

CRU launches new low-emissions ammonia price service

New service calculates the price on an emissions-mitigated basis to support businesses achieve their sustainability targets

LONDON, UNITED KINGDOM, March 14, 2023 /EINPresswire.com/ -- 21st February 2023: Today, [CRU](#), the global mining, metals and fertilizer business intelligence company, announces that it has launched its new [low-emissions ammonia \(LEA\) price assessment](#) in its Fertilizer Week price reporting service. The price takes a value-based approach, whereby a premium on the Northwest European ammonia price is calculated on an emissions-mitigated basis, and leverages CRU's proprietary nitrogen asset emissions data combined with weekly European carbon prices to calculate the value of emissions mitigated.

LEA has become a key area of interest for decarbonising hard-to-abate sectors and as a vehicle for transporting hydrogen, particularly within the fertilizer, metals and marine markets. These markets are particularly difficult to decarbonise due to the critical role they play in the economy, particularly when it comes to fertilizer and ensuring security of food supplies. Switching to LEA presents an opportunity for these businesses to mitigate emissions whilst maintaining supplies.

LEA has experienced significant development over the last couple of years, and by the end of 2022 projects amounting to 157 Mt of LEA capacity had been announced. The current production and consumption of LEA is, however, extremely limited, and the industry is still being shaped by governmental policy still under development. As such, market participants are still assessing how best to assign values to the output produced at blue and green ammonia units.

Unlike others in the field, CRU has leveraged its unique Emissions Analysis Tool to develop the premia on an emissions-mitigated basis as opposed to a cost basis, which others in the market have developed. By producing the price on an emissions mitigated basis, end-users can assess how the switch to LEA can deliver value to their business while contributing to their decarbonisation strategies.

The Emissions Analysis Tool is CRU's comprehensive asset-by-asset emissions dataset for the nitrogen industry. The dataset has proved pivotal in investigating the impact of climate change policy on traditional hydrocarbon-based ammonia production. Understanding the impact of policy such as the EU's Carbon Border Adjustment Mechanism or China's National Emissions

Trading Scheme will be key for forecasting the nitrogen industry in the future.

Currently, the price is for trades across Northwest Europe, however, as the market matures and government policy crystalises, CRU aims to add in new price points from other key regions such as East Asia.

Alexander Derricott, Senior Analyst, Fertilizer Costs and Emissions, comments on the new price service:

“Commodity price fluctuations can be fraught with uncertainty and reliant on multiple variables and assumptions. Forecasting a market that does not yet exist, without any current form of price discovery, makes this process even more difficult, as is the case for the low- emissions ammonia market. However, as the market attracts more investment and attention, it is important to project prices to help with strategy and assess risks and returns.”

Derricott continues:

“There are multiple opportunities to be had from greater investment in LEA, particularly within the marine fuels market as well as fertilizer. As more and more firms seek to reduce their carbon footprint, utilising less carbon-intensive fuels will be an imperative part of their strategies, and it's key that we are able to assess the market demand of tomorrow, so we can make plans to meet demand today.”

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