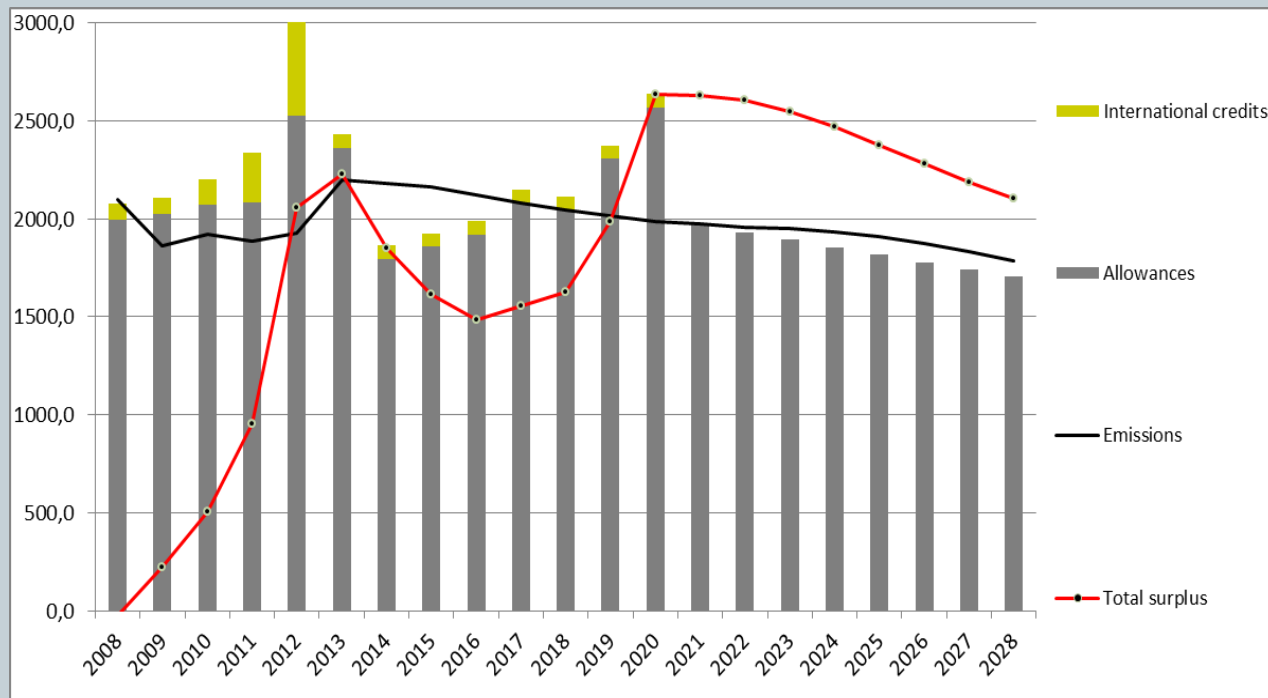


Improving the Market Stability Reserve



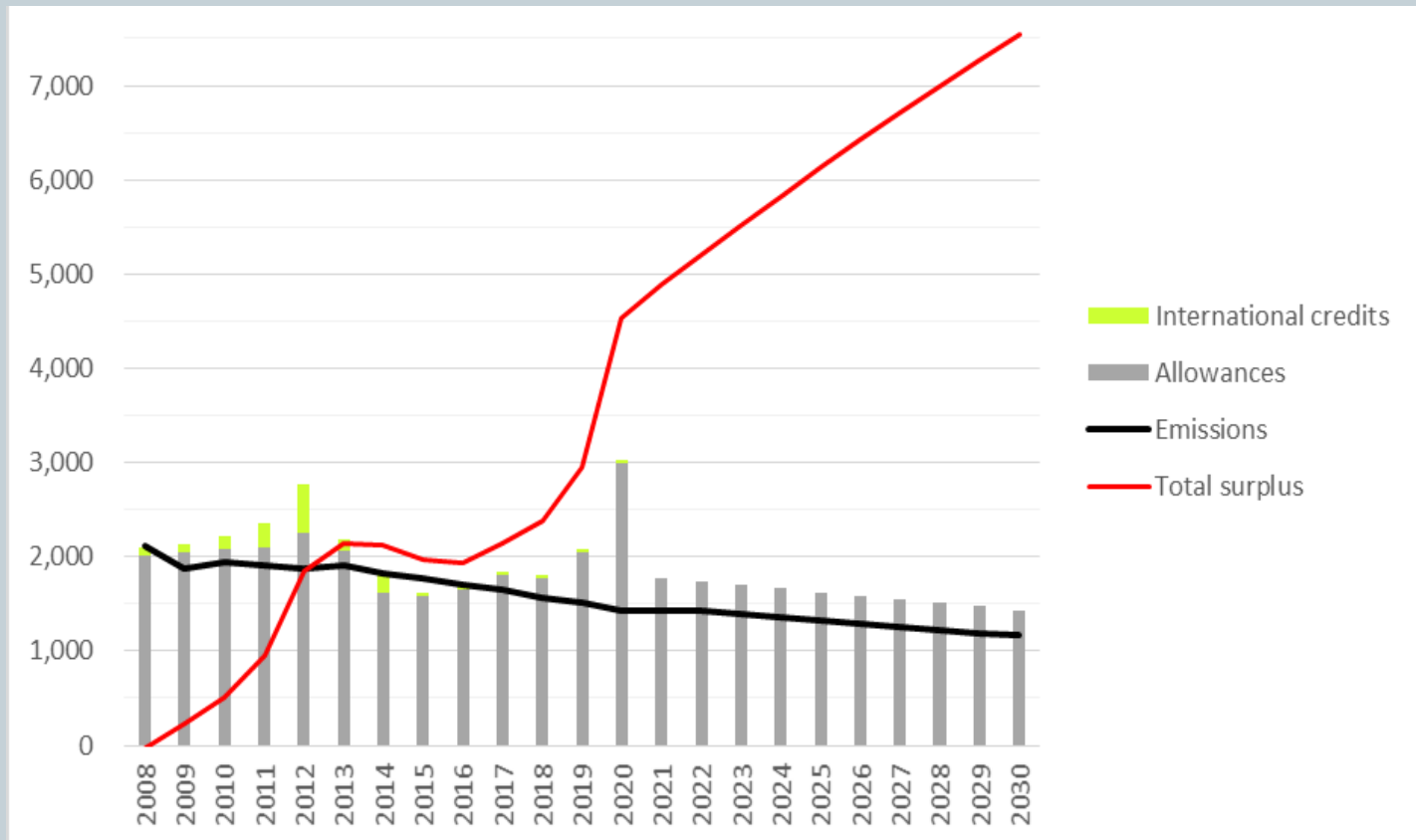
CEPS – BRUSSELS 8.10.14

What's the outlook? EC Reference scenario

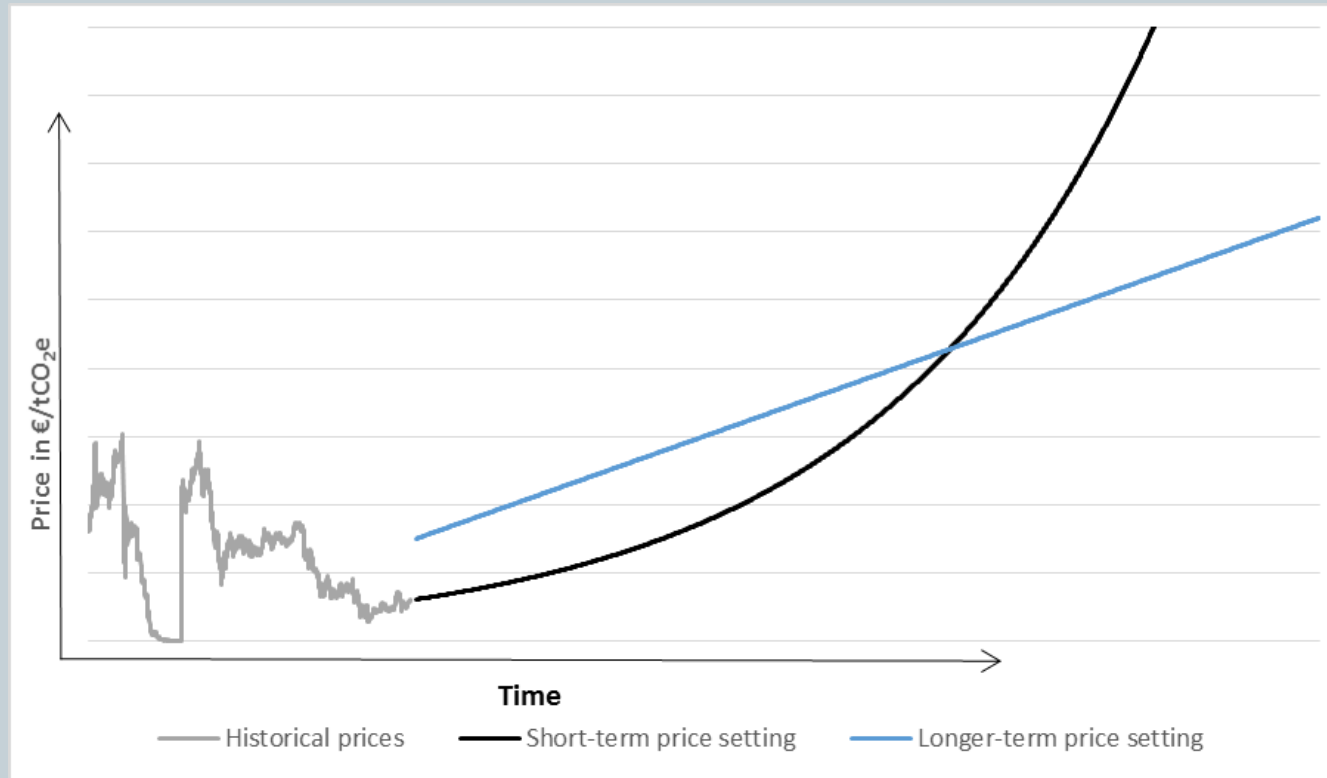


Commission Reference Scenario with backloading decision (2008-2028) Source: MSR Impact Assessment

Could be far worse! Sandbag “current policies” scenario



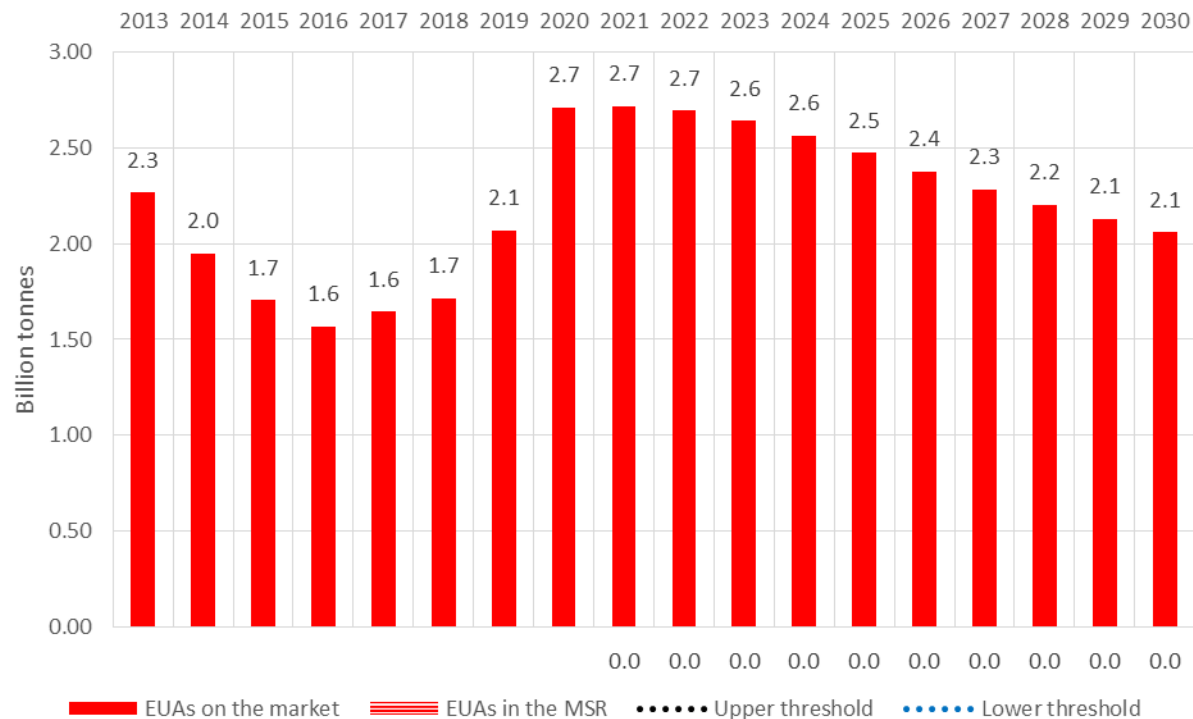
Helping the market take a long term view



Reference scenario (with backloading)



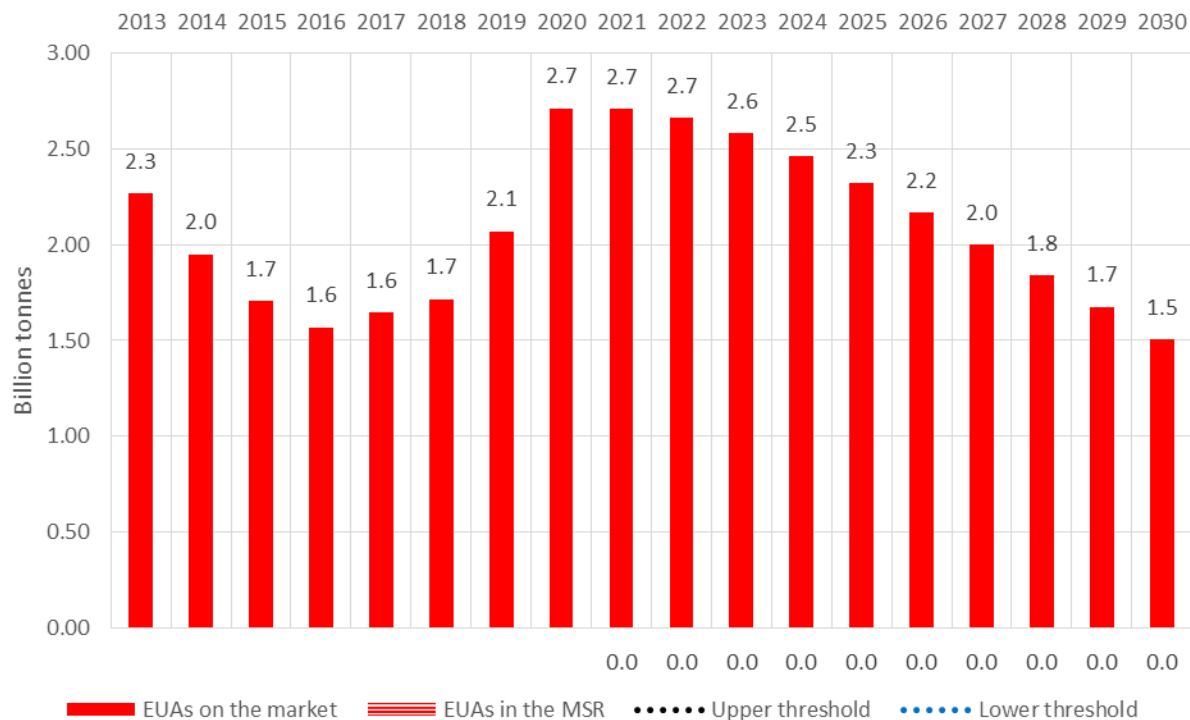
Effect of MSR design on EUA supply to market



Reference scenario with 2.2% LRF



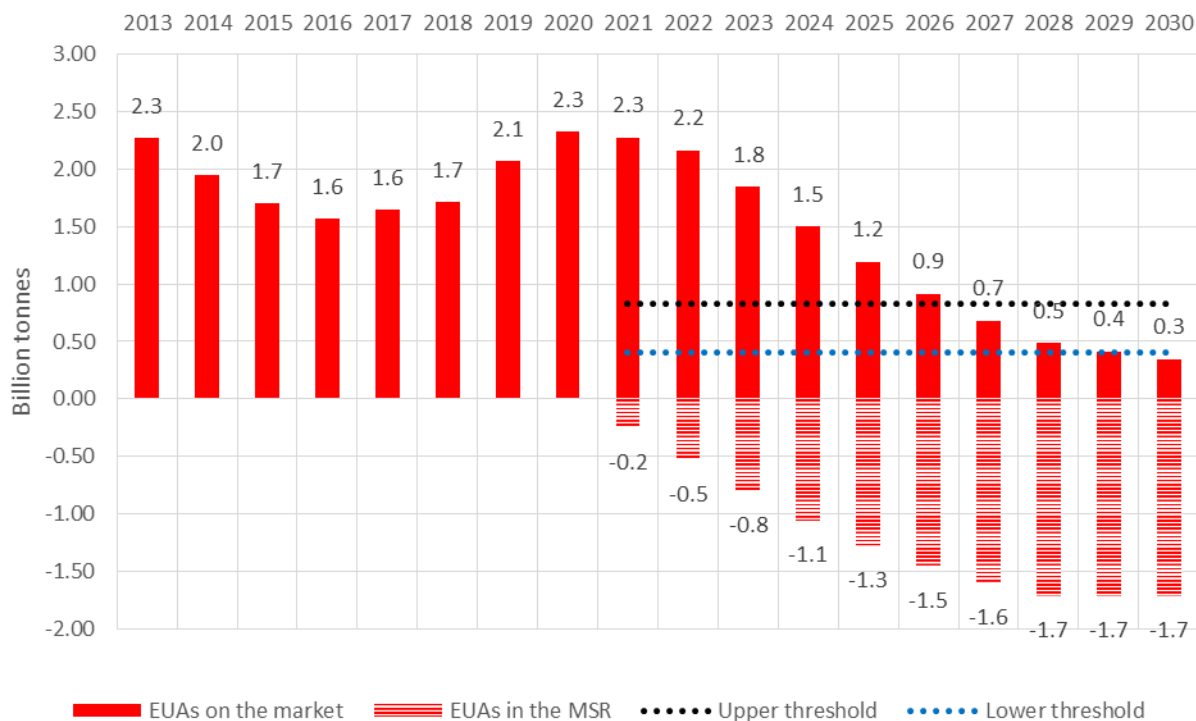
Effect of MSR design on EUA supply to market



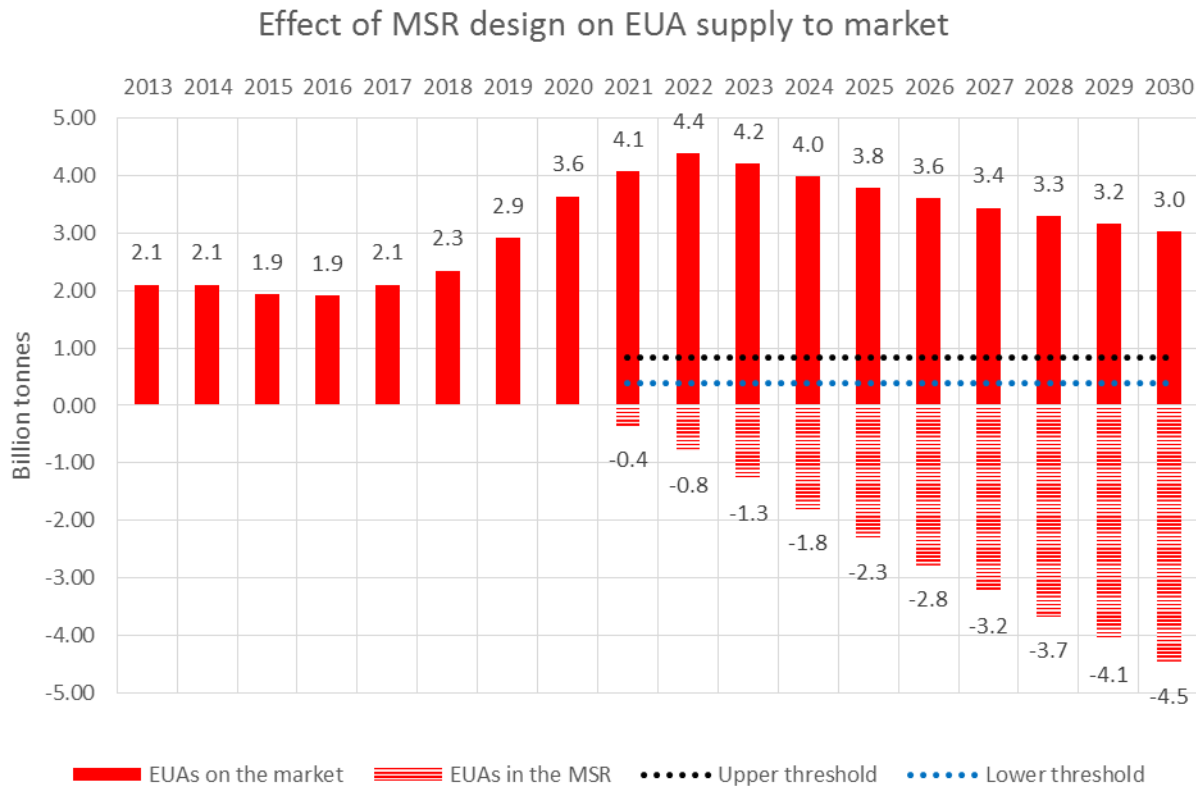
Reference scenario (1.74% LRF) with MSR



Effect of MSR design on EUA supply to market



Sandbag “current policies” scenario and EC MSR

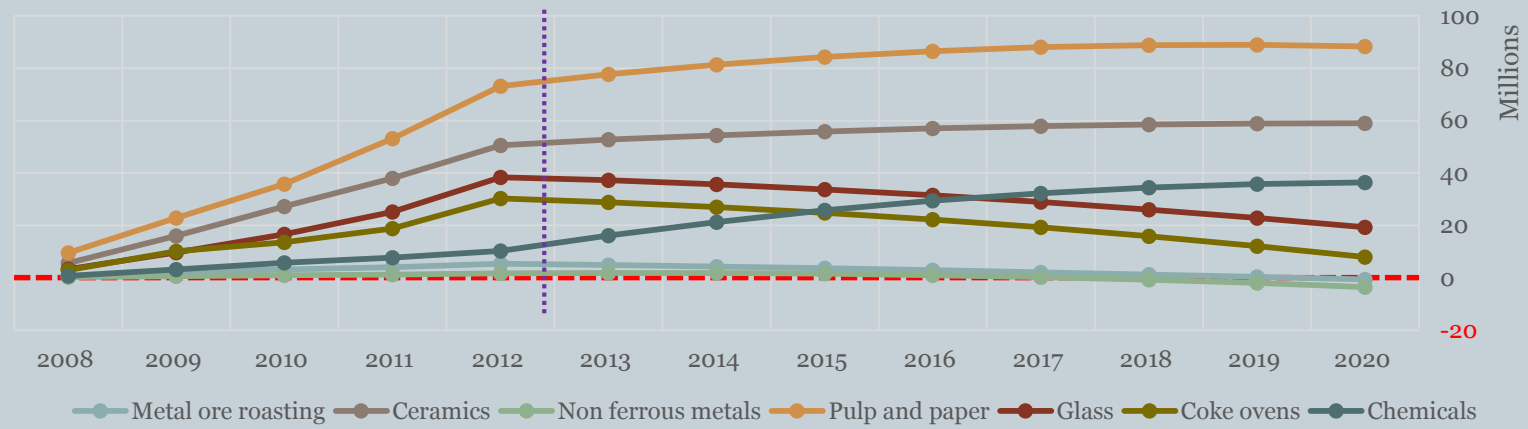
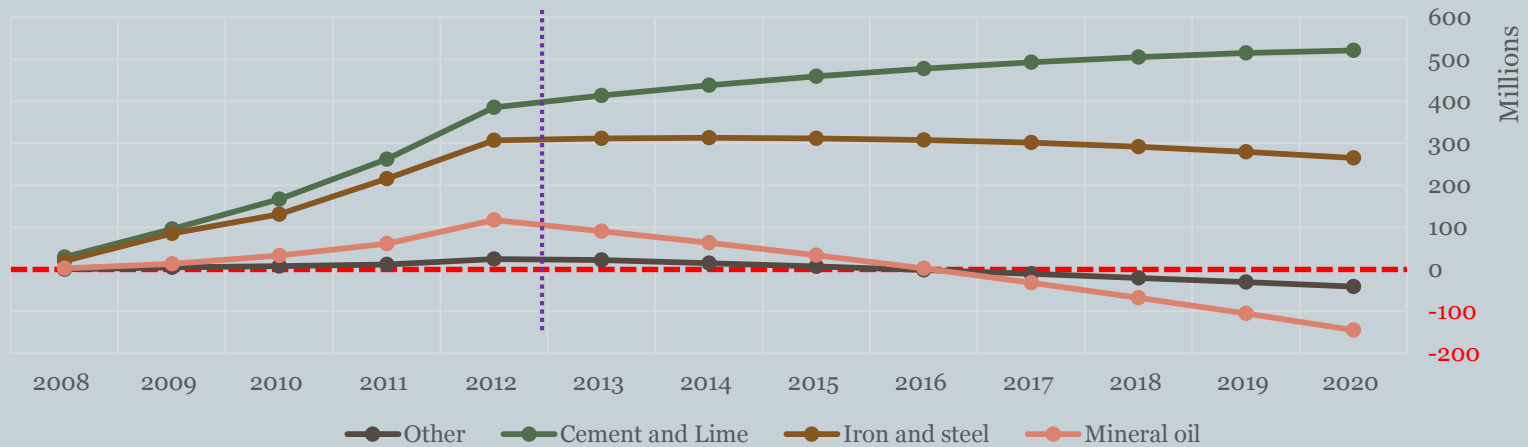


How to improve the MSR

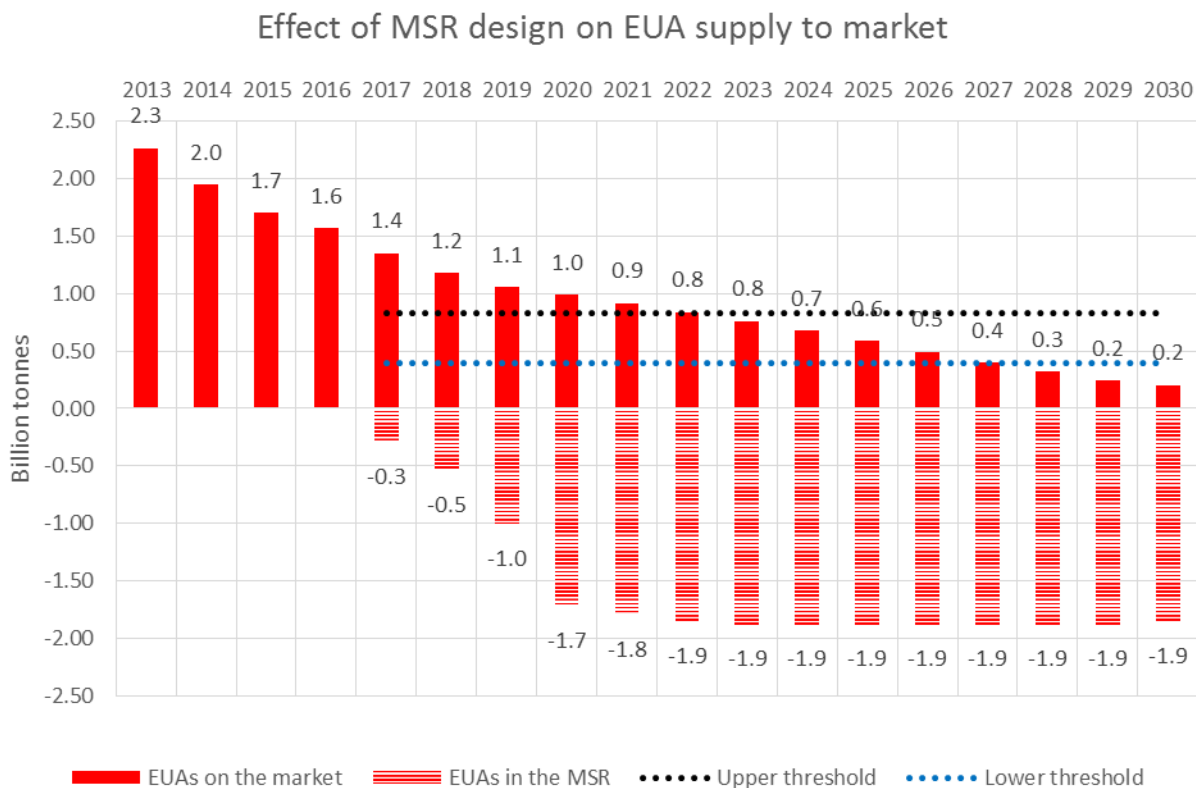


1. Start the MSR as soon as possible
2. Don't flood the market right before you try to reign in supply.
3. Make the system less sensitive to getting parameters wrong

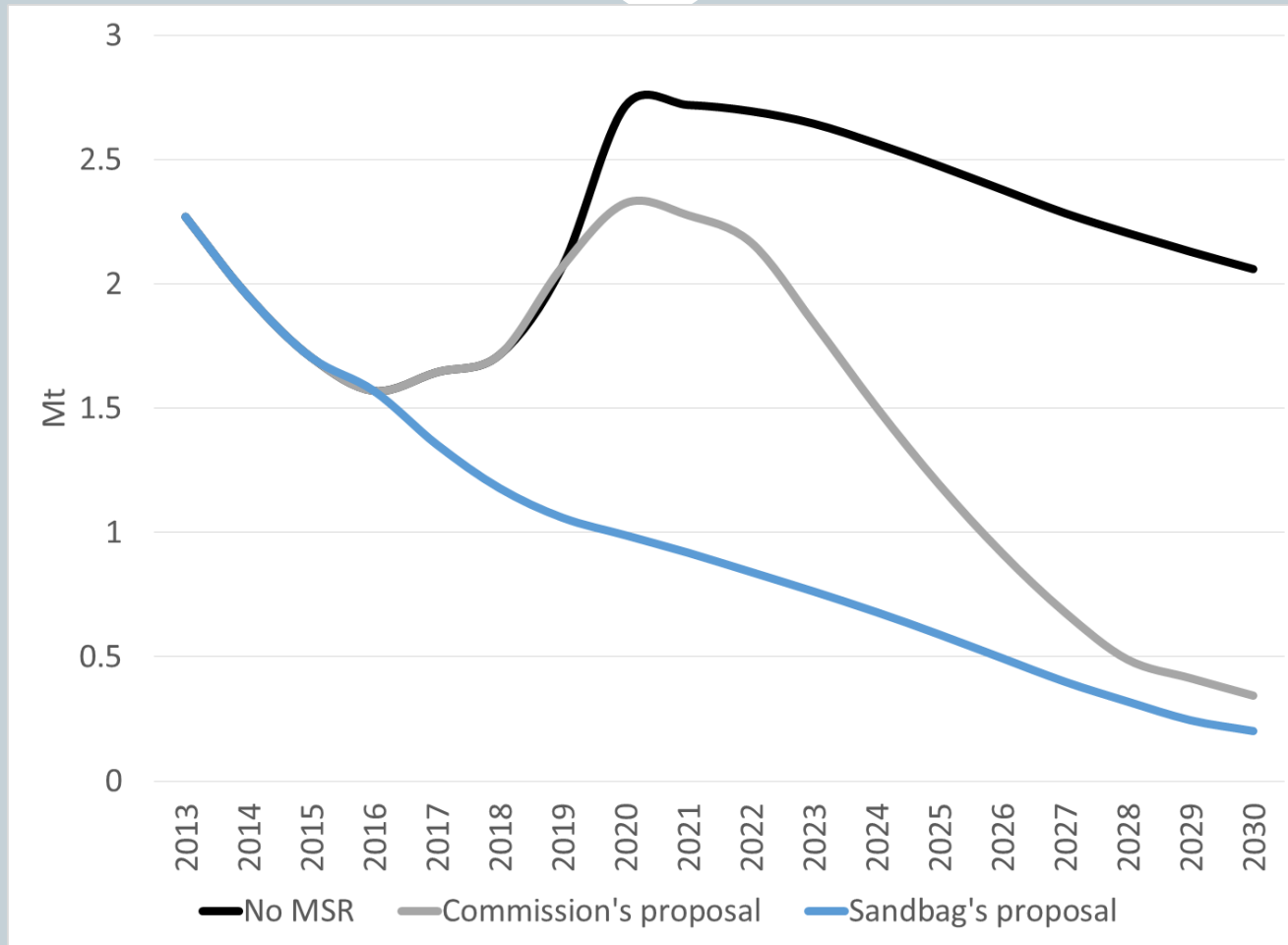
Industry surpluses to 2020 under current CL list



Reference scenario with Sandbag MSR



Comparison of different proposals (vs. Reference Scenario)

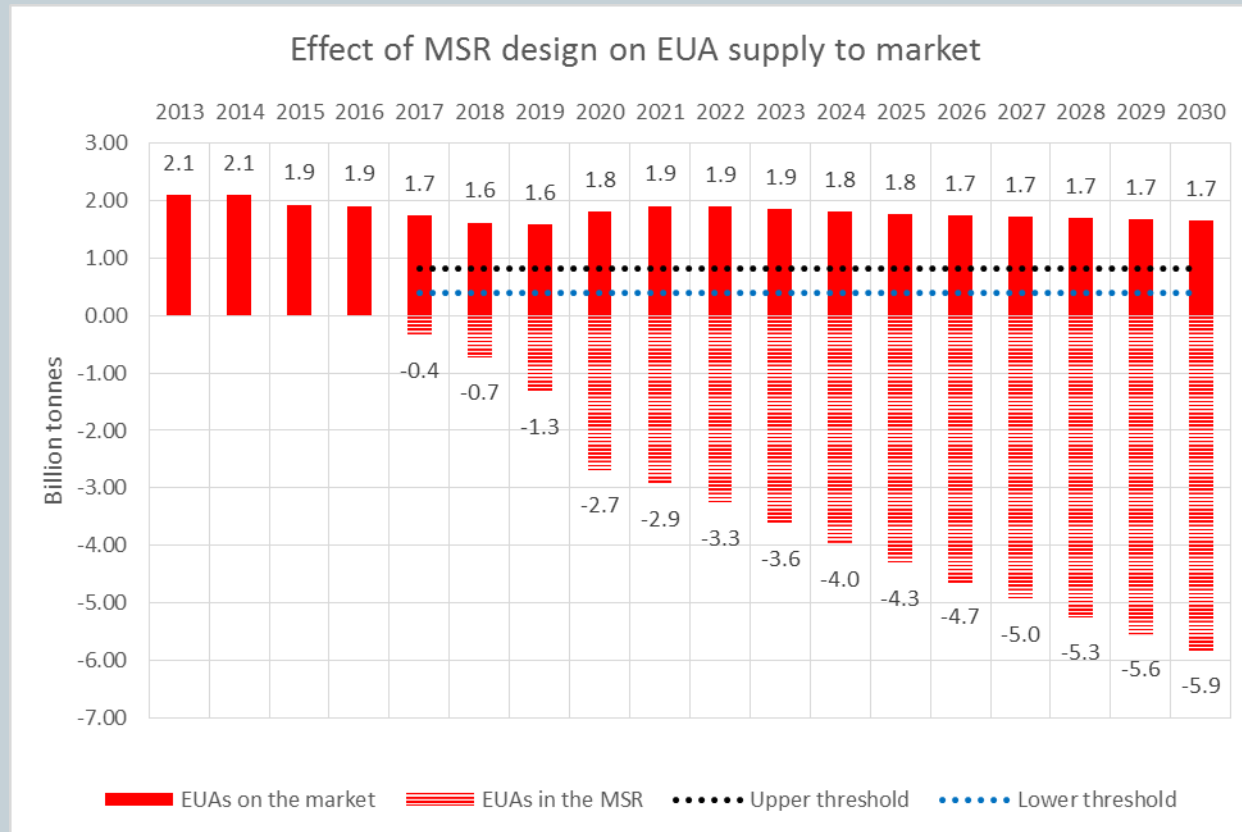


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- Email me at: damien@sandbag.org.uk

Sandbag “current policies” scenario with Sandbag MSR



Comparison of different proposals (vs. Sandbag scenario)

