



# EU ETS and 'fit for 55'

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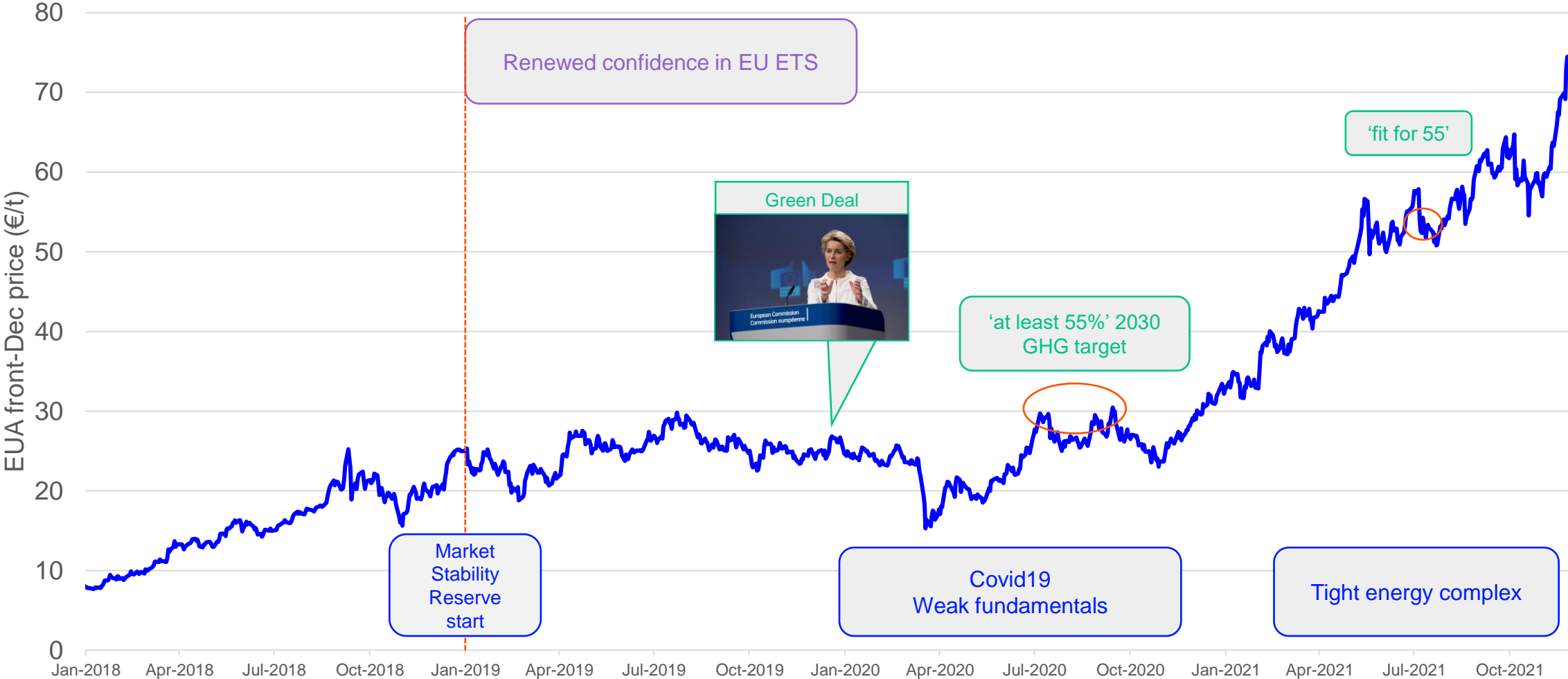
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**An LSEG Business**

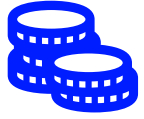
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# Price support from EU's climate ambition

...from €7/t to €70/t in three years



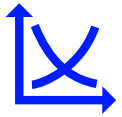
# Emission trading – the desired tool to get to -55%



A high carbon price is providing a price **signal for decarbonization**.

**ETS revenues** in 2021 is EUR 28.3 Billion (+72% from 2020)

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Too high **too soon**?

2021: +130%, November: +31%

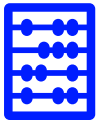
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With the current energy crisis in mind, will policymakers see the current provision for **market**

**intervention** as sufficient?

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In a high price environment, what will be the appetite to strengthen the **Market Stability Reserve (MSR)**?

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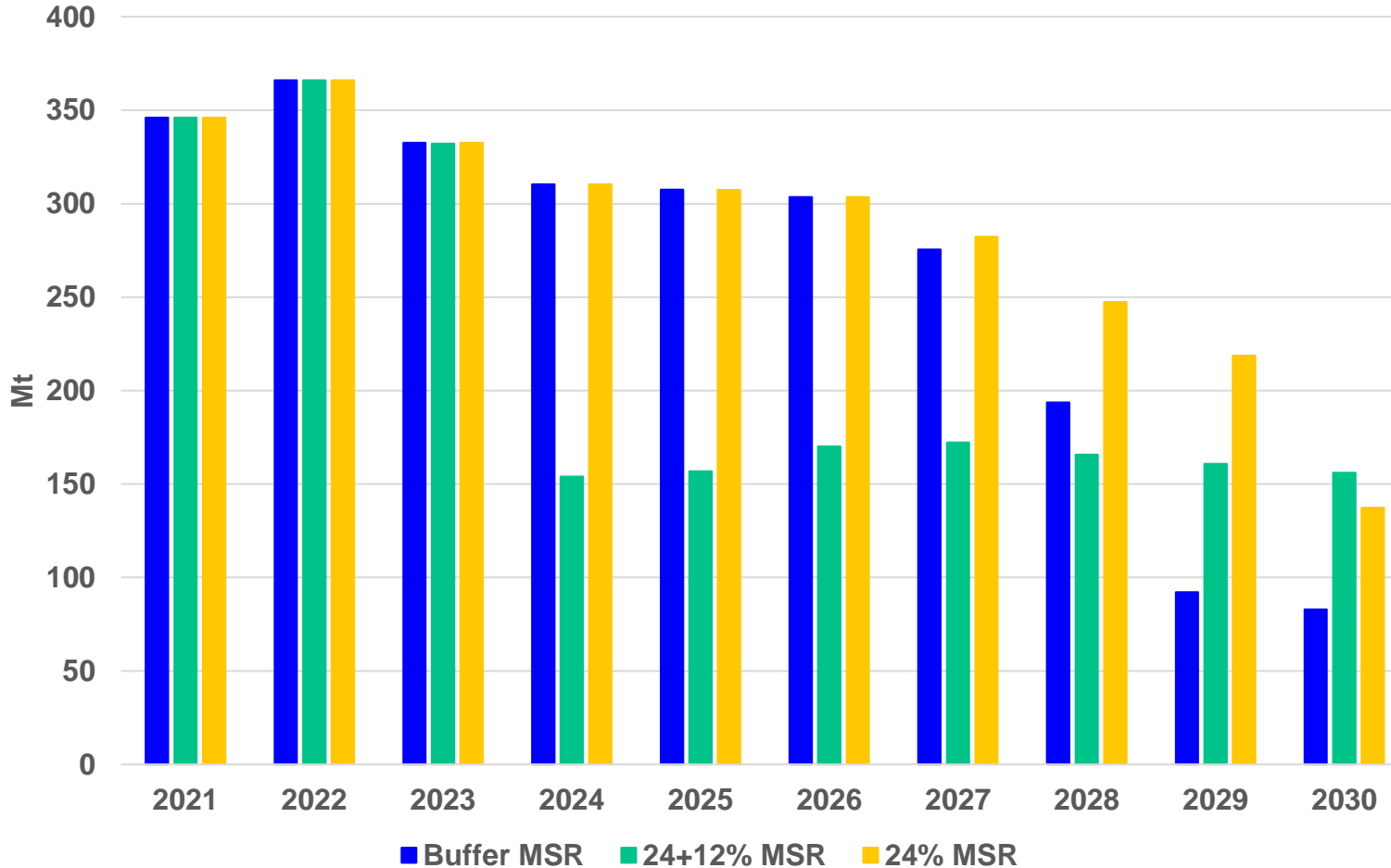


How will policymakers respond to industry worries of a tighter cap, high carbon prices and the proposed gradual **phase-out of free allocation**?



# Market Stability Reserve - still crucial

Annual intake to the Market Stability Reserve



- A stronger Market Stability Reserve is proposed to ensure a balanced market as decarbonisation speeds up
- Buffer MSR: 24% intake rate until market is closer to be balanced, gradual decrease in the zone between 1096 Mt and 833 Mt.
- Intake 20% *higher* than under the current set up (revert to 12%).
- Intake 8% *lower* than with 24% all the way.

# EUA price forecast until 2030

Average €71/t over the 2021- 2030 period

