

Preparing for the Review of the EU ETS dealing with supply-demand imbalance and review of the MSR

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*****Draft Agenda*****

Date: 16 December 2020

Time: 14:00 -16:30

Location: Zoom Webinar

The EU ETS has long been considered one of the cornerstones of the EU's climate policy. While it has been faced by many issues, the ETS has increasingly proven to be '[fit for purpose](#)' in recent years. Today, the EU ETS stands at the dawn of a new revision process, which will have to ensure that it helps delivering on the European Green Deal in an economically efficient way.

This meeting is part of a series of webinars which are part of ERCST's work stream on **the revision of the EU Emission Trading System**. Our aim is to bring together a group of stakeholders on a regular basis to discuss the most important issues on the table for the EU ETS revision.

During this first stage of the revision process (leading up to the Commission's proposal expected in June), the ERCST's approach to the EU ETS revision will involve a number of strands, including:

- Accompanying the Commission's process by organising stakeholder meetings on the different feedback opportunities
- Organise activities on some of the core topics/issues that are important in light of the ETS revision, including but not limited to:
 1. Carbon pricing in other sectors;
 2. Policy overlap and supply-demand balance;
 3. The story for industry and carbon leakage protection;
 4. Flexibility mechanisms;
 5. Division and use of revenues; and
 6. Long-term visibility and predictability
- ERCST will prepare its own proposal for the ETS review, and conduct an analysis of the Commission's proposal.

This meeting will focus on how the EU ETS review should address policy overlap, supply-demand imbalances and approach the mandated review of the Market Stability Reserve. It will address questions such as:

- What is the outlook on the supply and demand of allowances in the market over the next decade?
- How should the Market Stability Reserve to be reviewed, and its appropriateness be assessed?
- What other policy tools can be considered to address the issue, including:
 - voluntary/mandatory cancellation of allowances;
 - price-based tools such as a price floor, a price corridor, or a central carbon bank;
 - other governance arrangements.

14:00

Welcome

- A. Marcu, Director of ERCST

14:05

Introduction to the issue of policy overlap and the mandated MSR review

In this presentation, ERCST will provide an historical overview of the policy overlap issue and how policymakers have responded to it in the past. Next, the policy options that are currently being considered will be outlined, as well as what can be expected from the mandated review of the MSR.

- J-Y. Caneill, ERCST
- D. Vangenechten, ERCST

14:15

Presentation 1: demand-supply outlook in Phase 4 and interplay between different market tightening measures

- H. Fjellheim, Refinitiv

14:30

Presentation 2: unintended impacts from the current MSR design and ways forward

- M. Pahle, PIK-Potsdam

14:45

Stakeholder reactions and views

- T. Lemoyne, Arkema
- I. Ramming, Commerzbank
- S. Charpentier, EdF

15:15

Moderated discussion with participants

16:30

Concluding remarks