

CARBON MARKET FORUM



Thinking ahead for Europe

Task Force: EU ETS Market Stability Reserve

DRAFT AGENDA

Third meeting of the MSR Task Force

“Key questions to be addressed”

Date: June 27, 2014

Time: 10:00 am – 4:00 pm

Venue: Rue du Congrès 42, 1000 City of Brussels, Belgium

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Chair: A. Marcu, CEPS

One important element in the recently published proposal of the European Commission 2030 framework for climate and energy policies is the creation of a potential market stability reserve for the European carbon market. This mechanism is not the only proposal for structural reform of the EU ETS. The discussions on including the stability reserve to render auction more flexible, and on technical aspects, have been taking place since March 2013 at the European level, which launched the proposal on market stability reserve as part of the structural reform of the EU ETS post 2020.

The Carbon Market Forum will examine this proposal in three dedicated sessions focusing on the following topics:

- 1) **April 10, 2014** - Understanding the proposal and its market impacts;
- 2) **May 14, 2014** - Exploring alternative parameters and the basis for intervention;
- 3) **June 27** – Key questions to be addressed

10:00 Welcome and Introduction

A. Marcu, CEPS

10:05 **EC Consultation of June 25 – first impressions** Y. Slingenberg, EC
This session will start with a short presentation reflection by Yvon Slingenberg on the EC consultation of experts on the MSR that had taken place the day before (May 25).

10:35 MSR options

“Straw man” of ideas

A. Marcu, CEPS

Andrei Marcu will present a number of possible combinations for the MSR that have emerged from the discussions during the meetings of April 10 and May 14. This presentation is not intended to provide the background for trying to reach a consensus, but rather to:

- Reflect on some possible combinations and show that there are a number of ways that the MSR can move forward
- Provide the introduction for a number of questions that will make the object of discussions during this session

The day will then be used to discuss the three questions outline below. We intend to keep the discussion very focused and factual, and always try and get the reason for the statements that interveners around the table will make. We see these as critical in crafting a view on both the architecture of the MRS, and how it should move ahead, that is above defensible and logical.

Cecile Goubet, Government of France will present the French position.

11:35 Question 1: Relationship of MSR with other policy interventions

Discussion leaders

- B. Borkent, Ecofys

The MSR will interact with other policies and interventions that impact market liquidity. Their interaction and impact on good market functioning and price discovery may be one of the factors that will influence the design and parameters of the MSR. Ecofys has recently put forward a proposal that echoes some of these issues.

12:20 Question 2: How do we insulate the MSR from capturing non-economic shock?

Discussion leaders (will start the discussion with 5 min statements)

- P. Chauveau, Solvay
- E. Alberola, CDC

It comes back to the very fundamental discussion of what is the purpose of the MSR. Is it intended to capture any and all surplus liquidity, or is meant to only capture liquidity resulting from economic shock? Is it intended to capture surpluses from policy overlaps or is that dealt with through policy means? Can we insulate, and do we want to insulate, the MSR from capturing non-economic shocks?

1:20 Lunch break

2:00 Question 3: What is the optimal timing of the MSR?

Discussion leaders

- D. Agostini, ENEL

This session is intended to discover the reasoning for the different views of when MSR should start? Also, what it would take to change that view. Some of the views are driven by economic and market functioning considerations, others are based on principle and finally, some seem to be based on a negotiating stance. In this way, they are all valid. However, there are also consequences that may come from these positions – and they relate to the ETS credibility and future, the progress and shape of the 2030 package, etc.

2:45 Question 4: What to do with the back loaded EUAs?

Discussion leaders

- V. Brenzel, EON
- L. Rathe, Hydro

The aim of this segment is to look at the alternatives, as well as pluses and minuses of what to do with the back loaded amount? Should it put back the auction schedule as currently envisaged, or should it be put directly in the MSR? What can be the logic and consequences of either option? Are there other options available?

3:30 Final roundtable: overall reactions from participants

This final segment is intended to provide the opportunity for a final overall reflection: what are the most important features of the MSR and why? An opportunity for all RT participants to have their say and highlight what is important to them and how can it be accommodated

J. Y. Caneill, EDF will kick start that discussion

4:00 End of meeting