

Allocation of allowances from the New Entrants' Reserve 2013-2020

Updated on 15 January 2020

In the third trading period of the EU ETS, new installations and those that increase their capacity are eligible for free allocation from the New Entrants' Reserve¹. Following such applications, the allowances are allocated to the installations for each year of the entire period as of their start and put in circulation annually.

Table 1 shows the number of applications for allowances from the New Entrants' Reserve as well as the amounts already in circulation and the amounts allocated for these installations the remaining years of phase 3. Table 2 shows the current status of the New Entrants' Reserve, comparing the initial amount and the amount still available.

Table 1: New Entrants' Reserve allowances allocated and put in circulation

| Type of application | Number of installations | Put in circulation in 2013-2019 (in millions) | Allocated for 2020 (in millions) |
|---------------------------------|-------------------------|---|----------------------------------|
| New installations | 428 | 41.8 | 7.1 |
| Significant Capacity Extensions | 568 | 104.0 | 16.8 |
| Total* | 996 | 145.8 | 23.9 |

*Total allowances in circulation or reserved for future allocation for 2013-2020 amount to 169.7 million (=145.8 + 23.9)

Table 2: Current status of the New Entrants' Reserve

| | Allowances in millions | % |
|---|------------------------|------|
| Initial New Entrants' Reserve | 480.2 | 100% |
| In circulation or reserved for future allocation for 2013 – 2020 | 169.7 | 35% |
| New Entrants' Reserve Available² | 310.5 | 65% |

¹ 5% of the overall ETS cap (around 780 million allowances) went into the New Entrants' Reserve for the third trading period. From this initial amount 300 million allowances were deducted for funding innovative low-carbon energy demonstration projects (the so-called NER300 programme).

² The remaining allowances of the third trading period will be transferred into the Market Stability Reserve, out of which 200 million will be used to establish a New Entrants' Reserve for the fourth trading period from 2021 to 2030.

The tables are for information purpose only.