

## MSR Review: Workshop 2 (24<sup>th</sup> of March 2021)

As part of a contract with the European Commission, Vivid Economics organises an expert workshop on the Market Stability Reserve. The Commission is required to conduct a review of the MSR within three years of its start of operation. This review coincides with the planned larger revision of the EU ETS in 2021. This work includes assessment, where relevant, of interactions between the MSR and other planned policies, including the European Green Deal, and their implications for EU ETS functioning. An initial workshop gathered input into the functioning of the MSR, risks, and considerations for development in the future. This workshop will present the initial findings of the Vivid study, as well as opinions by market experts.

**Table 1** Agenda

Time	Topic
9:00-9:15	<b>Welcome</b> (DG CLIMA & Vivid Economics)
9:15-9:30	<b>Summary of the MSR's functioning to date</b> (Katherine Monahan – Vivid Economics) <ul style="list-style-type: none"> <li>• Did the MSR tackle historical supply-demand imbalances?</li> <li>• Has the MSR improved resilience of the EU ETS?</li> </ul>
9:30-9:45	<b>Key market and policy uncertainties and MSR design</b> (Karishma Gulrajani – Vivid Economics) <ul style="list-style-type: none"> <li>• What impact will changes in market behaviour have?</li> <li>• What impacts could changes to other aspects of the ETS or related policies have?</li> <li>• What do market participants think of the MSR?</li> </ul>
9:45-10:00	<b>Q&amp;A on past functioning of the MSR and key uncertainties</b>
10:00-10:30	<b>Options and recommendations for MSR design</b> (Stuart Evans – Vivid Economics) <ul style="list-style-type: none"> <li>• Approach to evidence gathering for the review</li> <li>• What are the design options considered in this work?</li> <li>• What does the analysis imply for the MSR design in the future?</li> <li>• What are the potential impacts of MSR design options?</li> <li>• What risks and uncertainties need to be monitored?</li> </ul>
10:30-10:45	<b>Q&amp;A on options and recommendations for MSR design</b>
10:45-11:00	<b>Coffee break</b>
11:00-12:00	<b>Panel discussion: Reflections on possible MSR design options</b> Presentations by: <ul style="list-style-type: none"> <li>• Hæge Fjellheim, Refinitiv – The evolution of carbon prices under the MSR. What price points is the market considering key milestones for triggering abatement?</li> <li>• Jahn Ivar Olsen, BloombergNEF – The effect of the MSR on market participation in the context of the energy transition. How might hedging and speculation evolve?</li> <li>• Andrei Marcu, ERCST – MSR policy design options in the context of broader EU policy</li> <li>• Marcus Ferdinand, ICIS – Discussion on the MSR's impact under different policy designs, including reflections on ICIS modelling</li> </ul>
12:00-12:50	<b>Q&amp;A on panel discussion</b>
12:50-13:00	<b>Closing remarks</b> (DG CLIMA & Vivid Economics)

## **Workshop participants**

Attendance will be open to members of the general public

### **Presenters (Vivid Economics)**

Thomas Kansy, Director

Stuart Evans, Senior Engagement Manager

Katherine Monahan, Engagement Manager

Karishma Gulrajani, Senior Economist

### **Panelists**

Hæge Fjellheim, Refinitiv

Jahn Ivar Olsen, BloombergNEF

Marcus Ferdinand, ICIS

Andrei Marcu, ERCST

### **Participants from the European Commission**

#### **Expert Advisors (Observers)**

Simon Quemin, Potsdam Institute

Grischa Perino, University of Hamburg

Philip Hardwick, Hardwick Climate Business Limited

Robert Ritz, Energy Policy Research Group, Cambridge University

Luca Taschini, Grantham Research Institute, London School of Economics

Jakob Graichen, Oeko Institute

Johanna Cludius, Oeko Institute

Mark Johnson, Ricardo

Long Lam, Trinomics