

Roundtable on Article 29a of the EU ETS (Measures in the event of excessive price fluctuations)

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sandbag

A major booster of volatility in emission allowances: free allocation

- Industrials are less incentivised to reduce their emissions, which keeps demand and price high
- Market asymmetry:
 - Allowances are given to industrials, some of whom don't need them
 - Entities that do need allowances don't receive any
 - The price follows industry's need for immediate cash

Art 29a should not increase the cap

- MSR allowances are in excess of the cap
- Peter Liese's proposal to release 50-150m from MSR would renounce on EU commitments

A modified Art 29a should replace the MSR

- MSR thresholds were decided in relation to forward purchasing of the power sector
- Art 29a lets Member States bring forward the release of allowances