



Art. 29a as a potential market safeguard in the EU ETS

LIFE Climate CAKE PL

LIFE VII EW 2050



Project LIFE16 GIC/PL/000031 is co-financed from EU funds from the LIFE program and from the funds of the National Fund for Environmental Protection and Water Management.



ART. 29A EU ETS DIRECTIVE

- ▶ Main **elements of the mechanism**:
 - ▶ „If, for more than **six consecutive months**, the allowance price is more than **three times the average price** of allowances during the **two preceding years** on the European carbon market, the Commission shall immediately convene a meeting of the Committee established by Article 9 of Decision No 280/2004/EC”.
 - ▶ If the above rule is met & does not correspond to **changing market fundamentals**, one of the following measures may be adopted, taking into account the degree of price evolution:
 - ▶ to bring forward the auctioning of a part of the quantity to be auctioned
 - ▶ to auction up to 25 % of the remaining allowances in the new entrants reserve
 - ▶ **100 mln EUA's is released from the MSR & added to the auctioned volume** **If measures are adopted under Article 29a**

DOES THE ART. 29A WORK?

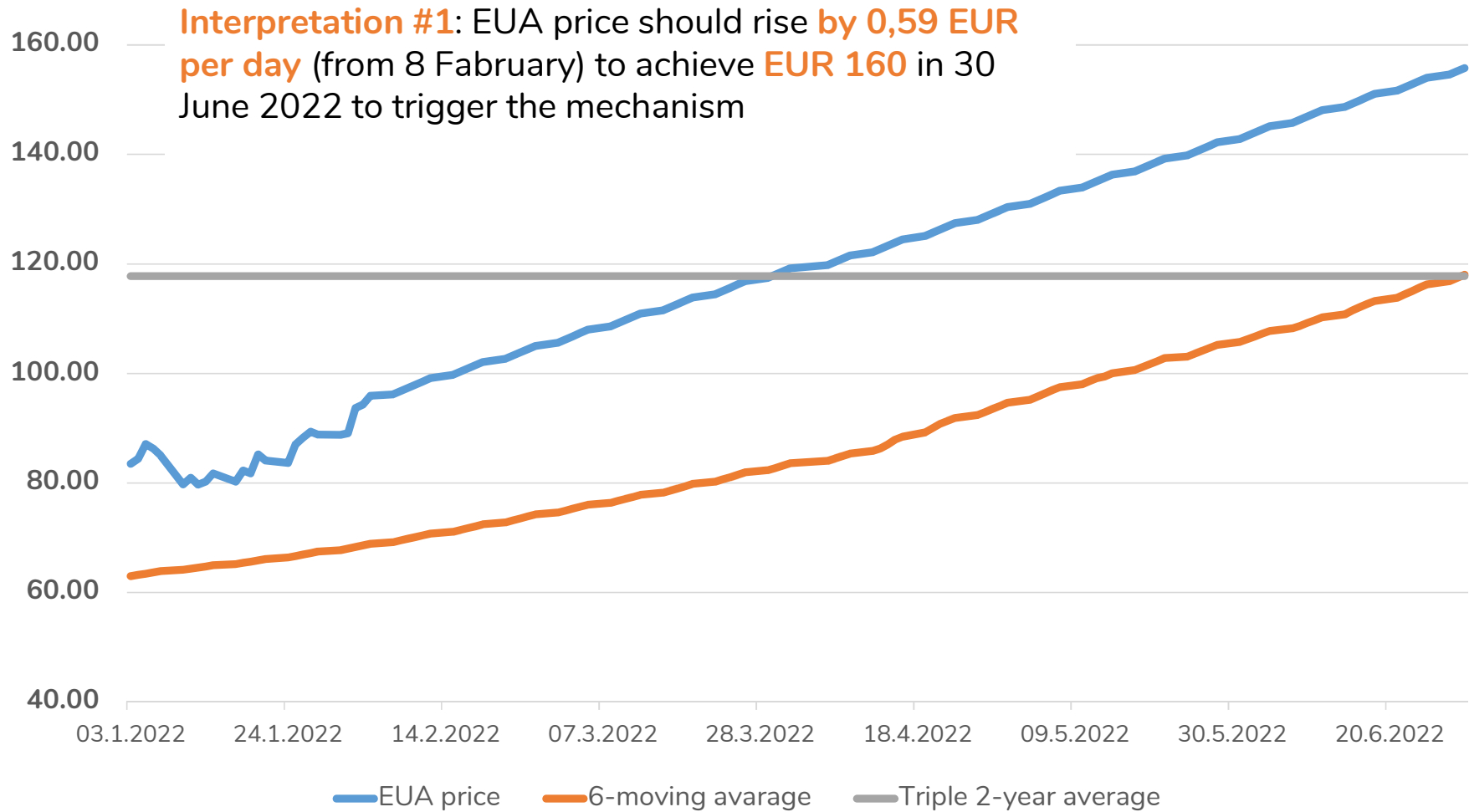
- ▶ **Interpretation #1:** based only on the 2020 and 2021 **calendar year** price averages. Then this 2-year average is tripled and compared with a recent 6-month price average. Thus, the entire observation period is 2.5 years.



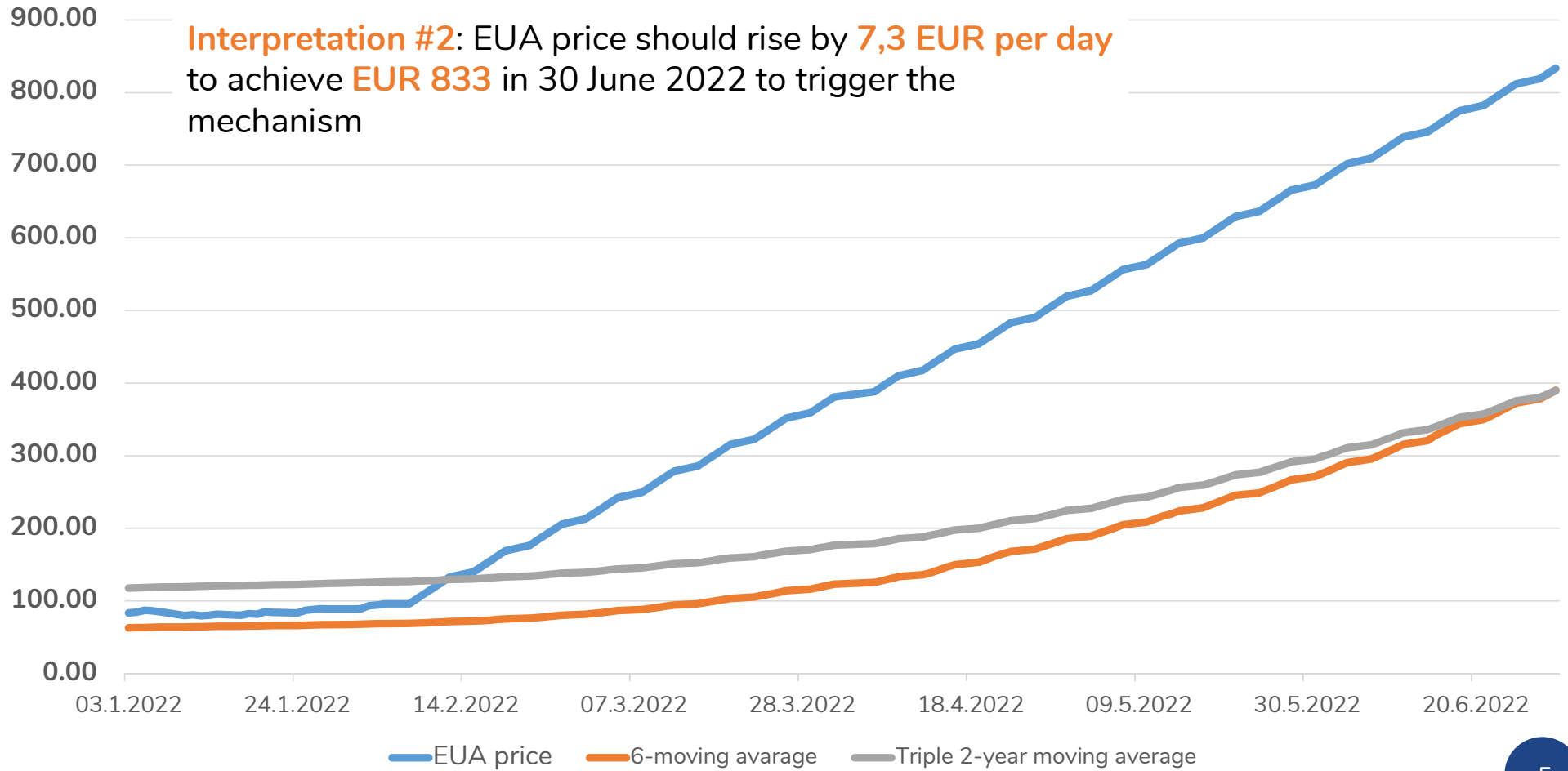
- ▶ **Interpretation #2:** based on the **last two years moving average**. The mechanism is triggered when the average from recent 6-month meets the triple 2-year moving average. Thus, the entire observation period is 2 years & includes 6-month period)



INTERPRETATION #1



INTERPRETATION #2

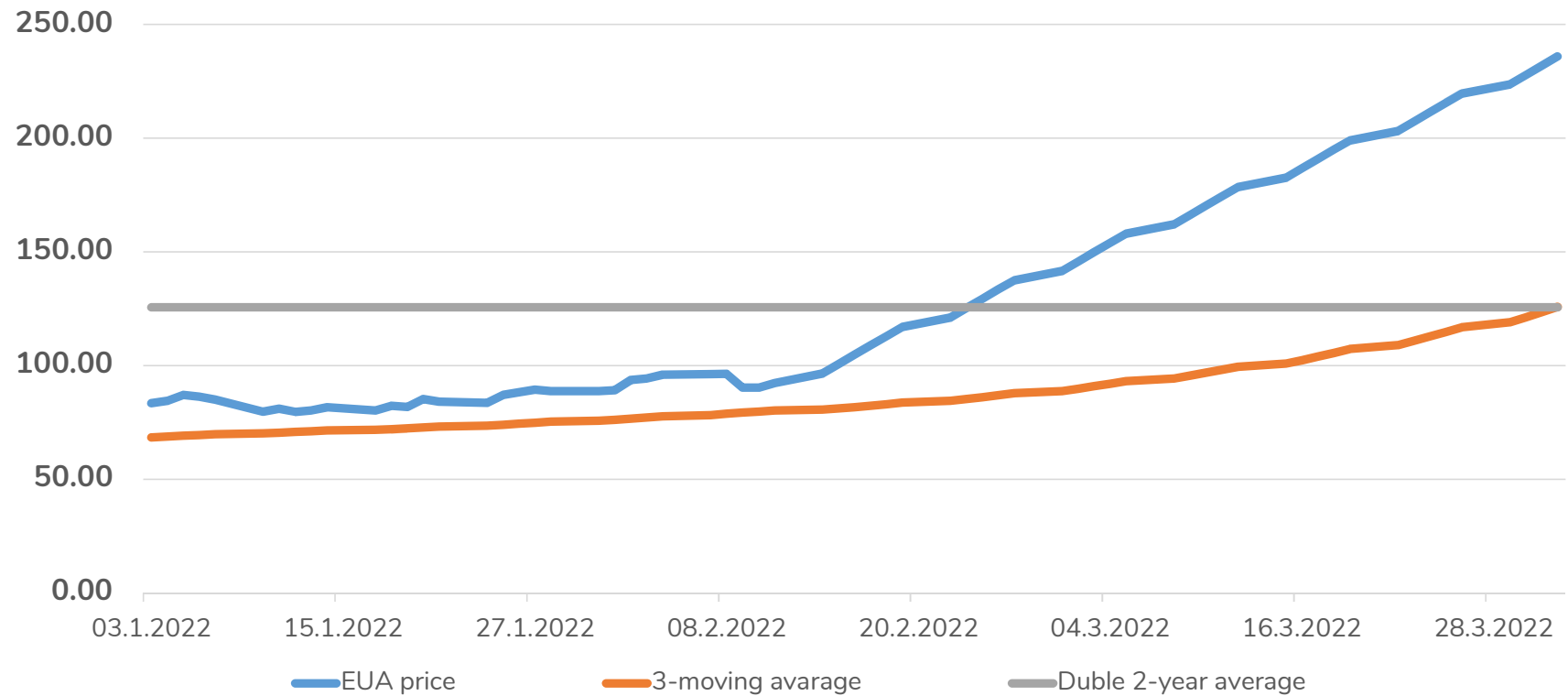


WHAT IF WE CHANGE THE PARAMETERS IN INTERPRATAION #1?

The same parameters as in art. 30h EU ETS Directive concerning ETS buildings and transport:

- ▶ If, for more than **three consecutive months**, the allowance price is more than **two times the average price** of allowances during the **six month preceding years**
- ▶ EUA price should rise **by 4,1 EUR per day** (from 11 February) to reach **EUR 236** in 1 April 2022 to trigger the mechanism
- ▶ We had checked the simulation **backward** (from 2020) and with these parametres art. 29a **would not have worked**.

CHANGE ART. 29A TO ART. 30H IN EU ETS





Thank you!

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