

2020 State of the EU ETS Report

Brainstorm session

Agenda

Date: 11 March 2020

Time: 13:30 – 16:00

Venue: ERCST offices, Rue Archimède 61, Brussels

This meeting is intended as a **brainstorming session** with a small group of invited stakeholders and policy makers, which will brainstorm on the outline and content of the 2020 State of the EU ETS Report¹. This will be the fifth annual report on the State of the EU ETS, and builds on the reports produced by this group of authors, and other partners, in the last four years. **The 2019 edition is available through [this link](#).**

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 Phase 4 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 October 2019, the European Commission released its sixth "Report on the functioning of the European carbon market".

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 brainstorm session will cover the 2020 Report, as well as look at issues the EU ETS is facing in a broader context. In this year's edition, special attention will be given to the European Green Deal, its expected impact on the EU ETS, and the role the ETS is expected to play in the longer term.

¹ The 2020 State of the EU ETS Report is a joint effort between [ERCST](#), [BloombergNEF](#), [the Wegener Centre for climate and global change at the University of Graz](#) and [EcoAct](#).

The brainstorm sessions will be focussed on the seven main chapters of the State of the EU ETS Report:

- What does it mean for the EU ETS to be ‘fit for purpose’;
- Changes in the regulatory environment and implications for the EU ETS;
- Environmental delivery;
- Economic delivery;
- Market functioning;
- The EU ETS in the European Green Deal.

For each topic, the authors will present the outline and content of the Report, which will allow for an in-depth discussion with the participants, and to address any gaps, or make any corrections needed.

13:00 - 13:30 **Registration and light lunch**

13:30 - 13:50 **Welcome and introduction: what do we understand as “an EU ETS fit for purpose”**

- A. Marcu, ERCST

13:50 - 14:15: **Changes in the regulatory environment**

This session will discuss changes in the regulatory environment that took place in 2019, and what their implications are for the EU ETS.

Presentation

- E. Alberola, EcoAct
- R. de Rafael, EcoAct

14:15 - 14:40 **Environmental delivery**

This session will focus on environmental delivery, a key goal for the EU ETS to be considered successful. This delivery must be seen as being multi-faceted, and different climate change objectives can be identified:

- Delivery against the trading period target
- Delivery against the EU long-term domestic environmental commitments

- Delivery against international commitments
- Emission and decarbonisation trends

Presentation:

- J. Y. Caneill, ERCST
- S. Schleicher, Wegener Centre for Climate and Global Change

14:40 – 15:05 **Economic delivery**

The EU ETS mission is to “promote reductions of GHG emissions in a cost-effective and economically efficient manner”. This creates the expectation that EUA prices will drive decarbonisation and do it in an economically efficient way, but also in a way that does not hurt the EU industry competitiveness

Presentation:

- S. Schleicher, Wegener Centre for Climate and Global Change
- J. Y. Caneill, ERCST

15:05 – 15:30 **Market functioning**

In order to deliver, the EU ETS has to be a well-functioning market, and provide for good price discovery. This part will discuss key indicators that show whether the market is functioning or not.

Presentation:

- J. Olsen, BloombergNEF

15:30 – 15:55 **The EU ETS in the European Green Deal.**

This chapter will focus on the European Green Deal and discuss possible implications for the EU ETS, both within a short-term (pre-230) and longer-term (post-2030) perspective.

Presentation:

- A. Marcu, ERCST
- D. Vangenechten, ERCST

15:55 **Conclusions and wrap-up of the meeting**