



Environment Committee backs ETS market reserve, advocates early start

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A draft law to reform the EU Emissions Trading Scheme (ETS), by reducing the surplus of carbon credits available for trading into order to support the price, was backed by Environment Committee MEPs in a vote on Tuesday. They advocated introducing the mechanism early, by the end of 2018, and also proposed preventing the automatic return to the market, from 2019, of a portion of allowances “back loaded” last year in a separate vote.

“This vote sends a strong signal that Parliament is serious about fighting climate change while at the same time bearing in mind the concerns of industry. The reform approved today shows that we can reunite an ambitious climate policy with growth and jobs. The Market Stability Reserve will ensure that CO2 prices spur investments in greater energy efficiency” said Ivo Belet (EPP, BE), who is steering the legislation through Parliament.

“A clear majority of member states share the view of the European Parliament. I am confident we can soon achieve an agreement”, he added.

The proposed law would create a system that automatically takes a portion of ETS allowances off the market and into the reserve if the surplus exceeds a certain threshold. In the opposite scenario, allowances could be returned to the market.

Early start in 2018

MEPs proposed introducing the Market Stability Reserve early, in order to reduce the surplus of carbon credits faster. The reserve would be established in 2018 and take effect by 31 December of that year – instead of in 2021 as proposed by the European Commission.

Add “back-loaded” allowances to reserve

As a temporary fix to support the carbon price, the 900 million credits “back-loaded” from 2014-2016, should not be returned to the market from 2019, as initially foreseen, but placed in the reserve instead, say MEPs.

Energy innovation fund

MEPs propose to invest the profits generated by the auctioning of 300 million allowances in a special “Energy Innovation Fund” designed to help industry’s transition to low-carbon technologies.

Next steps

The committee granted Mr Belet a mandate (57 votes in favour, 10 against and 1 abstention) to start negotiations with member states directly, with a view to achieving a final agreement as soon as possible.

Useful information

- Profile: Ivo Belet (EPP, BE): http://www.europarl.europa.eu/meps/en/28257/IVO_BELET_home.html
- Legislative observatory file: [http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2014/0011\(COD\)&l=en](http://www.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2014/0011(COD)&l=en)
- Committee on the Environment, Public Health and Food Safety: <http://www.europarl.europa.eu/committees/en/envi/home.html>

Press release

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