



CEPS CARBON MARKET FORUM (CCMF)

DRAFT AGENDA

SPEAKERS ARE BEING CONFIRMED

Sixth meeting of the CCMF Task Force on “EU Emission Trading System”

Date: February 1, 2013

Time: 10:00 am – 16:30 pm

Venue: CEPS, 1 Place du Congres, Brussels

Chair: T. Ribera, Vice President, Isofoton

Rapporteur: A. Marcu & C. Egenhofer, CEPS

10:00 **Welcome**

C. Egenhofer & A. Marcu

10:05 **Agenda for the meeting**

T. Ribera

C. Egenhofer & A. Marcu, CEPS

10:15 **Session 1: Options for structural measures in the EU ETS**

- **M. Henkenmans, Govt of Netherlands**
- **Mark Looman, Govt of Belgium**
- **Inga Staples-Moon, DECC, UK**

10:45 **Session 2: EU ETS track record: purpose and outcome**

a) **Purpose**

- **K. Bolesta, Govt of Poland**
- **Sam van der Pas, WWF**

b) **Outcomes**

- **D. Hone, Shell**
- **S. Kuschel, BASF**

12:15 **Session 3: What is the problem we are addressing?**

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|--|---------------------------------|
| • Is there a problem | M. Mensink, CEPI |
| • LT term energy system and energy prices | W. Kyte. E.ON |
| • Market functioning | P. Hardwick, J.P. Morgan |
| • Flexibility and rigidity | J.Y. Caneill, EDF |
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1:30 Lunch

14:30 Session 4: Proposed solution: Criteria & reasons for selection

- **A. Fiehn, BDI**
- **R van der Meer, Heidelberg Cement**
- **G. Bertolino, ENEL**

16:15 Concluding remarks/overview for the day's discussions

- **T. Ribera**

16:30 **End of meeting**

Annotated Agenda

Session 1: Options for structural measures in the EU ETS

- **M. Henkenmans, Govt of Netherlands**
- **Mark Looman, Govt of Belgium**
- **Inga Staples-Moon, DECC, UK**

This session is intended to get the views of the presenters on the EC communication and the six options proposed in it. Each presenter will have 10-15 min, with the balance for Q&A. The intention is to stay focused on the initial reaction to EC paper, with emphasis on views and what the presenters see as

- Goals of the ETS
- Problem that needs to be addressed, if any
- How the proposed solutions fits with the two points above
- Do the proposals address the issues, why/why not

10:45 **Session 2: EU ETS track record: purpose and outcome**

a) Purpose

- **K. Bolesta, Govt of Poland**
- **Sam van der Pas, WWF**

It is difficult to agree that we have a problem, let alone find solutions, to it if we cannot agree on what the **goals/purpose of the EU ETS** are.

A number of views have been identified, in addition to the obvious one, that the EU ETS has to function well as a market (there are generally accepted tests for good market functioning).

1. Meet EU environmental goals at a market price

2. Minimize the price of carbon to meet EU environmental targets during a trading period (2020)
3. Minimize price of carbon to meet EU environmental targets on LT EU environmental targets (2050)
4. Provide a long-term signal for meeting EU environmental targets (to 2050)
5. Catalyze technological change
6. Drive investments in renewables and energy efficiency

The speakers are asked to address, in their presentations, as well as during the discussion, which one of the views above they believe to be true, and especially why.

Each presenter will have 10 min.

b) Outcomes

- **D. Hone, Shell**
- **S. Kuschel, BASF**

While the goals would have been discussed in the section of the session above, the presenters, and the discussion in this session, will focus on Goals and Outcomes.

The issues that should be addressed in a focused way are

1. Has the EU ETS met the goals?
2. What are the measures of success?
3. What are the arguments pro and against?

The presenters in this session will undoubtedly wish to also touch upon their views on the EU ETS goals, but are asked to focus on the track record of the EU ETS as much as possible.

12:15 **Session 3: What is the problem we are addressing?**

- | | |
|--|---------------------------------|
| • Is there a problem | M. Mensink, CEPI |
| • LT term energy system and energy prices | W. Kyte. E.ON |
| • Market functioning | P. Hardwick, J.P. Morgan |
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The back loading debate, and the EC Communication, are addressing issue(s) with the EU ETS that different stakeholders have identified.

Different views are held on what the issue is, or if there is an issue at all. The CEPS CMF Background Paper that accompanies this Agenda, has identified a number of issues that have been put forward in the course of the discussions over the last 12 months. In this debate, we believe, that causes and effects have been freely lumped together. In short, this session is about “ **What problem are we trying to solve**”.

These include:

1. The market is not functioning well
2. The prices of EUAs is too low
3. There is no long term price signal and not catalyzing long-term technological change

4. There are overlapping policies that affect the price of EUAs and no coordinating mechanism between them
5. Climate and energy policies are treated separately in the EU
6. There is no flexibility on the supply side in the EU ETS
7. Demands for predictability/stability have led to rigidity.
8. The EU ETS does not incorporate provisions to address the interrelationship between climate, energy and competitiveness

The presenters, and discussion, based on the previous panels, and the CEPS CMF Background Paper, are expected to cover

1. Why, or why not, points 1-8 are true, or not true
2. Are they problems or symptoms
3. Other issues that were not identified

1:30 Lunch

14:30 Session 4: Proposed solution: Criteria & reasons for selection

- **A. Fiehn, BDI**
- **R van der Meer, Heidelberg Cement**
- **G. Bertolino, ENEL**

In the concluding session the panel, and the ensuing discussions, should focus on the two points.

1. What are the criteria for selecting a course of action that would address the issue(s)
2. What shall we do

The CEPS CMF Background paper proposes that any solutions should

1. Work with the market and avoid or minimize market distortions
2. Ensure that the ETS objectives are met

As to the solutions, we prefer to stay open minded, within initial thoughts in the CEPS CMF Background Paper.