Article 29a EU ETS Directive

EU Measures in the event of excessive price fluctuations

February 25, 2022

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1. Governance
    - Rapid reaction.
2. Transparency – menu of aspects
    - Higher clarity in the level of trigger price
    - Table explaining the triggering values (UK example)
    - Date for decision on action
    - Method of communication – e.g.: announcement after trading hours.

3. Timeline
    - Clear and precise timeline
    - E.g.: 10 days to produce a report (UK)

4. Trigger
    - 6 months is too long
    - 3 times is too high -> 2 times to be triggered instead

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5. Action

- Price-based
  - Bring EUAs to market at a price 2x average price over the last 2 years
  - Use EUAs from MSR
  - +10% price increase after MSR is depleted.
  - I.e.: California offering covered entities additional metric tons if needed for compliance.

- Volumes-based
  - Auction from MSR until clears at 2x 2-year average
  - If MSR empty borrow from future allowances.

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Thank you

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