

The EU ETS Market Stability Reserve

Coping with COVID-19 and preparing for the review

This meeting is under Chatham House Rules

Date: June 16, 2020

Time: 14:00 -15:45

Location: Zoom Webinar

This meeting is part of an ongoing effort by ERCST to promote a discussion on the review of the EU ETS Market Stability Reserve (MSR), scheduled in 2021. ERCST has organised several meetings on this topic throughout 2019, and launched a paper "[Preparing the review of the Market Stability Reserve](#)" last November.

Half a year later, the context of this upcoming review has changed completely. The European Green Deal announced an increase in the 2030 and 2050 ambition, and mandated a review of the entire EU Energy and Climate Framework, including for the EU ETS, for which proposals are expected to be made by June 2021.

Moreover, in recent months Europe and the rest of the world has been hit by COVID-19, and the measures put in place to address the health crisis are strongly impacting the economy, accompanied by significantly lower CO2 emissions in 2020.

This meeting aims to explore the ramifications of the current crisis on the EU ETS, and on the functioning of the Market Stability Reserve. Moreover, a discussion is warranted on what is still to be expected from the mandated MSR review itself, given the expected proposal for the revision of the entire ETS directive, and how the two will be articulated.

ERCST is preparing a background note, which will be distributed before the meeting, outlining some of the issues intended to be discussed.

14:00

Welcome

- A. Marcu, Director of ERCST

14:05

Presentation: putting the review of the MSR into context

- J-Y. Caneill, ERCST
- D. Vangenechten, ERCST

14:20

Initial views and presentations

This session will focus on a number of issues and questions raised in ERCST's background note, including:

- What role is the MSR playing in the current market dynamics?
- The MSR review will no longer take place as a stand-alone exercise, but will take place in parallel with a potentially broad and comprehensive reform of the EU ETS – how will the two reviews be articulated, and will/should the MSR be a critical element in the upcoming review of the EU ETS?
- How can the MSR parameters be 'future-proofed' to deal with future imbalances? What emissions-scenario can be expected under COVID-19 and (currently uncertain) climate targets and measures?
- For the MSR review and design, is only the 2030 framework taken into account, or long-term targets (climate neutrality) as well?

Invited speakers will outline their views, followed by reactions from the European Commission. After this, the floor will be opened to other attendees for a moderated discussion.

- L. Redshaw, Redshaw Advisors
- H. Fjellheim, Refinitiv
- J. Graichen, Öko Institut
- M. Ovaere, Yale University

Reaction by H. Bergman, DG CLIMA, European Commission

15:15

Moderated roundtable discussion with panelists and attendees.

15:45

Concluding remarks