EU ETS Market Stability Reserve
Timing & end of period cross over

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Market balance looking forward

MSR simulation vs. BAU scenario

The MSR acts on cumulative surplus improving market balance in the medium term

Note: The analysis considers a structural revision of the EU ETS implying a 2030 reduction target of 43% on 2005 level (to be implemented from 2021)
Price impacts

*The few braving the waves*..

The consensus appears to be low
Parameters

• Start – up of the MSR

• Reserve accumulation rate

• Timing of the reinjection of back-loaded allowances
Conclusions

• The current timing of the MSR appears to be dictated by political factors inherited from the past

• The supply balance anomaly may have important short-medium term effects

• Consolidating the timing in order to ensure greater smoothness is desirable

• Starting the MSR earlier appears to be the cleanest solution