

The State of the EU ETS

Date: January 29, 2016

Time: 09:30 – 16:30

Venue: CEPS, 1 Place du Congrès, Brussels

Chair: Andrei Marcu

*****Draft Agenda*****
(Speakers are being confirmed)

This meeting aims at taking stock of the “State of the EU ETS”. With the EU’s carbon market now being in operation for more than a decade, and following numerous (ongoing) reform measures, we want to discuss how this regulatory market is in fact functioning.

In November 2015, the European Commission released its “Report on the functioning of the European carbon market” for 2013-14, which it is required to annually, according to the EU ETS Directive. The discussion will cover the report, as well as look at these issues in a broader context.

The meeting will be centred on three topics:

1. Is the system working?
2. Is it delivering what it should?
3. How are various interactions managed?

For each topic, we will have one presentation, followed by comments of three panellists. We then proceed with a moderated Round Table discussion.

09:30 **Registration and coffee**

10:00 **Welcome and outline of the day**

10:05 **1) Does the system deliver?**

This session focuses on whether the system is delivering what it is intended to do as a climate policy tool. Is it delivering the environmental targets? Does it do so at least cost? And is it actually the central instrument in achieving this?

Beyond ensuring environmental integrity, the system should also ensure that the 'polluter pays', while also avoiding preferential treatment to certain technology (technology neutrality). At the same time, there are concerns about maintaining the competitiveness of energy intensive industries. How has the system fared in balancing these concerns?

Speaker: Franzjozef Schafhausen, Director-General BMUB, Germany

Respondents:

Daniele Agostini, ENEL

Damien Morris, Sandbag

Marco Mensink, CEPI

Invitation to the European Commission to react, followed by general discussion

12:00 **Lunch**

13:00 **2) Is the system working?**

This session focuses squarely on the EU ETS as a market mechanism: how is the market functioning and is the system working? Issues to be discussed here include liquidity, volatility, transparency, market participation and financial regulation (MiFID). The idea is also to benchmark the EU ETS vis-à-vis financial markets.

Speaker: Paul van Heyningen, deputy-director Industrial Energy Use DECC, UK

Respondents:

Louis Redshaw, Redshaw Advisors

Ingo Ramming, Commerzbank

Diego Valiante, CEPS/ECMI

Invitation to the European Commission to react, followed by general discussion

14:45 **3) Interactions with the ETS**

In the last session we focus on the various interactions with the EU ETS. This not only includes the issue of overlapping policies with RE and EE targets, but also with domestic policies and economic conditions in MS. On another level, the electricity market design may also influence the behaviour of the ETS and its participants in the market.

Likewise, at the international level there may be interactions through linking provisions, credit usage and the outcome of UNFCCC negotiations (such as COP21) in general.

Speaker: Stéphanie Croguennec, Deputy-Director French Ministry of Ecology, Sustainable Development and Energy, France

Respondents:

Giles Dickson, EWEA

Pavel Řežábek, CEZ

Benoit Leguet, I4CE

Invitation to the European Commission to react, followed by general discussion

16:30 **Wrap-up: Andrei Marcu**