

## EU ETS: Parliament vote on Market Stability Reserve opens the door for rapid agreement, but could be more ambitious

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Today, the European Parliament's ENVI Committee adopted its report on the proposal to strengthen the EU Emissions Trading System (ETS) through a market stability reserve (MSR). MEPs decided that the MSR should be operational by 31 December 2018; backloaded allowances should be transferred into the reserve, while 300 million unallocated allowances should be gradually made available to break-through industrial innovation projects. On this basis, the ENVI Committee decided to give rapporteur Ivo Belet (EPP) a mandate to begin negotiations with Council.

Commenting on the vote, EURELECTRIC Secretary General Hans ten Berge said: *"The result of today's vote is mixed. The decision to transfer the backloaded and unallocated allowances into the reserve is a very good one as it lowers the risk of future price shocks. But this promising signal is undermined by other elements, in particular the choice to establish the stability reserve only in 2019. If this date is confirmed by Council, the current oversupply will only be eliminated around 2023 – eight years from now. This is too late: stronger action is needed to generate a carbon price that is relevant to companies' decisions today. We therefore urge policymakers in Parliament and Council to rethink as negotiations continue and agree to establish the reserve in 2017. This will show the carbon market – and international observers – that the EU remains committed to a long-term strategy of driving cost-effective emission cuts through a strong ETS, in line with the EU's 2030 climate and energy package agreed by the European Council in October."*

EURELECTRIC last week joined forces with 70 companies and business associations to co-sign a [letter](#) urging Parliament and Council to rapidly reach an agreement on the MSR, ensuring that the mechanism starts in 2017 and that the 900 million backloaded allowances are immediately transferred into the reserve. We urge the Council to pick up this message in the next phase of the MSR negotiations.

*This article is also available on our [Website](#)*

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