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Answer given by Executive Vice-President Timmermans
on behalf of the European Commission
(31.1.2022)

The Emissions Trading System (ETS) has in-built safeguards designed to address situations of excessive price fluctuations. The conditions for triggering Article 29a of the ETS Directive¹ have been set by co-legislators. While the conditions for triggering Article 29a are currently not met, the Commission continues to monitor the evolution of the carbon price.

In its Communication on Energy Prices of 13 October 2021², the Commission analysed the reasons for the price increase in the ETS. The carbon price reflects the increased demand for emissions allowances, driven by the economic recovery, expectations related to the EU 2030 climate ambition as well as record gas prices. At the end of 2021, gas prices were on average more than five times higher than a year ago. High gas prices lead to an increased use of coal and consequently higher demand for emission allowances.

The same Communication presented a toolbox of measures that Member States can take to mitigate the impact of the current energy price rises on households and firms. For example, the Member States can use the higher revenues generated under the ETS to support vulnerable citizens. The total revenues generated under the ETS in 2021 amounted to almost EUR 31 billion.

The current situation shows that the energy transition should take place sooner rather than later, increasing the EU's autonomy and reducing its dependence on imported fossil fuels from international suppliers.

¹ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275 25.10.2003, p. 32).

² Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, "Tackling rising energy prices: a toolbox for action and support" of 13 October 2021, COM(2021) 660 final.