

# The State of the EU ETS

## \*\*\* Agenda\*\*\*

**Date:** 15 December 2018

**Time:** 13:00 – 16:30 (a light lunch will be served at 12:30)

**Venue:** Room Cattier, University Foundation, 11 rue d’Egmont, 1000 Brussels

**Chair:** Andrei Marcu

This meeting is intended as a **brainstorming session** with invited stakeholders and policy makers, which will:

- Take stock of the decisions taken on the EU ETS Phase 4 review
- Brainstorm on
  - Issues to be covered in the 2018 State of the EU ETS Report;
  - Outline of the 2018 State of the EU ETS Report.

With the EU’s carbon market now being in operation for more than a decade, and following numerous reform measures, including the recently concluded Phase 4 review, this meeting will discuss how this regulatory market is in fact functioning, and how the recently made decisions could affect its’ functioning from 2020 onwards.

The European Commission is required to annually assess, according to the EU ETS Directive, the functioning of the EU ETS and report back to the EU Parliament and Council. In February 2017, the European Commission only released its third “Report on the functioning of the European carbon market”, covering 2015 and some initiatives proposed or agreed on in 2016.

While the European Commission has its role to play in providing an official report, it is also important that independent review and assessment of the functioning and delivery of the EU ETS takes place.

The discussion in this brainstorming session will cover the content of the 2018 State of the EU ETS Report, decisions made for the EU ETS Phase 4 reform, as well as look at issues the EU ETS is facing in a broader context.

The 2018 State of the EU ETS Report is a joint effort between ERCST/ICTSD, Nomisma Energia, I4CE and the Wegener Centre at the University of Graz.

The brainstorm sessions will be focussed on three broad topics:

- Market functioning of the EU ETS
- EU ETS and the transition to a low-carbon economy
- Carbon Leakage and competitiveness

For each topic, we will have a limited number of panellists discussing the main issues and recent developments, and give their view on what should be covered in the Report. We then proceed with a roundtable discussion and close each session with a short wrap up.

12:30            **Registration and light lunch**

13:00            **Welcome and overall project outline**  
A. Marcu, ERCST/ICTSD

13:10 - 13:30 **Views on ETS P4 compromise**  
• S. Van den Plas (WWF)

13:30 - 14:30 **Session 1: Market functioning of the EU ETS**

This session focuses squarely on the EU ETS as a market mechanism: how is the market functioning and is the system working? Issues to be discussed here include liquidity, volatility, transparency, etc.

#### **Panel**

- P. Chauveau (Solvay)
- L. Redshaw (Redshaw Advisors)

**Roundtable discussion with participants**

#### **Wrap up of the session**

M. Mazzoni, Nomisma Energia

## 14:30 - 15:30 **Session 2: ETS and the transition to a low-carbon economy**

This session focuses on the transition to a low-carbon economy and society, and what the role of the EU ETS is in contributing to this transition. The aim is to take stock on the speed and depth in which the transition is taking place in the EU, with a focus on the high carbon-intensive industry, and whether or not the EU ETS is currently a driver of this transition, or is expected to be so in the future. Additional questions that can be tackled include:

- How can the EU ETS further contribute to the transition, including in managing of the short to medium-term negative impacts associated with the transition (e.g. Just Transition Fund)?
- What other policies are already in place, or are additionally needed, to further drive transition, and how should the interchange between these climate policies be reflected in the Governance of the Energy Union?

### **Panel:**

- Y. Dong (France)
- D. Weinreich (Germany)
- G. Zachmann (Bruegel)

### **Roundtable discussion with participants**

### **Wrap up of the session**

E. Alberola, I4CE

## 15:30 – 16:30 **Session 3: Carbon Leakage & Competitiveness**

This session will focus on the track record that EU ETS has had so far with respect to carbon leakage and competitiveness, and what sectors, if any, have been affected. This concerns both direct and indirect emissions. The focus will lie on any studies, including data and/or parameters, which would indicate that any of the sectors of the economy covered by the EU ETS would be prone to carbon leakage and loss of competitiveness as result of the EU ETS and carbon pricing.

Any new information on phase 2 and 3, which could be relevant to the discussion, will also be used. Moreover, this discussion will also cover the recent decisions made about P4 EU ETS, allowing us to look ahead and compare and contrast with P2 and P3.

**Panel:**

- A. Aiello (EUROFER)
- T. Buckley (Sandbag)
- O. Imbault (Business Europe)

**Roundtable discussion with participants**

**Wrap up of the session**

S. Schleicher, Wegener Centre for Climate Change

16:30      **Wrap-up of the meeting and year-end cocktail**