

Preparing for the Review of the EU ETS

Carbon Pricing in non-ETS sectors

This meeting is under Chatham House Rules

*****Draft Agenda*****

Date: 24 March 2021

Time: 14:00 -16:30

Location: Zoom Webinar

The EU ETS has long been considered one of the cornerstones of the EU's climate policy. While it has faced many issues, the ETS has increasingly proven to be 'fit for purpose' in recent years. Today, the EU ETS stands at the dawn of a new revision process, which will have to ensure that it helps delivering on the European Green Deal in an economically efficient way.

This meeting is part of a series of webinars which are part of ERCST's work stream on the revision of the EU Emission Trading System as part of the European Green Deal. Our aim is to bring together a group of stakeholders on a regular basis to discuss the most important issues on the table for the EU ETS revision.

During this first stage of the revision process (leading up to the Commission's proposal expected in June), ERCST's approach to the EU ETS revision will involve a number of strands, including:

- *Accompanying the Commission's process by organising stakeholder meetings on the different feedback opportunities, of which the most recent was on the [public consultation](#).*
- *Organise activities on some of the core topics/issues that are important in light of the ETS revision – of which the most recent were on the topics of [supply-demand imbalance + MSR review](#), [use and division of ETS revenues](#) and [ETS story for industrial decarbonisation](#)*

This webinar will be an opportunity for participants to engage in a discussion on whether and how carbon pricing can be introduced in non-ETS sectors, including through a possible scope extension to transportation (maritime, aviation and road) and buildings.

Some of the key questions that will be addressed during this meeting include:

- Which factors/criteria need to be taken into account on deciding which sectors should be subjected to carbon pricing?
- What are the different options to implement carbon pricing in non-ETS sectors? Include sectors in current ETS; introduce a stand-alone market-based scheme; or other options?
- What are the policy implications of extending the scope of the ETS to non-ETS sectors? How to avoid undermining the orderly functioning of the market? How to take into account other (national) policies to reduce emissions in those sectors?
- What are the climate governance implications, if any, of introducing an EU carbon pricing mechanism in sectors currently covered by the ESR?
- How to address potential distributional effects of carbon pricing among the different Member States, sectors and consumers?

- Given its international nature, both in terms of the activity itself and current efforts to reduce emissions, how can international maritime and aviation emissions best be tackled by the EU, including through coverage by the EU ETS, while avoiding international retaliation?

14:00

Welcome

- A. Marcu, Director of ERCST

14:05

Presentation: State of play on extending the scope of the EU ETS

In this presentation, ERCST will discuss the policy context and pros and cons of introducing carbon pricing in non-ETS sectors, including through an ETS scope extension. The aim of this presentation is to explore considerations for a decision framework, different design options and avoiding policy overlaps/strengthening synergies.

- ERCST Team

14:25

Panel 1: Carbon pricing for the maritime sector

The first panel will focus on the maritime sector, discussing the pros and cons of using carbon pricing as an instrument for reducing carbon emissions in this sector. It also aims to discuss potential alternatives to drive emission reductions, potentially complimenting carbon pricing, as well as key considerations for design options.

Moreover, this panel will discuss implications for international mitigation actions under IMO.

- Charles Feld, CMA CMG group
- S. Bennett, International Chamber for Shipping
- W. Stoefs, Carbon Market Watch

15:15

Panel 2: Carbon pricing for road transportation and building sectors

The second panel will focus on the road transport and buildings sectors, discussing the pros and cons of using carbon pricing as an instrument for these sectors. It also aims to discuss potential alternatives to drive emission reductions in these sectors, potentially complimenting carbon pricing, as well as key considerations for design options.

The panel will also discuss lessons from extension of scope of domestic emission trading schemes for the EU ETS, potential ways to address distributional effects and governance implications (e.g. for the Effort Sharing Regulation).

- M. Libergren, Ministry of Finance, Denmark
- D. Vergne, BEUC
- M. Pollitt, CERRE

16:15

Reaction from the European Commission

- P. Gregorin, DG CLIMA unit B.1

16:30

Concluding remarks