

# OPIS Carbon Market Report



Daily Pricing, News, and Analysis on Emissions and Clean Air Initiatives

January 09, 2020

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## TRUMP PLANS TO SPEED UP PROJECTS BY LIMITING ENVIRONMENT, CLIMATE REVIEWS

President Donald Trump's administration said on Thursday it is proposing to limit the scope of federal review under the National Environmental Policy Act (NEPA) to speed up infrastructure projects such as pipelines, highways and bridges without detailed environmental review and consideration for climate change.

NEPA, often considered the most important federal environmental rule since it took effect in 1970, requires government agencies to assess the environmental effects of the so-called proposed major federal actions prior to making decisions.

NEPA requires federal agencies to prepare a detailed statement on the environmental impact of the proposed project that should include any adverse effects that cannot be avoided, and alternatives to the proposed action, among other requirements.

On Thursday, the Council on Environmental Quality (CEQ) - which was set up within the Executive Office of the President under NEPA - said it would simplify requirements, including setting up time limits of two years for the completion of environmental impact statements (EIS), and one year for the completion of environmental assessments.

## California Carbon Allowance Assessments (\$/mt)

Product	Vintage	Timing	Low	High	Mean	Change	Wt. Avg.
Previous Yr.	V19	Pmt Jan 20	17.90	17.92	17.910	-0.025	----
Previous Yr.	V19	Fwd Dec 20	18.70	18.72	18.710	-0.055	----
Current Yr.	V20	Pmt Jan 20	17.90	17.94	17.920	-0.010	17.940
Current Yr.	V20	Pmt +1 Feb 20	17.98	18.00	17.990	-0.030	----
Current Yr.	V20	Pmt +2 Mar 20	18.04	18.06	18.050	-0.035	----
Current Yr.	V20	Fwd Dec 20	18.70	18.76	18.730	-0.035	18.713
Next Yr.	V21	Pmt Jan 20	17.90	17.92	17.910	-0.020	----
Next Yr.	V21	Fwd Dec 20	18.71	18.73	18.720	-0.055	----
Forward Yr.	V22	Pmt Jan 20	17.89	17.91	17.900	-0.030	----
Forward Yr.	V22	Fwd Dec 20	18.69	18.71	18.700	-0.085	----
Advanced Yr.	V23	Pmt Jan 20	17.83	17.85	17.840	-0.090	----
Advanced Yr.	V23	Fwd Dec 20	18.62	18.64	18.630	-0.150	----

The CEQ also calls to specify presumptive page limits of the review documents, and require a single EIS, where appropriate, for projects that involve multiple government agencies.

The proposed amendment would also clarify that those actions with minimal federal funding or involvement would now be excluded under the scope of NEPA.

The CEQ also said it would use "efficient reviews" for categorical exclusions and environmental assessments, citing the need to reduce unnecessary burdens and delays.

In addition, the CEQ said the new rule would eliminate the need for agencies to state the "cumulative effects" of projects. This is against a view held by U.S. courts in recent years that federal agencies conducting environmental assessments should study the impact toward climate change.

CEQ said that the average length of an EIS is over 600 pages, and that the average time for federal agencies to conduct these NEPA reviews is 4.5 years or much longer. In addition, NEPA analyses are frequently challenged in courts, leading to increased costs and delays.

The CEQ now requests public comment, and it will host 2 public hearings in Denver and Washington. However, the White House's proposal to update NEPA will most likely face legal challenges and is unlikely to come into effect in the near term.

--Frank Tang, ftang@opisnet.com

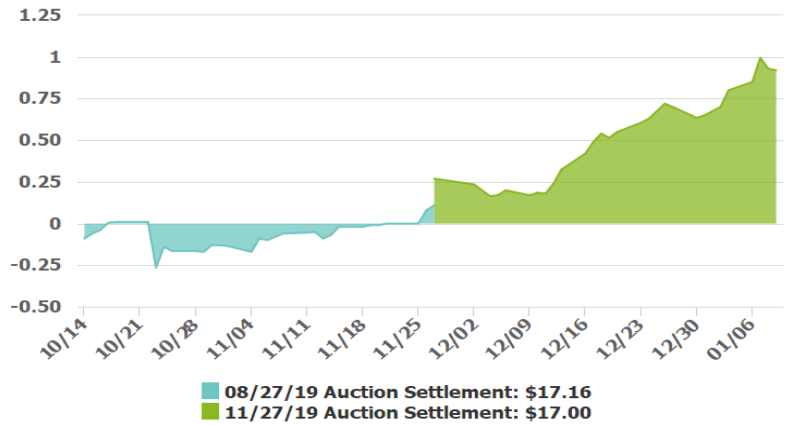
## LCFS WEEKLY PRICES RETREAT IN FIRST WEEK OF 2020: CARB

Low Carbon Fuel Standard (LCFS) average credit transfer prices in the week ended Sunday moved lower and volumes did as well, according to data released Tuesday by the California Air Resources Board (CARB).

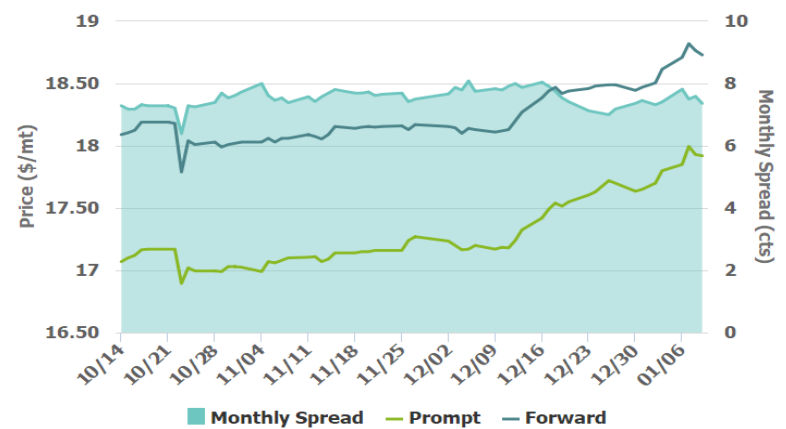
The volume-weighted average price was down \$2.51 week on week at \$195.59/credit, still within \$4 of \$199.39/credit hit in October, which was the highest level on record since the report began in May 2016.

Additionally, the average price for transfers categorized by CARB as Type 1 transfers averaged \$202.80/credit, up 99cts from the previous week.

## Current Yr. Prompt CCA vs Auction Settlement Spread (\$/mt)



## Current Yr. CCA Prompt vs Forward (\$/mt) & Monthly Price Spread (cts)



## California Carbon Offset Assessments (\$/mt)

Product	Timing	Low	High	Mean	Change
Golden CCO	2020	15.00	15.10	15.050	0.000
CCO(3)	2020	14.85	14.95	14.900	0.000
CCO(8)	2020	14.70	14.80	14.750	0.000
Zero CCO	Dec 2020	16.15	16.25	16.200	0.000
Zero CCO	Dec 2021	17.05	17.15	17.100	0.000
Zero CCO	Dec 2022	17.95	18.05	18.000	0.000

## Prompt California Static Carbon Emissions Prices (cts/gal)

Product	Price	Wk. Avg.	30-Day Avg.
Refinery	0.77	0.770	1.101

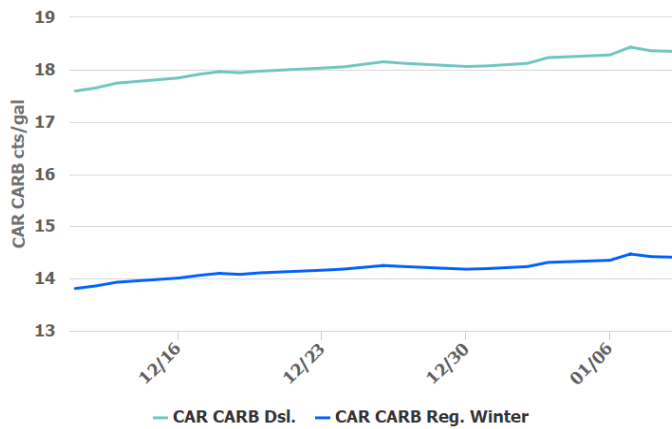
## Prompt California Cap-at-the-Rack Prices (cts/gal)

Product	Price	Wk. Avg.	30-Day Avg.
CARB No. 2	18.35	18.330	18.043
B5 Biodiesel	17.43	17.414	17.142
Winter CARB RFG-R	14.41	14.392	14.167
Winter CARB RFG-M	14.41	14.392	14.167
Winter CARB RFG-P	14.43	14.410	14.185
LPG	10.43	10.418	10.254
LNG (cts/DGE)	13.12	13.102	12.899

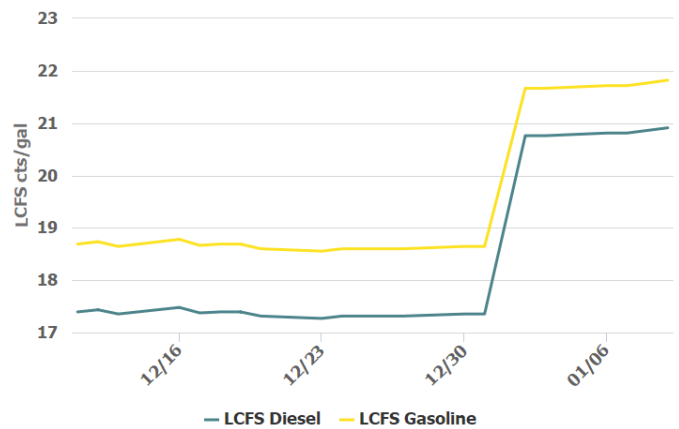
## Prompt Quebec Cap-at-the-Rack Prices

Product	Price (US cts/gal)	Price (CAN cts/lit)	Wk. Avg. (US cts/gal)	30-Day Avg. (US cts/gal)
Conv. 87 Unl	16.02	5.51	16.002	15.752
Conv. 89 Mid	16.02	5.51	16.002	15.752
Conv. 91 Pre	16.02	5.51	16.002	15.752
HS No. 2 Diesel	20.39	7.03	20.368	20.051
ULSD No. 2	20.39	7.03	20.368	20.051
ULSD No. 2 Winter	20.39	7.03	20.368	20.051
ULSD No. 1	20.39	7.03	20.368	20.051
Furn. Fuel Oil HS No. 2	18.55	6.40	18.524	18.236
Stove Oil LS No. 1	18.55	6.40	18.524	18.236
ULSD Furnace Oil	18.55	6.40	18.524	18.236
B5 Biodiesel	19.37	6.67	19.348	19.049
Conv. 87 Unl 10% Ethol.	14.42	4.96	14.402	14.177
Conv. 89 Mid 10% Ethol.	14.42	4.96	14.402	14.177
Conv. 91 Pre 10% Ethol.	14.42	4.96	14.402	14.177
Conv. 89 Mid 5% Ethol.	15.22	5.23	15.202	14.964

## California CAR 30-Day Trend (cts/gal)



## LCFS 30-Day Trend (cts/gal)



## OPIS California Low Carbon Fuel Standard

Product	Low	High	Mean	Change	Wk. Avg.
Carbon Credit (\$/MT)	205.000	208.000	206.5000	0.5000	205.7000
Carbon Intensity Pts Ethanol (\$/CI)	0.01671	0.01695	0.016830	0.000040	0.016766
Carbon Intensity Pts Biodiesel (\$/CI)	0.02586	0.02624	0.026050	0.000065	0.025946
Carbon CPG Diesel (cts/gal)	20.76	21.06	20.910	0.050	20.830
Carbon CPG Dsl 95% (cts/gal)	19.72	20.01	19.865	0.050	19.786
Carbon CPG Gasoline (cts/gal)	21.66	21.98	21.820	0.055	21.736
Carbon CPG Gas 90% (cts/gal)	19.50	19.78	19.640	0.045	19.564

## OPIS Oregon Clean Fuels Program

Product	Low	High	Mean	Change	Wk. Avg.
Carbon Credit (\$/MT)	150.000	155.000	152.5000	0.0000	153.0000
Carbon Intensity Pts Ethanol (\$/CI)	0.01223	0.01263	0.012430	0.000000	0.012471
Carbon Intensity Pts Biodiesel (\$/CI)	0.01892	0.01955	0.019235	0.000000	0.019298
Carbon CPG Diesel (cts/gal)	9.02	9.32	9.170	0.000	9.200
Carbon CPG Dsl 95% (cts/gal)	8.57	8.85	8.710	0.000	8.739
Carbon CPG Gasoline (cts/gal)	8.32	8.60	8.460	0.000	8.488
Carbon CPG Gas 90% (cts/gal)	7.49	7.74	7.615	0.000	7.640

## Regional Greenhouse Gas Initiative Assessments (\$/st)

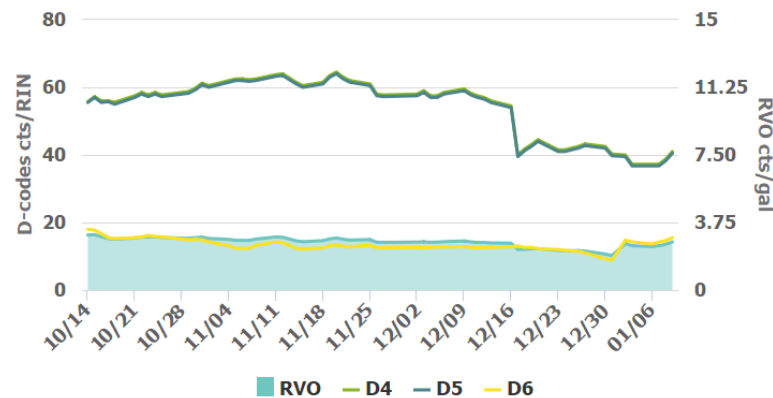
Product	Vintage	Timing	Low	High	Mean	Change	Wt. Avg.
RGGI	V19-V20	Pmt Jan 20	5.72	5.74	5.730	0.020	5.730
RGGI	V19-V20	Fwd Dec 20	5.89	5.90	5.895	0.025	5.898

## OPIS U.S. RIN Values (cts/RIN)

Product	Year	Low	High	Mean	Change	MTD. Avg.
D6	2018	6.00	7.00	6.500	1.500	4.958
D6	2019	9.00	10.00	9.500	1.125	8.250
D6	2020	15.00	16.00	15.500	0.875	14.500
D3	2018	78.00	80.00	79.000	-2.000	80.333
D3	2019	80.00	82.00	81.000	0.000	80.667
D3	2020	80.00	82.00	81.000	0.000	80.667
D4	2018	39.00	41.00	40.000	3.000	38.250
D4	2019	43.00	48.00	45.500	3.500	41.417
D4	2020	40.00	42.00	41.000	2.250	38.583
D5	2018	38.00	41.00	39.500	3.000	37.750
D5	2019	42.00	48.00	45.000	3.500	40.917
D5	2020	39.00	42.00	40.500	2.250	38.083
RVO (cts/gal)	2020	----	----	2.673	0.134	2.522

\*D6: Corn Ethanol RIN, D3: Cellulosic RIN, D4: Biodiesel RIN, D5: Advanced Biofuel RIN, RVO: Renewable Volume Obligation.

## OPIS U.S. RIN Prices – 90 Day Trend (cts/RIN)



## European Carbon Futures

ICE Carbon Futures (/mt)	Price €	Change	Price \$	Clean Spread
CER Dec 2020	0.22	0.00	0.24	0.77
EUA Dec 2020	24.67	0.59	27.38	86.23

## IHS Markit Global Carbon Index

Symbol	Total Return	Change	Wt. Avg. Carbon \$	Change
GLCARB	274.94	-3.89	22.58	-.44

\*Previous business day closing price

LCFS prices have retreated away from to the credit cap around \$213/credit in recent weeks. OPIS on Tuesday assessed the LCFS credit at \$205.50/credit, unchanged on the week but still within \$4 of an all-time high of \$209/credit last hit on Nov. 14.

The high transfer in CARB's reporting week was at \$208.50/credit at a volume of 3,058 credits. The low transfer was at \$150/credit at a volume of 348 credits.

The largest transfer of the reporting week was at 25,000 credits for \$193/credit.

CARB said 286,708 credits were transferred in the most recent reporting week, with 41,120 categorized as Type 1 transfers, up from 249,120 credits in the previous week and the all-time high of 978,065 credits hit two weeks prior, and 40,800 credits transferred in the previous week, respectively. The 36 reported transfers in the week were up from 26 from the previous week.

The total value of the transfers in the week was \$56.07 million, up from \$49.35 million in the previous week.

For the weekly report, CARB considers the date the transfers were fully completed rather than the date they were posted, which can vary.

--Jordan Godwin, jgodwin@opisnet.com



## SECOND AUCTION OF 2020 ON EEX OF EUA SEES SLIGHTLY LOWER PRICE

German exchange EEX auctioned just over 2.7 million EU allowances today at an average price of 24.06 euros/ton. At the last auction, on Jan. 7, 2020, about 2.7 million EUAs were sold at a slightly higher average price of 24.23 euros/ton.

There were 50 successful bids, which were as high as 27 euros/ton and as low as 21 euros/ton. But most of the trades occurred at 24.01 euros/ton.

Revenue raised from the auction reached just over 65.2 million euros.

Italian and Spanish companies within the EU Emission Trading Scheme bought 8.9 million and 8.6 million euros worth of EU allowances, according to the registry.

EUA futures for the benchmark December 2020 contract has been stable so far in January.

"Carbon's movements in 2020 have imitated a heart rate monitor -- fluctuating but largely rangebound. The commodity lost value in yesterday's session as bullish pressure came from discounted API 2 coal rates and falling Brent. This morning, Carbon is back on the up -- opening above the close and currently trading around 24.39 euro/ton," DB Energy said in a note today.

At 16.10 UK time EUA December 2020 futures were trading at 24.74 euro/ton.

--Nandita Lal, Nandita.lal@ihsmarket.com

## CARBON MARKET ANALYSIS

CCA secondary market prices declined considerably Thursday, during a day of heightened activity with traders focusing on forward delivery.

The ICE V20 forward December 2020 futures contract was done between \$18.70/mt and \$18.76/mt, with \$18.71/mt repeated many times toward the end of the session. The same was true for the ICE V19 December 2020 futures contract, which traded at \$18.71/mt several times Thursday.

The ICE V20 prompt January 2020 futures contract was done at \$17.94/mt but then offered down to \$17.90/mt. The assessment was made at \$17.92/mt.

On the U.S. East Coast, RGGI prices increased a couple cents and the forward delivery timing traded at \$5.89/mt and \$5.90/mt on ICE.

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## Deal Log

### California

Product	Timing	Cash Price (\$/mt)	Reference	Volume (K)	Trade Qty	Notes
CCA Previous Year	JAN 20	17.92		15	1	
CCA Previous Year	JAN 20	17.91		32	1	
CCA Previous Year	DEC 20	18.71		200	1	
CCA Previous Year	DEC 20	18.71		500	1	
CCA Current Year	JAN 20	17.94		50	1	
CCA Current Year	JAN 20	-0.81	Current Year CCA Forward DEC 2020	50	1	V20 Jan20/Dec20
CCA Current Year	DEC 20	18.73		150	1	
CCA Current Year	DEC 20	18.76		25	1	
CCA Current Year	DEC 20	18.76		25	1	
CCA Current Year	DEC 20	18.72		40	1	
CCA Current Year	DEC 20	18.75		50	1	
CCA Current Year	DEC 20	18.74		10	1	
CCA Current Year	DEC 20	18.71		100	1	
CCA Current Year	DEC 20	18.71		25	1	
CCA Current Year	DEC 20	18.71		25	1	
CCA Current Year	DEC 20	18.70		10	1	
CCA Current Year	DEC 20	18.70		25	1	
CCA Current Year	DEC 20	18.71		500	1	
CCA Current Year	DEC 20	18.71		300	1	
CCA Current Year	DEC 20	18.71		500	1	
CCA Current Year	DEC 20	18.71		250	1	
CCA Current Year	DEC 20	18.71		250	1	
CCA Current Year	DEC 20	18.71		250	1	
CCA Current Year	DEC 20	18.71		300	1	
CCA Current Year	DEC 20	18.71		250	1	

### East Coast

Product	Timing	Cash Price (\$/st)	Reference	Volume (K)	Trade Qty	Notes
RGGI Previous Year	DEC 20	5.90		25	1	
RGGI Previous Year	DEC 20	5.90		25	1	
RGGI Previous Year	DEC 20	5.90		25	1	
RGGI Previous Year	DEC 20	5.90		75	1	

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Product	Timing	Cash Price (\$/st)	Reference	Volume (K)	Trade Qty	Notes
RGGI Current Year	DEC 20	5.89		100	1	
RGGI Current Year	DEC 20	5.90		100	1	
RGGI Current Year	DEC 20	5.90		200	1	