

Report Launch

Review of the Market Stability Reserve (MSR)

*** Agenda***

Date: 29 April 2021

Time: 15:00 -16:30

Location: Zoom Webinar

The webinar will launch a new report jointly produced by ERCST and BloombergNEF - The review of the MSR.

This report is intended as a 'mock' review of the MSR in which its track-record and potential issues and options for the review are modelled and assessed. It builds on and implements the ERCST 2019 report ['Preparing for the Review of the MSR'](#) in which the main building blocks of a MSR review were outlined.

The MSR was introduced in 2019 and provides flexibility on the supply side of the EU ETS so as to pursue two separate goals:

- eliminate the historical surplus of allowances *within a reasonable amount of time*
- bring the TNAC within range of the MSR thresholds *within a reasonable amount of time*

Moreover, article 3 of the MSR decision also mentions that an assessment of the impact of the MSR on growth, jobs and competitiveness should be included in the review.

According to Article 3 of the MSR Decision, the Commission is required to conduct a review of the MSR "within three years of the start of the operation of the reserve". The 2021 review coincides with the broader revision of the EU ETS and the proposals to make the EU Climate Policy fit for the 55% objective. In this context, it is important both to take stock at the MSR performance in the past three years and to assess how the upcoming MSR review interacts with the other policies that are planned under the EU Green Deal.

This paper aims to show what a 'mock' review of the MSR could look like, including outlining a set of scenarios for a potential review while showing the implications they would have for the market using a modelling exercise. It aims to promote a debate on what the role of the MSR in the EU climate policy architecture and what the MSR is and is not supposed to do. Having previously defined the goals of the MSR and the review, the report tries to answer the question why the MSR is, or is not, fit for purpose in its current design and how it could be improved in the context of the upcoming revision and how its goals should be further operationalised.

15:00	Welcome <ul style="list-style-type: none">• A. Marcu, Director of ERCST• J. Olsen, Head of European Carbon, BloombergNEF
15:10-15:30	Presentation: ERCST and BNEF Report: a mock review of the EU ETS Market Stability Reserve
15:30- 16:15	Reaction and Roundtable Discussion <ul style="list-style-type: none">• D. Agostini, Enel• I. Ramming, Commerzbank• S. Van den Plas, CMW Conclusions from the European Commission <ul style="list-style-type: none">• L. Teodorescu, DG Clima
16:15-16:30	Q&A
16:30	End