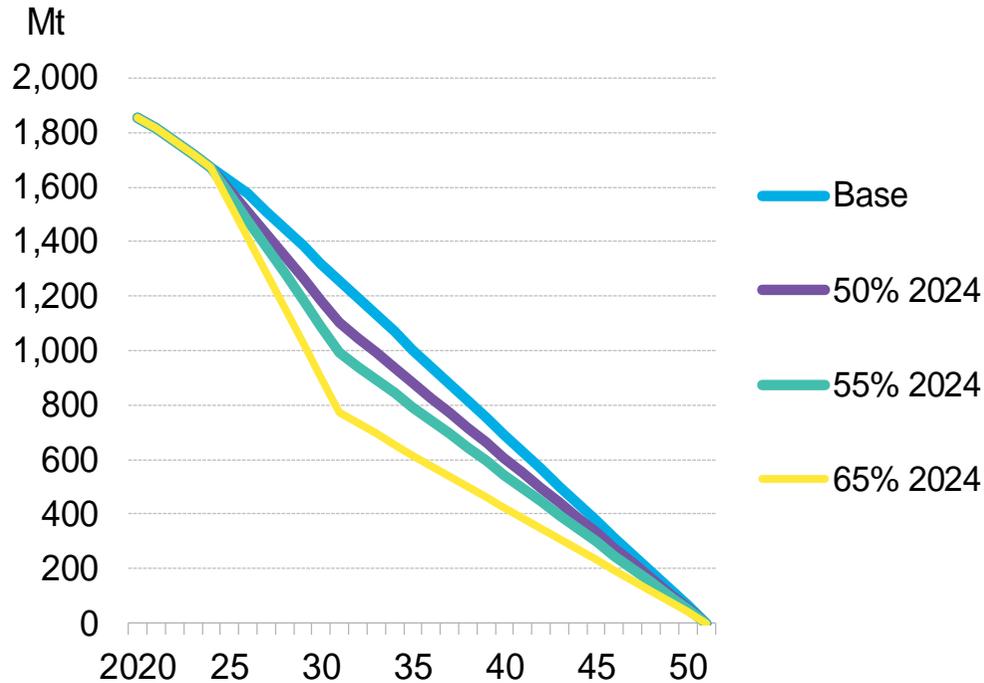


EU ETS 2030 Targets

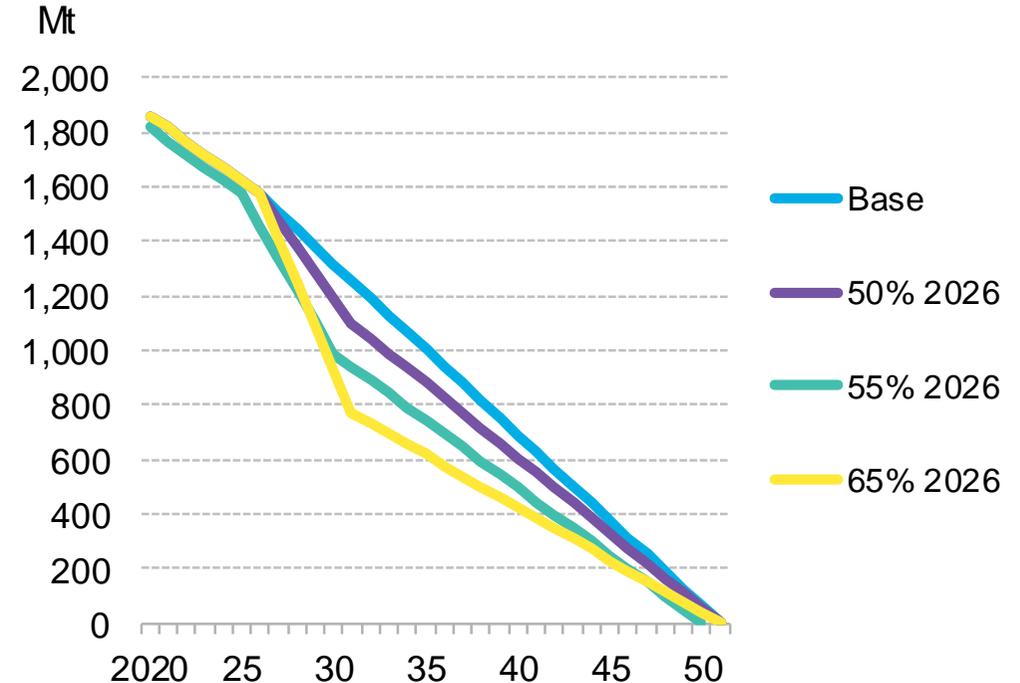
Emily Jackson

April 7, 2020

Tightening the cap



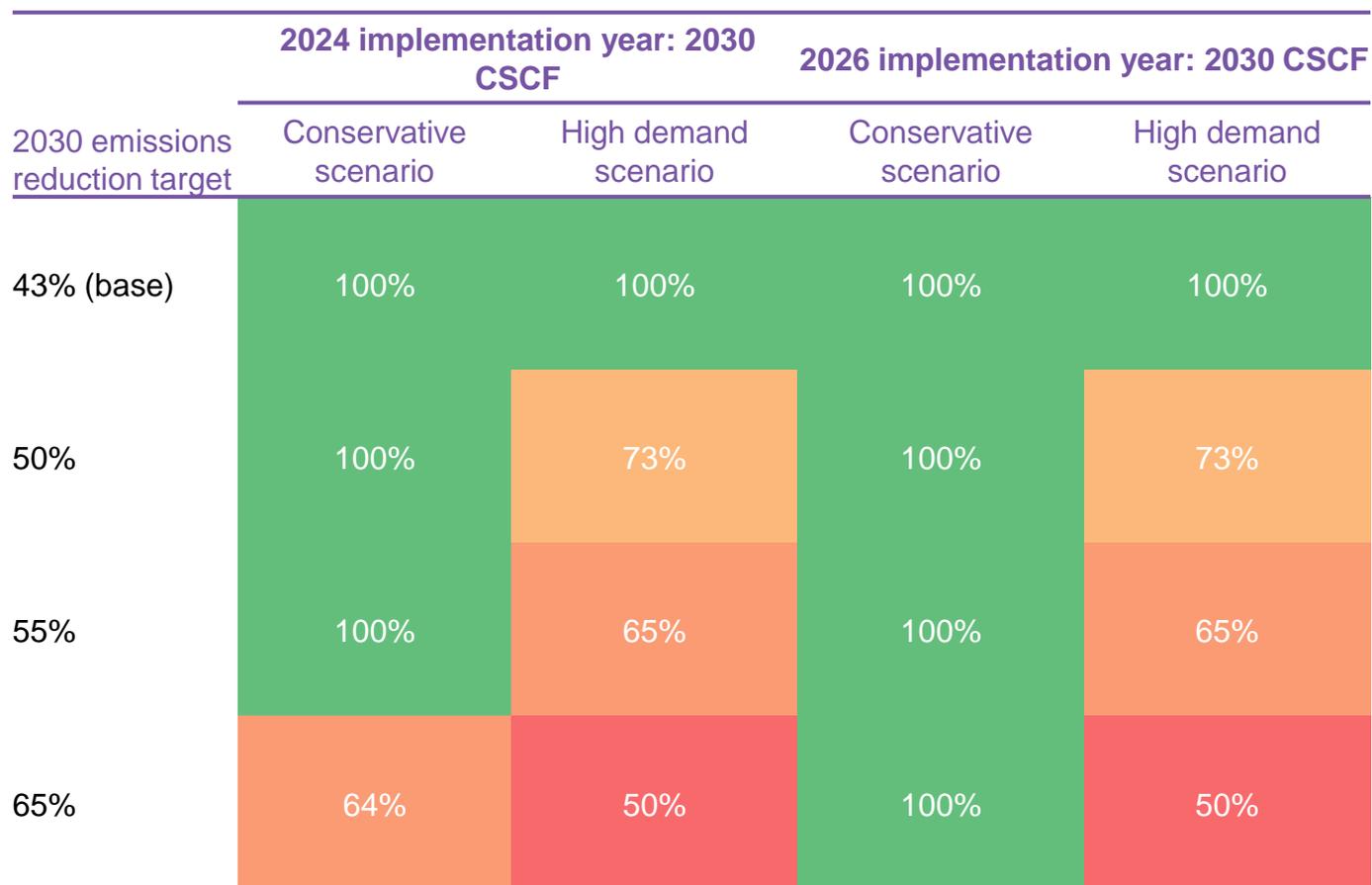
Source: BloombergNEF



Source: BloombergNEF

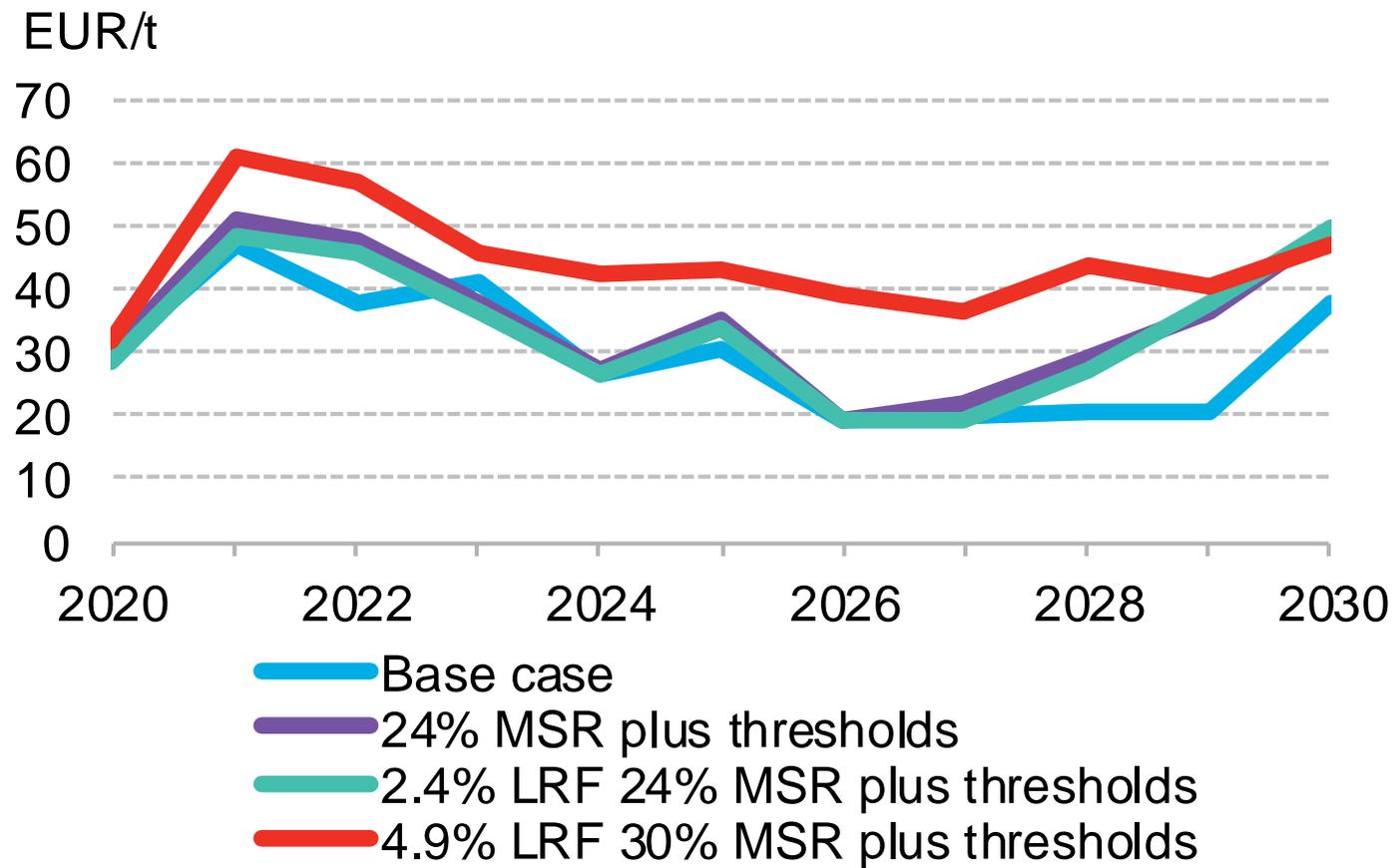
- **Base case:** 43% emission reduction by 2030, translating into a 2.2% LRF
- **2024 amendments:** the three scenarios have an LRF of 3.7%, 4.4% and 5.8%, corresponding to interim 2030 EU ETS emissions reductions targets of 50%, 55% and 65% by 2030.
- **2026 amendments:** the three scenarios have an LRF of 4.3%, 5.3% and 7.3%, corresponding to interim 2030 EU ETS emissions reductions targets of 50%, 55% and 65% by 2030.

2030 Cross-sectoral correction factor in different scenarios



Source: BloombergNEF

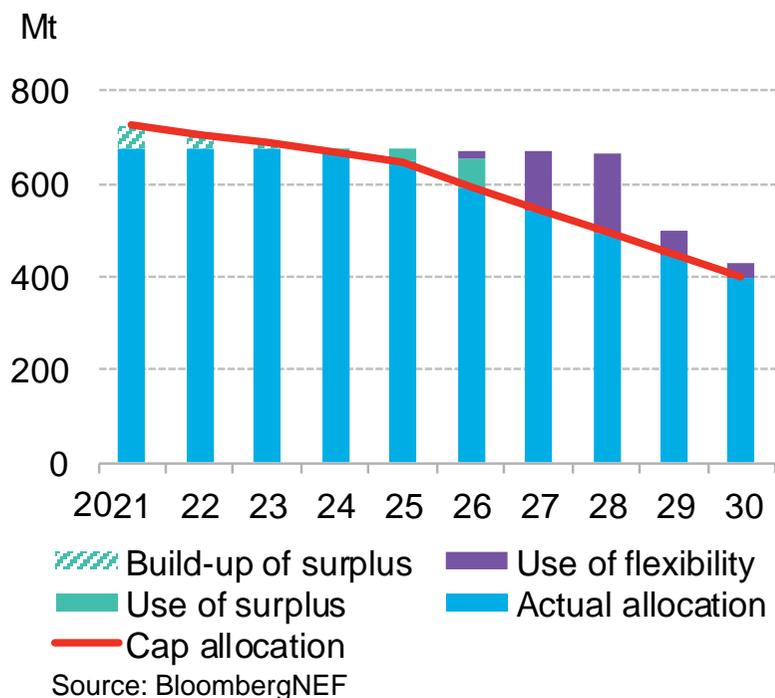
Price impact



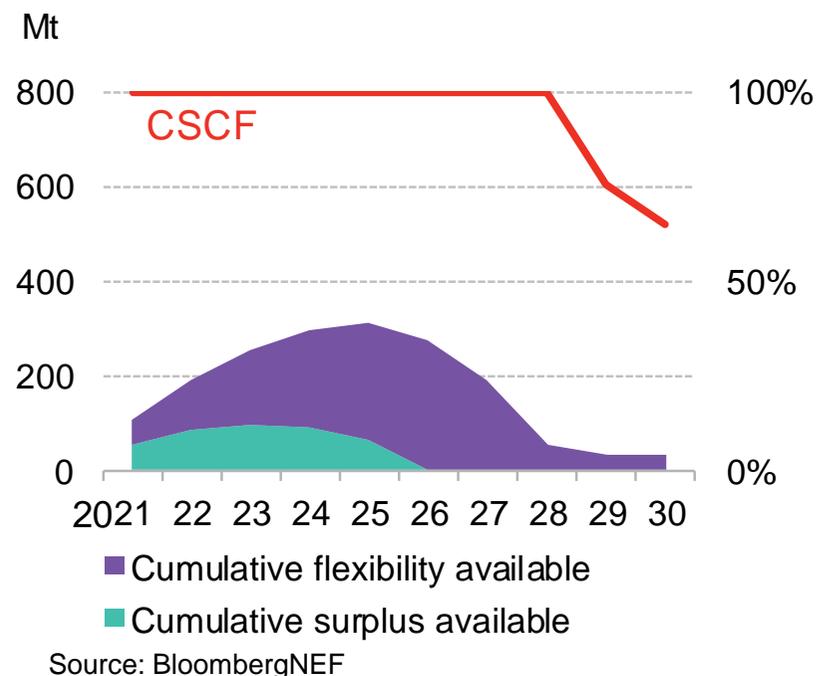
Source: BloombergNEF

Free allocation

Free allocation



Free allocation surplus and CSCF



- This scenario represents a world in which the 2030 EU ETS emissions reductions target is raised to 55%, and the linear reduction factor is increased to 5.3% from 2026.
- Free allocation: Benchmarks have been raised, resulting in around 10% more free allocation than the base case until the CSCF is triggered.

- The CSCF is triggered in 2029. All carbon leakage list sectors will get 76% of allocated free allocation in 2029 and 65% in 2030. Cumulative surplus is available until 2026.
- The cumulative flexibility share runs out in 2029. In 2030, only the 3% of the cap that year is available, amounting to 33 million EUAs.

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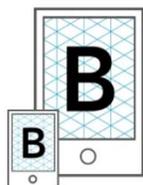
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