

EU ETS: implementation of the funding mechanisms

Agenda

Date: September 12, 2018

Time: 10:00-15:30 (including lunch)

Location: University Foundation, rue d'Egmont 11, Brussels

The revision for the fourth phase of EU Emissions Trading System (2021-2030) introduced a number of important changes concerning funding mechanisms in the system. Existing mechanisms – the Solidarity Provision and Article 10c Derogation – were updated, and new instruments – the Modernisation Fund and the Innovation Fund – have been added. However, adoption of the revised ETS Directive was merely a first step; important questions remain to be answered during the implementation phase.

The European Roundtable on Climate Change and Sustainable Transition (ERCST), together with the Central European Energy Partners (CEEP), is preparing a paper that is intended to take stock of what is known about the complex infrastructure of the funding mechanisms in the revised EU ETS based on the Directive, and to raise questions and issues that will need to be clarified during the implementation phase. This meeting aims to discuss the findings of the paper and to provide a platform for actors from industry, governments and NGOs to engage in a constructive dialogue about challenges and expectations for the implementation of these funding mechanisms.

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| 09:30 | Registration and coffee |
| 10:00 | Welcome and introduction
A. Marcu, Director of ERCST and Senior Fellow at ICTSD
M. Jakubik, Executive Director of CEEP |
| 10:10 – 10:35 | ETS funding mechanisms in the context of the EU long-term climate strategy
P. Offenbergh, European Political Strategy Centre |
| 10:35 – 11:00 | State of play & process
C. Holzleitner, DG Clima - European Commission |

11:00 – 11:30 **Presentation of discussion paper - "Funding mechanisms in the EU ETS: what is known and identifying issues for clarification and discussion"**

A. Marcu, ICTSD/ERCST

M. Jakubik, CEEP

11:30 – 12:45 **Innovation Fund: Questions and issues to be solved**

The Innovation Fund is intended as a successor of the NER 300 mechanism present in the current phase of the EU ETS. It is aimed to support technologies that are not yet commercially available, but that are mature enough to be ready for demonstration at a pre-commercial scale. Open issues include: selection criteria and procedure, monetisation of allowances, geographical distribution of projects, etc.

- M. Ferdinand, ICIS
- J. Tunaitis, Achema
- C-H. Robert, Cefic

Roundtable discussion with participants

12:45 – 13:30 **Lunch**

13:30 – 15:30 **Solidarity Provision, Article 10c Derogation and Modernisation Fund: Questions and issues to be solved**

The three other funding mechanisms that will operate during phase four of the EU ETS are closely connected, as they are intended to support (sustainable) growth and transition in Member States with below-average levels of GDP. The ETS directive also allows for certain transfers of allowances from one fund to another, under certain conditions and limitations. Open issues include: monetisation of allowances, interactions and overlap between the funds, impact of the Market Stability Reserve, bidding process for Modernisation Fund projects, and influence of the funding mechanisms on investment plans of Member States and companies.

- J. Gaventa, E3G
- M. Burny, PGE
- T. Tarnik, HEP
- D. Barbu, Romania
- J. Tuma, Czech Republic

Roundtable discussion with participants

15:30 **Concluding Remarks**