



OCTOBER 2020

 **IMPACT CARBON**

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MARKET SITUATION

Comprehensive Trading Information (January 2019 – September 2020)

KAU19

↓ **19,500** ▼ 450 (-2.26%)

Closing Price	₩19,500
- 1 Month Average	₩20,938
- 3 Month Average	₩26,069
- Total Average	₩31,523
Total Trading Amount	10,511,590 tons
- Intraday	6,912,026 tons
- Negotiated	3,599,564 tons
Total Trading Value	331.36 B Won

KAU20

↑ **22,300** ▲ 900 (+4.21%)

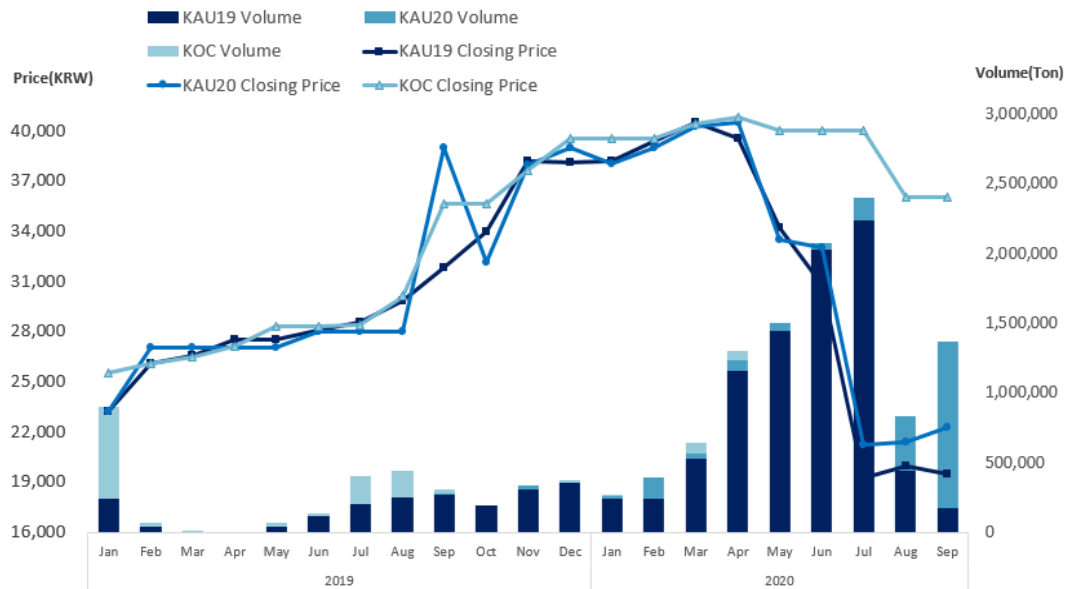
Closing Price	₩22,300
- 1 Month Average	₩21,249
- 3 Month Average	₩21,446
- Total Average	₩24,459
Total Trading Amount	2,157,902 tons
- Intraday	1,172,614 tons
- Negotiated	985,288 tons
Total Trading Value	52.78 B Won

KOC

Jan 2019 - Sep 2020

→ **36,000**

Closing Price	₩36,000
- 1 Month Average	-
- 3 Month Average	-
- Total Average	₩28,636
Total Trading Amount	1,344,372 tons
- Intraday	284,271 tons
- Negotiated	1,060,101 tons
Total Trading Value	38.50 B Won

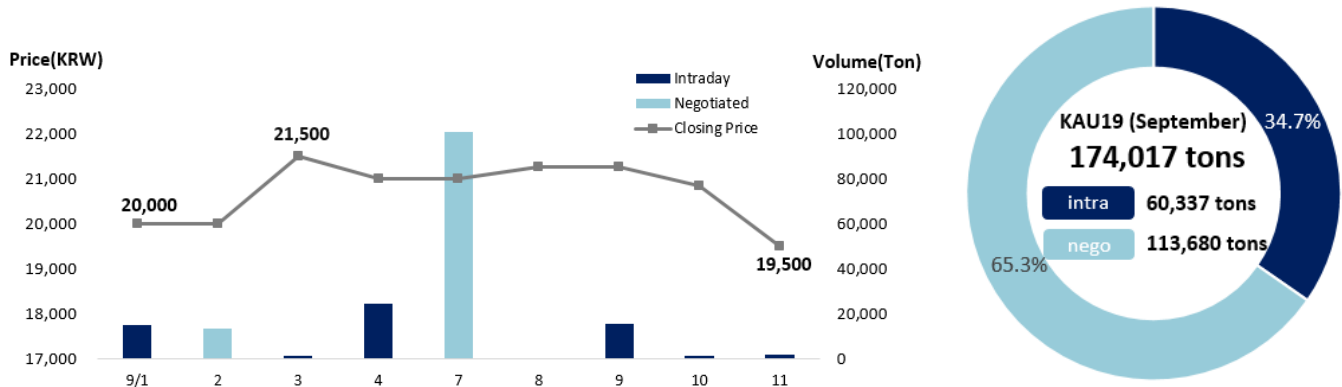


	KAU19		KAU20		KOC		
	Closing Price	Trade Volume	Closing Price	Trade Volume	Closing Price	Trade Volume	
2019	Jan	23,200	237,000	23,200	-	25,500	664,754
	Feb	26,050	45,000	27,050	-	26,050	23,163
	Mar	26,550	-	27,050	-	26,500	4,229
	Apr	27,500	-	27,050	-	27,100	-
	May	27,500	40,500	27,050	-	28,300	25,000
	Jun	28,100	118,000	28,000	-	28,300	16,702
	Jul	28,550	202,500	28,000	-	28,400	200,000
	Aug	29,850	250,300	28,000	-	30,100	190,963
	Sep	31,850	273,522	39,000	1,139	35,600	36,532
	Oct	33,950	196,517	32,100	-	35,600	-
	Nov	38,350	308,743	37,950	32,000	37,600	-
	Dec	38,100	355,983	39,000	-	39,500	20,000
2020	Jan	38,200	242,651	38,000	13,300	39,500	15,304
	Feb	39,250	236,750	39,000	156,050	39,500	-
	Mar	40,500	528,859	40,250	32,149	40,400	83,033
	Apr	39,500	1,153,634	40,500	78,554	40,800	64,692
	May	34,200	1,440,482	33,500	58,650	40,000	-
	Jun	30,800	2,031,172	33,000	38,652	40,000	-
	Jul	19,250	2,238,259	21,250	162,047	40,000	-
	Aug	19,950	437,701	21,400	395,218	36,000	-
	Sep	19,500	174,017	22,300	1,190,143	36,000	-
Total	-	10,511,590	-	2,157,902	-	1,344,372	

*Trade information are official data from the Korea Exchange (KRX)



KAU19 Trading Trends (September 2020)



Price (KRW)	Closing Price	19,500	Trade Volume	Intraday	60,337
	Average Price	20,938		Negotiated	113,680
	Monthly Highest	21,500		Total	174,017
	Monthly Lowest	19,500		Total Trade Value (B won)	3.64

Date	Closing Price	Gap	Rate	Trade Volume		
				Intraday	Negotiated	Total
1-Sep-2020	20,000	▲50	0.25	15,050	-	15,050
2-Sep-2020	20,000	-	-	269	13,000	13,269
3-Sep-2020	21,500	▲1,500	7.5	1,507	-	1,507
4-Sep-2020	21,000	▼500	-2.33	24,500	-	24,500
7-Sep-2020	21,000	-	-	-	100,680	100,680
8-Sep-2020	21,250	▲250	1.19	-	-	-
9-Sep-2020	21,250	-	-	15,604	-	15,604
10-Sep-2020	20,850	▼400	-1.88	1,424	-	1,424
11-Sep-2020	19,500	▼1,350	-6.47	1,983	-	1,983

KAU19

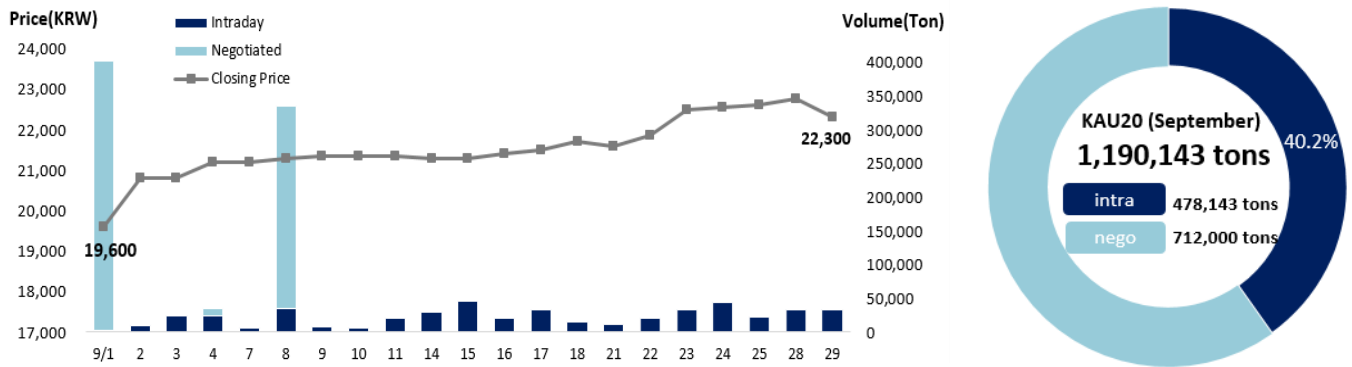
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Total	-	-	-	60,337	113,680	174,017
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The final price of KAU19 was KRW 19,500 on September 11 and has exchanged about 170,000 tons of allowances before being delisted.



KAU20 Trading Trends (September 2020)



Price (KRW)	Closing Price	22,300	Trade Volume	Intraday	478,143
	Average Price	21,249		Negotiated	712,000
	Monthly Highest	22,750		Total	1,190,143
	Monthly Lowest	19,600		Total Trade Value (B won)	25.29

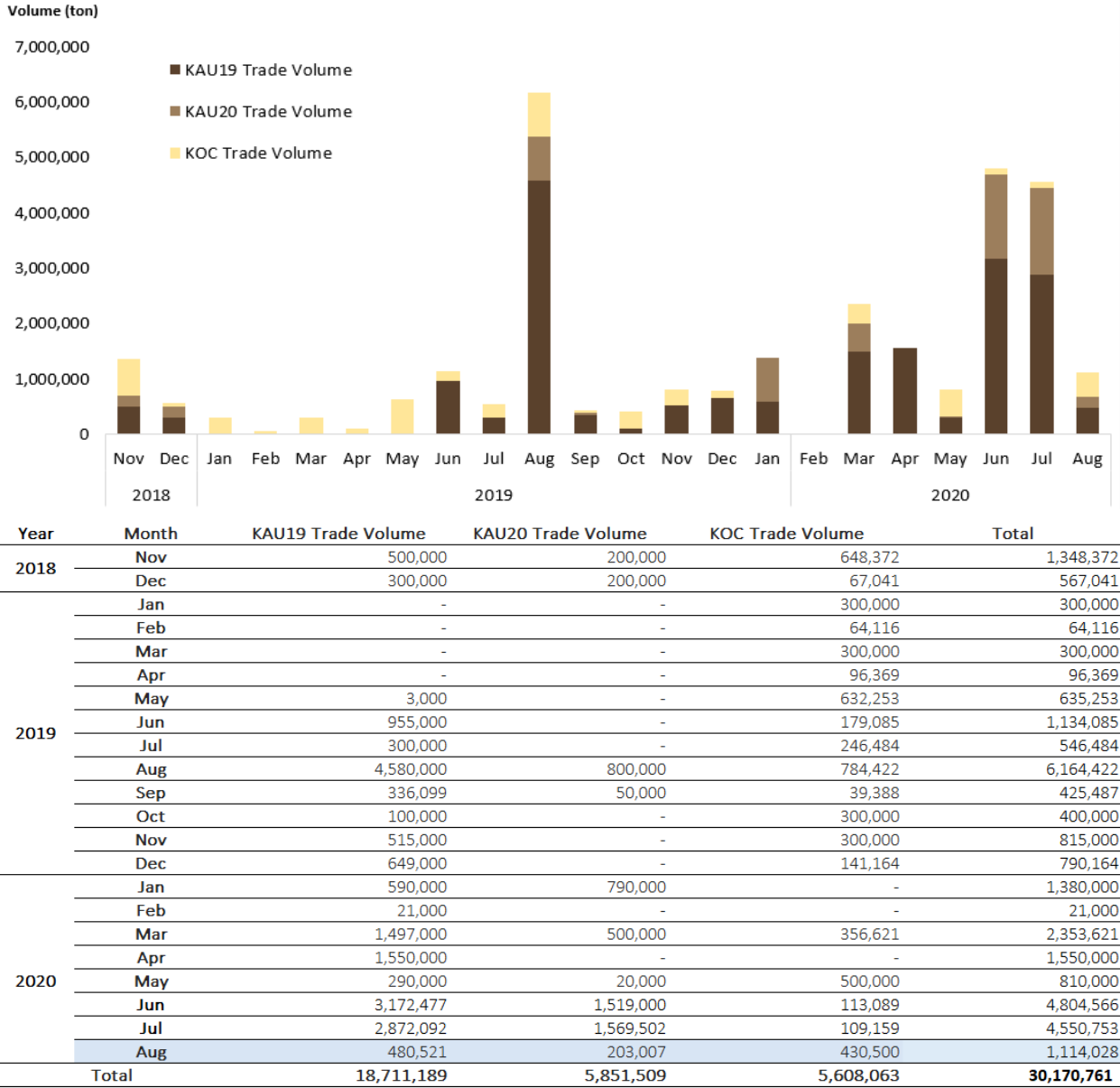
	Date	Closing Price	Gap	Rate	Trade Volume		
					Intraday	Negotiated	Total
KAU20	1-Sep-2020	19,600	▼1,800	-8.41	2,500	400,000	402,500
	2-Sep-2020	20,800	▲1,200	6.12	10,500	-	10,500
	3-Sep-2020	20,800	-	-	23,500	-	23,500
	4-Sep-2020	21,200	▲400	1.92	23,791	12,000	35,791
	7-Sep-2020	21,200	-	-	5,500	-	5,500
	8-Sep-2020	21,300	▲100	0.47	35,000	300,000	335,000
	9-Sep-2020	21,350	▲50	0.23	8,100	-	8,100
	10-Sep-2020	21,350	-	-	6,600	-	6,600
	11-Sep-2020	21,350	-	-	20,650	-	20,650
	14-Sep-2020	21,300	▼50	-0.23	29,000	-	29,000
	15-Sep-2020	21,300	-	-	46,736	-	46,736
	16-Sep-2020	21,400	▲100	0.47	20,500	-	20,500
	17-Sep-2020	21,500	▲100	0.47	32,764	-	32,764
	18-Sep-2020	21,700	▲200	0.93	15,500	-	15,500
	21-Sep-2020	21,600	▼100	-0.46	11,000	-	11,000
	22-Sep-2020	21,850	▲250	1.16	19,979	-	19,979
	23-Sep-2020	22,500	▲650	2.97	33,000	-	33,000
	24-Sep-2020	22,550	▲50	0.22	45,000	-	45,000
	25-Sep-2020	22,600	▲50	0.22	22,500	-	22,500
	28-Sep-2020	22,750	▲150	0.66	33,000	-	33,000
	29-Sep-2020	22,300	▼450	-1.98	33,023	-	33,023
	Total	-	-	-	478,143	712,000	1,190,143

After the KAU19 submission deadline, KAU20 was indexed as the main commodity and the price which began at KRW 19,600 at the beginning of the month gradually rose ending at KRW 22,300.

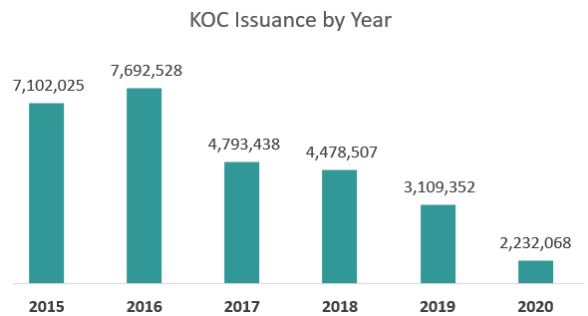
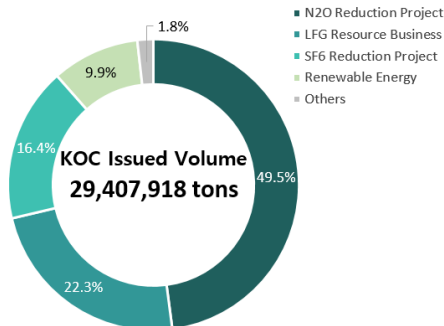
Intramarket trading has steadily increased, at an average of 20,000 daily, with bilateral trades reaching 700,000 tons and monthly volume growing three times to 1.19 million tons.



Over-the-Counter Transactions (November 2018 – August 2020)

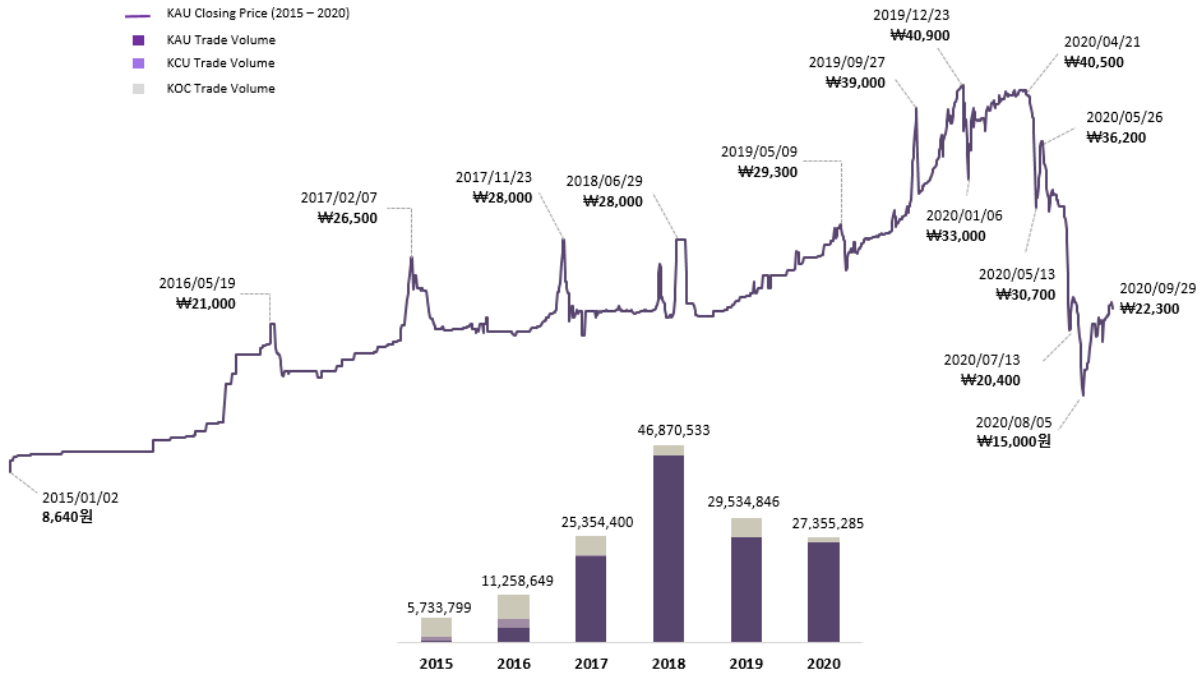


KOC Issuance (as of September 2020)





Total ETS Performance (January 2015 – September 2020)



		2015	2016	2017	2018	2019	2020	Sub-total
KAU15	Intramarket	321,380	1,298,844	-	-	-	-	1,620,224
	OTC	78,315	207,642	-	-	-	-	285,957
KCU15	Intramarket	920,717	1,725,135	-	-	-	-	2,645,852
	OTC	-	286,149	-	-	-	-	286,149
KAU16	Intramarket	-	1,263,224	7,730,376	-	-	-	8,993,600
	OTC	-	713,312	2,949,959	-	-	-	3,663,271
KCU16	Intramarket	-	158,632	323,276	-	-	-	481,908
	OTC	-	10,000	-	-	-	-	10,000
KAU17	Intramarket	-	-	5,977,452	15,777,144	-	-	21,754,596
	OTC	-	-	3,644,509	13,939,228	-	-	17,583,737
KAU18	Intramarket	-	-	-	1,753,242	5,767,233	-	7,520,475
	OTC	-	-	-	11,531,332	8,853,686	-	20,385,018
KAU19	Intramarket	-	-	-	-	2,028,065	8,483,525	10,511,590
	OTC	-	-	-	800,000	7,438,099	10,473,090	18,711,189
KAU20	Intramarket	-	-	-	-	33,139	2,124,763	2,157,902
	OTC	-	-	-	400,000	850,000	4,601,509	5,851,509
KOC	Intramarket	-	661,822	703,032	299,582	1,181,343	163,029	3,008,808
	OTC	4,413,387	4,933,889	4,025,796	2,370,005	3,383,281	1,509,369	20,635,727
Sub-total	Intramarket	1,242,097	5,107,657	14,734,136	17,829,968	9,009,780	10,771,317	58,694,955
	OTC	4,491,702	6,150,992	10,620,264	29,040,565	20,525,066	16,583,968	87,412,557
Total		5,733,799	11,258,649	25,354,400	46,870,533	29,534,846	27,355,285	146,107,512

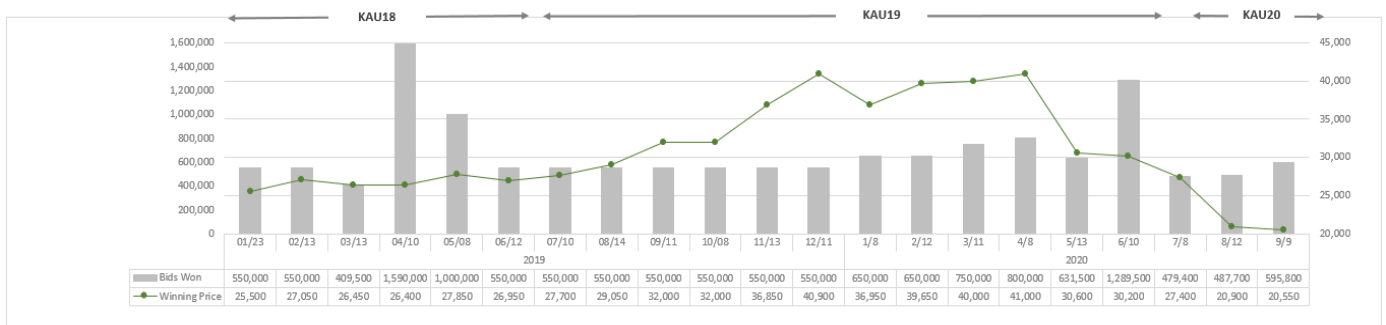


MONTHLY AUCTION

	September 2020
Auctioned Permits	711,900 tons
Total number of received bids	595,800 tons
Bid Rate	84%
Participating companies	7
Winning companies	7
Lowest Bid Price	KRW 21,000
Highest Bid Price	KRW 24,000
Market Closing Price	KRW 21,250
Winning Bid Price	KRW 20,550
Total amount of bids won	595,800 tons
Total value of bids won	KRW 12,243,690,000

A total of 7 companies won 595,800 tons of KAU20 allowances for the price of KRW 20,550. This is the fifth consecutive auction that went undersubscribed, due to the deletion of the clause allocating excess quantities to bidders. The highest bid price was KRW 24,000 and the lowest bid price was KRW 21,000.

On the next auction, scheduled on October 14, the government will auction off 616,100 tons of KAU20 allowances.





K-ETS UPDATES

National Allocation Plan for Phase 3 (2021–2025)

The National Allocation Plan for the third phase of the ETS has been deliberated and approved on September 2020.

1. Total Emissions Cap and ETS Coverage

The total annual emissions allowances for the period 2021–2025 is 609.7 million tons, which is set in consideration of past emissions and the national reduction goals. However, the total amount increased to cover the ETS expansion to include the transportation and construction industries and the increase in the number of compliance entities.

2. Free allocation

Free allocation will be given to local governments, schools, hospitals, and public transportation operators, regardless of the leakage index. For others, free allocation qualification will be calculated with a leakage index ($>0.2\%$).

3. Expansion of BM Allocation

The BM allocation method of handing out allowances have been expanded to cover 12 industries, from the previous 7 industries in Phase 2. These industries are: oil, cement, aviation, power generation, district cooling, industrial complex/collective energy, waste, steel, petrochemical, building, paper, and wood.

4. Allocation Method for the Conversion/Transition Sector

The allocation method will be done in accordance to an environmental dispatch system until 2021, and will be gradually strengthened. Two methods of applying BM coefficients are proposed, divided into two stages and considering both separate and integrated coefficients.

5. Third-party Participation

Third parties registered under the “Capital Market and Financial Investment Act” will be allowed to participate in the ETS.

6. Offset Emissions

The offset limit submission has been reduced to a maximum of 5% of each entity’s compliance obligations, regardless of its classification.



KOREA ETS 2020 SCHEDULE

(as of 29 September 2020)

January		July	
13th KAU Auction (KAU19, 650,000 tons)	(01/08)	Application for Appeals (Certified Emissions)	(07/01-07/30)
		Surrender of Allowances	(07/01-08/07)
		Review Committee for Allocation	(07/07)
		19th Auction (KAU19, 679,000 tons)	(07/08)
		Notification of Additional Allocation/Cancellation	(07/08)
		Application for Appeals (Additional Allocation/Cancellation)	(07/09-08/07)
		Application of Banking/Borrowing	(07/01-07/17)
		Approval of Banking/Borrowing Applications	(07/20-07/28)
		33rd Emission Certification Committee (Q3)	(07/20-22)
February		August	
14th KAU Auction (KAU19, 650,000 tons)	(02/12)	Preparation of the (draft) 3rd Allocation Plan	(08/07)
30th Emission Certification Committee (Q1)	(02/17-18)	20th KAU Auction (KAU20, 520,600 tons)	(8/12)
Submission of Data for Allocation Plan	(02/17-28)	Amendment of the ETS Act	(08/18)
		Application for ETS Voluntary Participation	(08/19-09/04)
		Notification of Results (Objections/Appeals)	(08/31)
March		September	
Application for CDM External Project Approval	(02/12-03/02)	Notification (Additional Allocation/Cancellation)	(09/01)
15th KAU Auction (KAU19, 750,000 tons)	(03/11)	Application of Banking/Borrowing and Surrender of Allowances (with appeals)	(09/01-09/11)
		21st KAU Auction (KAU20, 711,900 tons)	(09/09)
		KAU19 Final Trading Day	(09/11)
		Public forum on the 3rd Draft Allocation Plan	(09/15)
		Public forum on the 3rd Draft Allocation Plan (conversion sector)	(09/21)
		Phase 3 Allocation Plan	(mid-Sept)
		Phase 3 Assignment of Compliance Entities	(end-Sept)
April		October	
16th KAU Auction (KAU19, 800,000 tons)	(04/08)	34th Emission Certification Committee (Q4)	(10/12-13)
		22nd KAU Auction (KAU20, 500,000 tons)	(10/14)
Statement and MP submission	(02/11-04/30)	Submission of Phase 3 Emission Estimates Plan	(~10/31)
		Submission of Phase 3 Allocation Application	(end-Oct)
May		November	
Application of Additional Allocation	(02/11-05/13)	23rd KAU Auction (KAU20, 650,000 tons)	(11/11)
17th KAU Auction (KAU19, 1 million tons)	(05/13)	Announcement of 2021 Auction Plan	(11/30)
31st Emission Certification Committee (Q2)	(05/25-27)		
June		December	
18th KAU Auction (KAU19, 1,486,500 million tons)	(06/10)	24th KAU Auction (KAU20, 650,000 tons)	(12/09)
32nd Emission Certification Committee	(06/24-26)	Phase 3 Allocation Quota Notification	(end-Dec)
Notification of Certified Emissions	(06/30)	Formulation of 2050 LEDS	Before yearend



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