

Funding mechanisms in Phase 4 of the EU ETS

Draft Agenda *speakers are being confirmed*

Date: October 8, 2019

Time: 13:00-16:30

Location: Permanent Representation of Poland to the EU, Brussels, Belgium

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 introduced.

The delegated regulation for the innovation fund was adopted in February and eligible member states communicated their decision to (not) use Article 10c derogation by June 30 by publishing a competitive bidding process and a list of small projects. By September 30, Member States also have to communicate their decision with regard to the use of the flexibility to move allowances between the various funds, and the European Commission is expected to put forward its draft implementing act establishing the Modernisation Fund before the end of the year.

The European Roundtable on Climate Change and Sustainable Transition (ERCST), together with the Central European Energy Partners (CEEP), has been working this important topic for over a year. An [event](#) was organised last year in September in Brussels, where a [paper](#) was presented discussing the questions and issues that will need to be clarified during the implementation phase.

Over the course of 2019, ERCST and CEEP have been working closely with Member States and stakeholders to deepen the understanding of the regional priorities for the use of the funding mechanisms. Four workshops were organised in Poland, Bulgaria, Romania and the Czech Republic; and surveys and interviews were carried out with Member States and stakeholders.

During this meeting, the European Commission will present the progress regarding the implementation of the funding mechanisms, with a focus on the modernisation fund; this will be followed by a presentation by ERCST and CEEP of a paper capturing some main takeaways from our work this year. This will be followed by a roundtable discussion by Member State and stakeholder representatives.

13:00 **Registration and coffee**

13:30 **Welcome and introduction**

A. Marcu, Executive Director of ERCST

M. Jakubik, Executive Director of CEEP

13:40 – 14:00 **Progress on the implementation of the funding mechanisms**

The delegated act regarding the operation of the Innovation Fund was published in February. Going forward, some governance arrangements are still to be clarified, and elements for the 1st call for proposals are currently being designed. The first call for proposals is expected in the beginning of 2020.

With regard to the Modernisation Fund, most provisions are still to be decided. The draft implementing act is expected to be published around the end of 2019, beginning of 2020, with the aim of adopting it in Q1 2020, and the Investment Committee being formed by the second half of next year.

R. Doubrava, European Commission

14:00 – 14:30 **Presentation paper: takeaways from Member States' decisions and stakeholder positions on the use of the funding mechanisms.**

ERCST and CEEP will present the results of their work of the last year, sharing the main takeaways from interviews, surveys and discussions organised in the eligible member states. This will be followed by a roundtable discussion. The discussion will focus on issues such as: motivations for the decisions made by member states regarding the use of the funding mechanisms and flexibility; advantages and disadvantages between Article 10c and the Modernisation fund; prospects of using the Innovation Fund in eastern European Member States; etc.

A. Marcu, Executive Director of ERCST
M. Jakubik, Executive Director of CEEP

14:30 – 16:15 **Roundtable discussion**

- M. Berg, EIB
- J. Tuanaitis, Achema
- A. Dimitrova, EVN Bulgaria
- S. van den Plas, Carbon Market Watch
- B. Vondruskova, CEZ
- M. Burny, PGE

16:15 – 16:30 **Questions and Answers**

16:30 **End of the meeting**