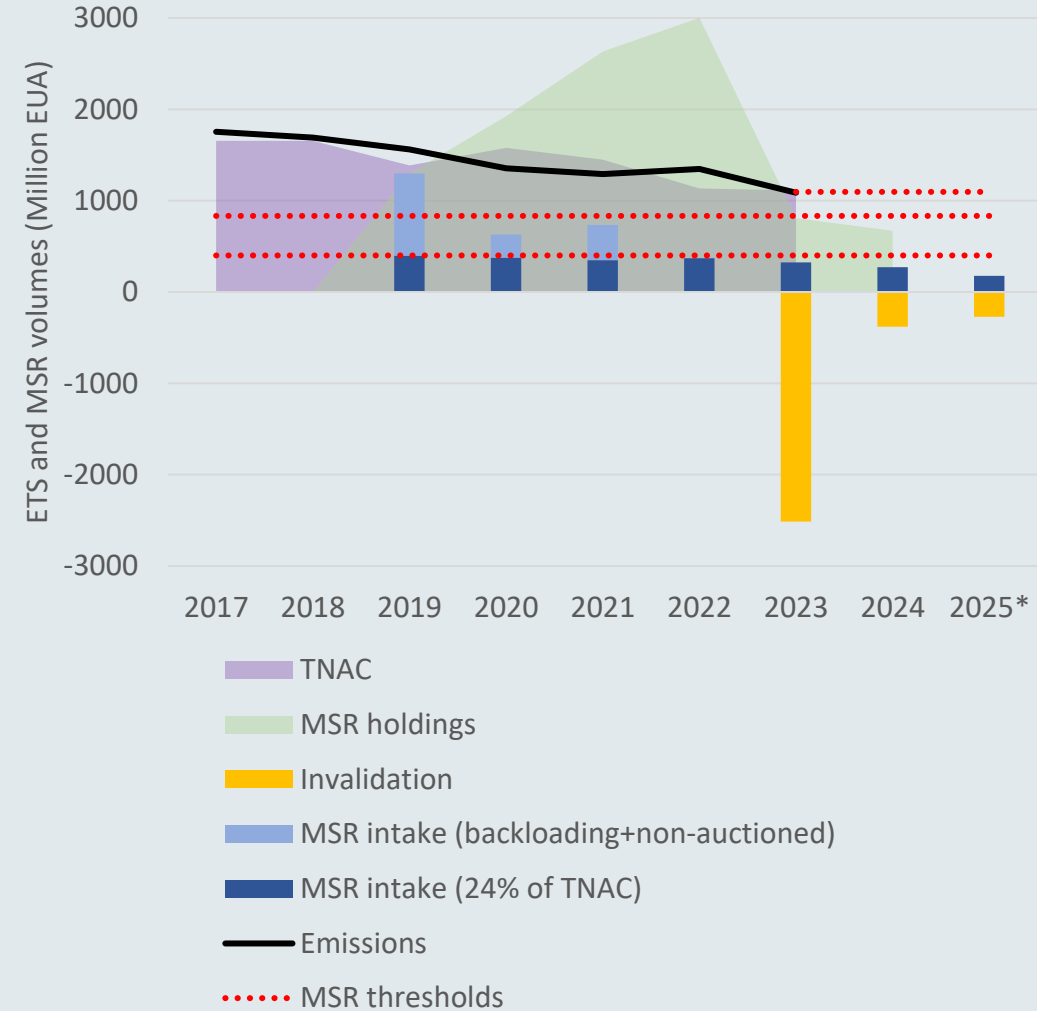
Foresight

- > **Limited** foresight of actors (new benchmark approach)
- > **Perfect** foresight (only LIMES)

HISTORIC EUA PRICES AND MSR OPERATION



Source: *Carbon Price Viewer (Sandbag)*



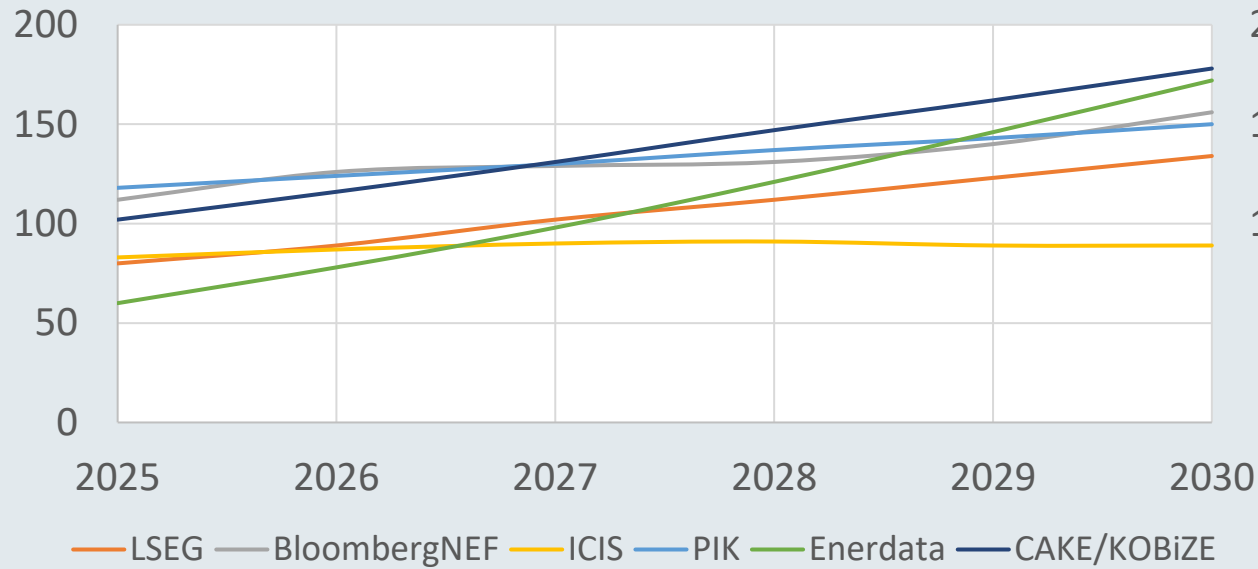
Source: *Annual Publication of the total number of allowances in circulation between 2017 and 2024 (EU COM - MSR); own elaboration*

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BACK IN TIME

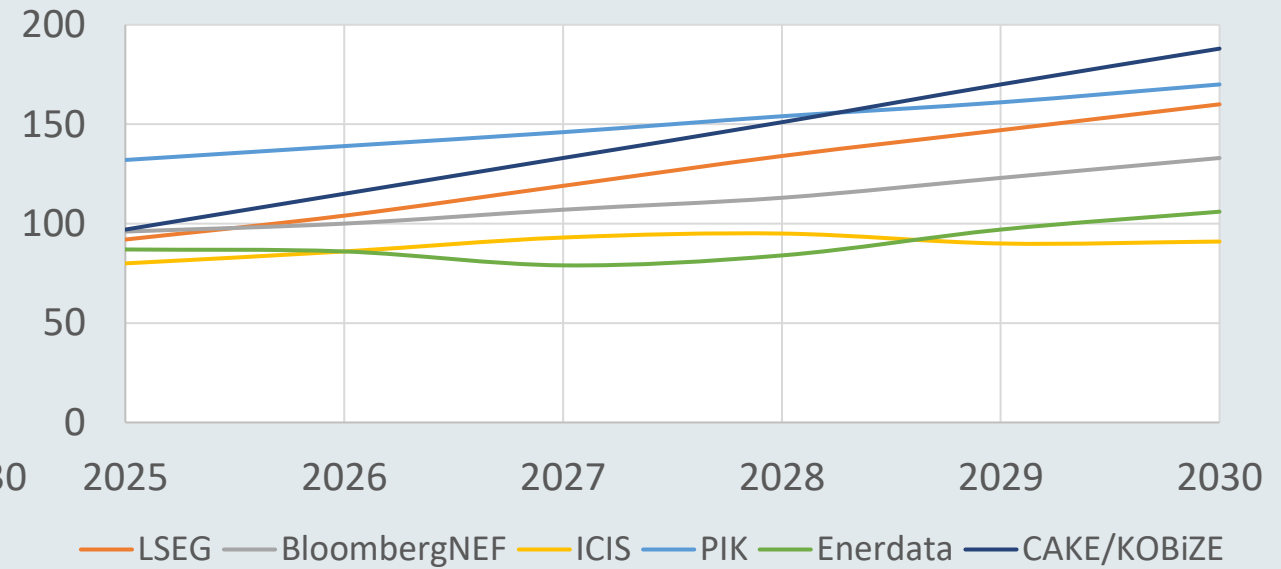
Brussels 2022



Remarkable convergence between the different modelling approaches (except for ICIS) in the forecasted price towards 2030

-> There are fewer choices in the medium to long term than in the short-medium term.

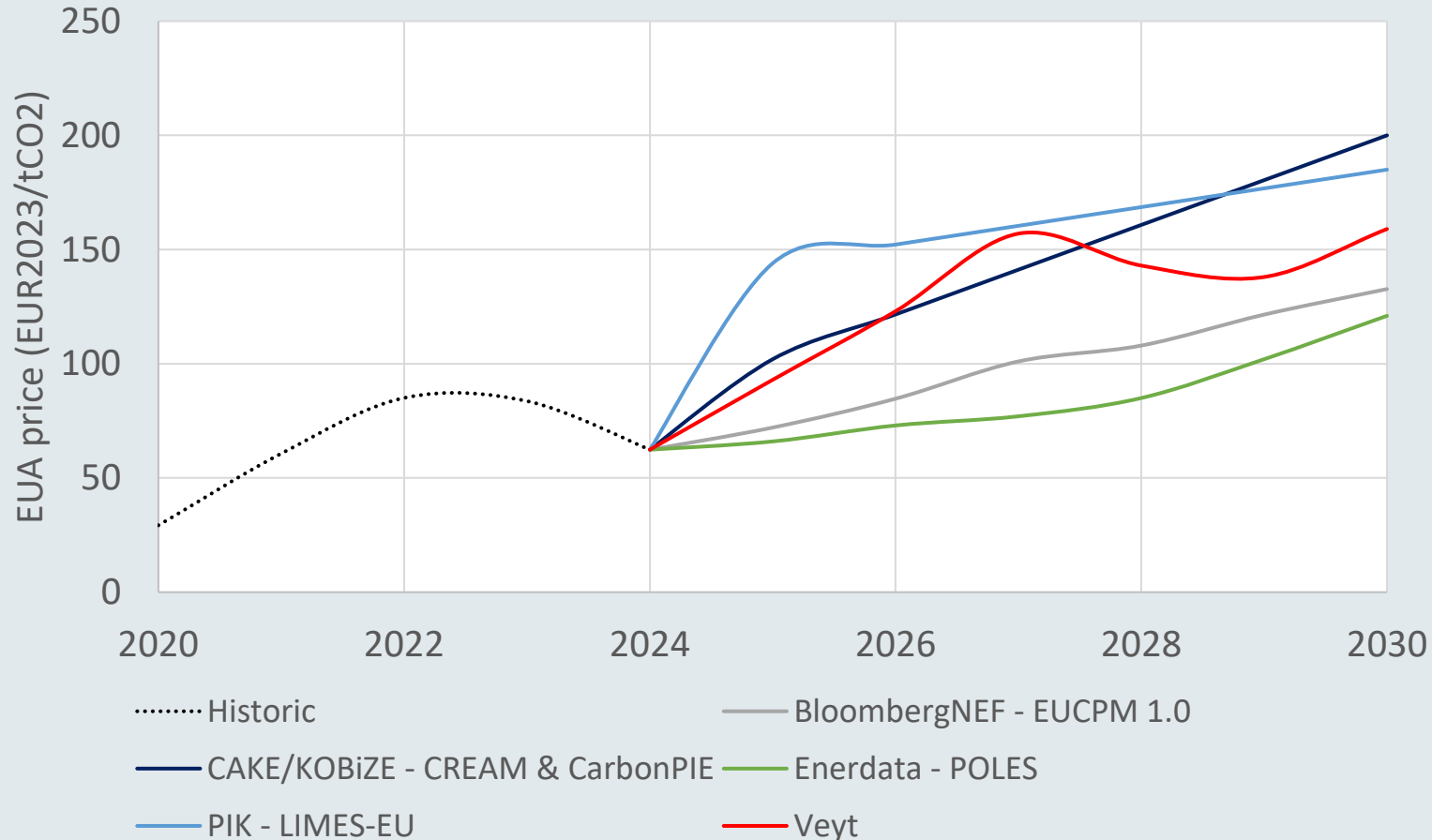
Brussels 2023



Prices rather diverging towards 2030, but overall around the same magnitude and following an upward trend

- › Prices in 2025 higher but still mostly below 100 EUR/tCO2
- › Still some projections with rather flat prices (ICIS, Enerdata)

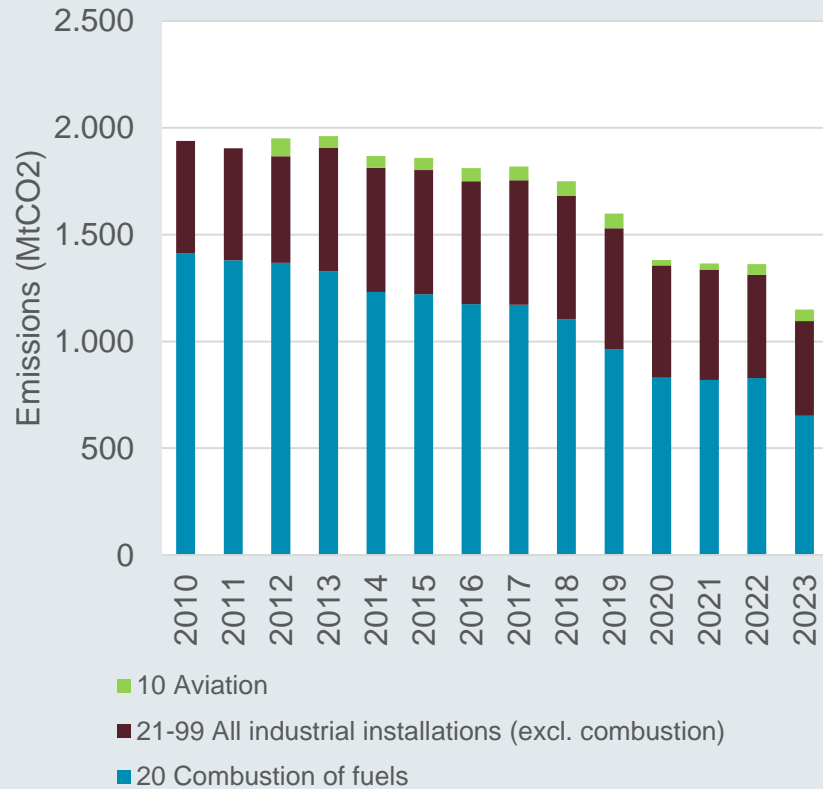
PRICE PATHS (FIT FOR 55 TARGET, DEFAULT SCENARIO)



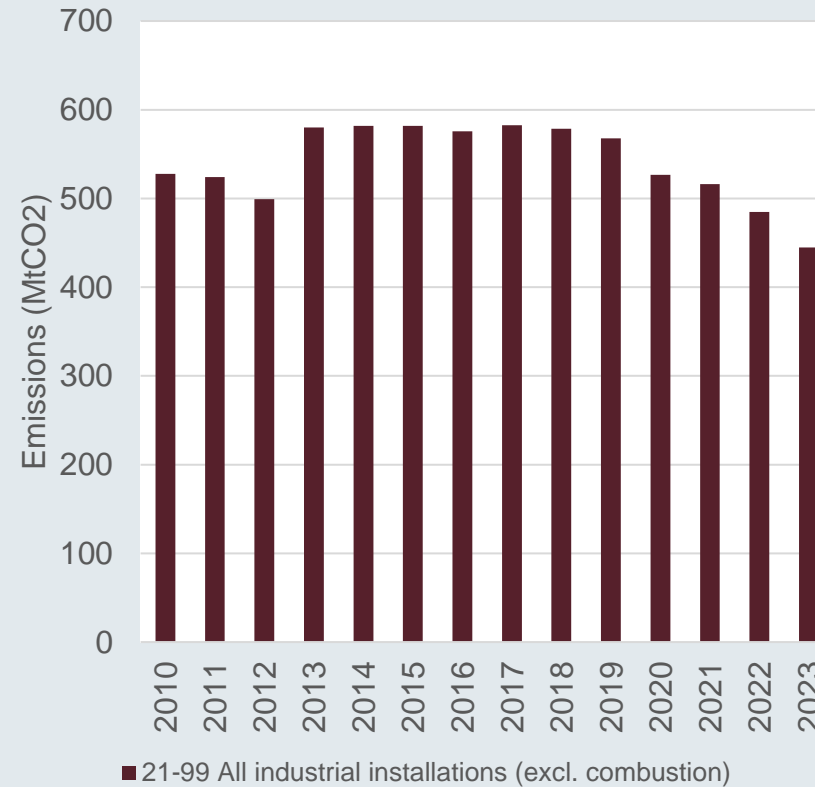
- › Prices of 66-144 EUR/tCO₂ in 2025 to 121-200 EUR/tCO₂ in 2030,
 - › Almost constant range of ~80 EUR/tCO₂
 - › Enerdata still with lowest prices, and PIK/CAKE-KOBiZE with highest
- › Last year: Prices of 80-132 EUR/tCO₂ in 2025 to 91-188 EUR/tCO₂ in 2030
- › What changed wrt 2023?
 - › Prices seem to adjust to new reality: lower in 2025 following downward trend in the last year, and higher in the longer term amid higher EUA scarcity
 - › All projections with prices in 2030 above 100 EUR/tCO₂ and upward trend

CURRENT STATE OF INDUSTRY

EU ETS



Industry

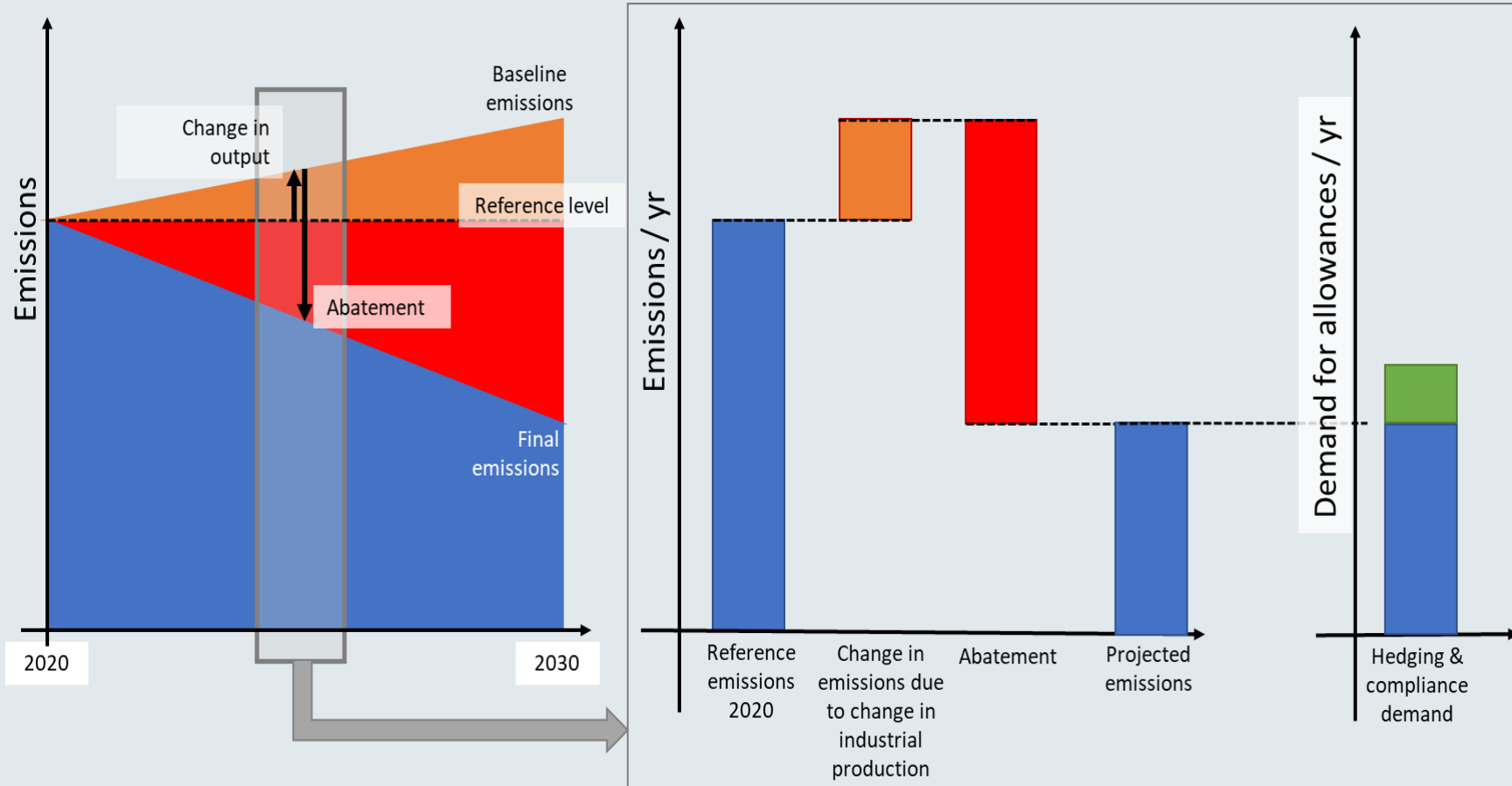


- › Substantial decrease in EU ETS (16% in 2023), mainly driven by reductions in power sector (-21%), but also industry (-8%)
- › Industry: sustained decrease in emissions since 2018 (-23%)

Source: [EU ETS data viewer](#)

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DISENTANGLING EVOLUTION OF INDUSTRY DECARBONISATION

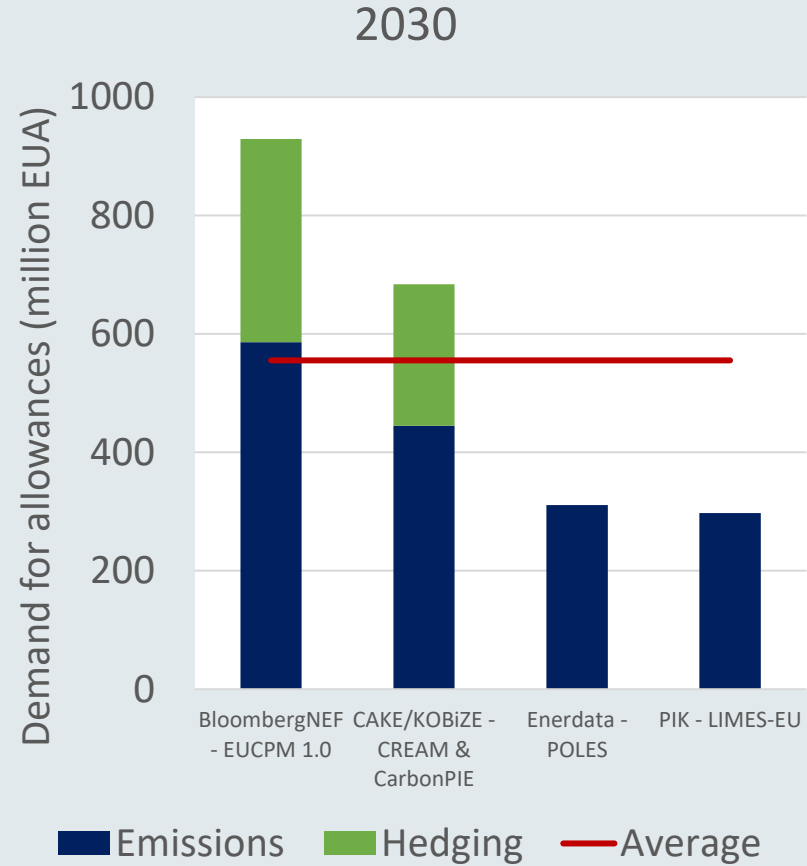
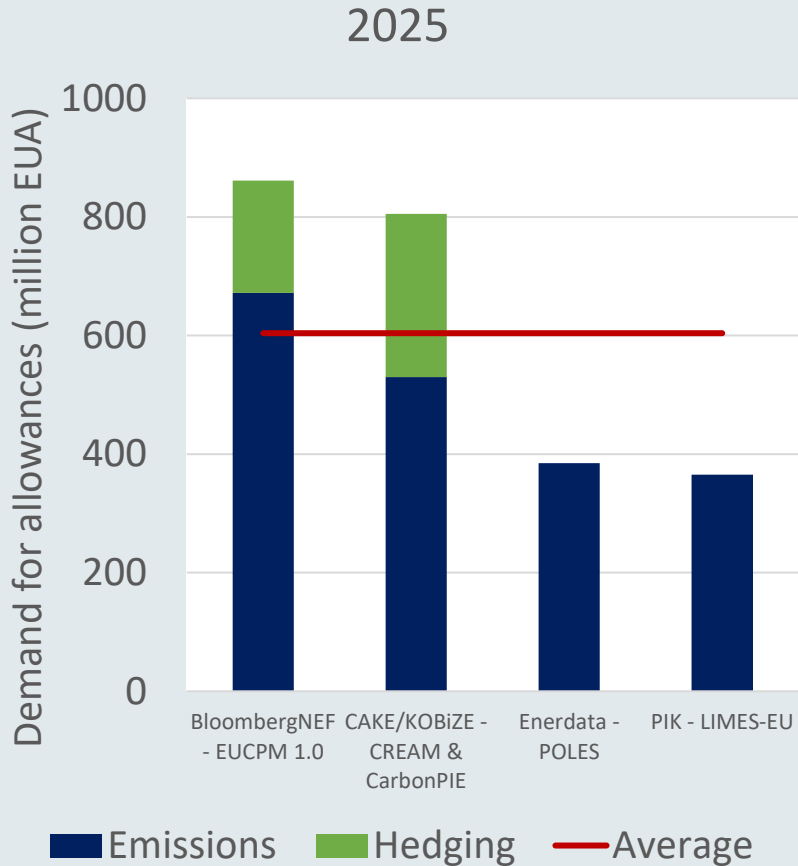


- Main Drivers of EUA Demand: Industry emissions evolve due to production changes (rising or declining) and policy-driven abatement, forming baseline and projected emissions.
- Demand for allowances covering projected emissions and hedging costs of future emissions.

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INDUSTRY OUTLOOK



› Wide range of demand for EUA, with average decreasing from 604 to 555 million EUA

› BNEF: higher demand for EUA in 2030 despite lower emissions (compliance)

› Hedging not reported by Enerdata and PIK due to model features, but substantially lower emissions than in BNEF and CAKE

› Expected level of emissions in the longer term? Hedging behavior?

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