

## MSR Review: Expert Workshop 1 (3<sup>rd</sup> December 2020)

Vivid Economics has been commissioned by DG CLIMA to assist with the review of the Market Stability Reserve (MSR) for the EU Emissions Trading System (EU ETS). 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 will include assessment, where relevant, of interactions between the MSR and other planned policies, including the European Green Deal, and their implications for EU ETS functioning. As part of this review, Vivid is seeking expert input into the functioning of the MSR, risks, and considerations for development in the future.

**Table 1** Agenda (times in CET)

Time	Topic
9:00-9:15	<b>Introductions and workshop objectives</b>
9:15-10:00	<p><b>Panel Discussion 1: State of development of the ETS market and outlook</b></p> <ul style="list-style-type: none"> <li>● Discuss the criteria for success for the MSR and key risks faced.</li> <li>● What does it mean to future-proof the EU ETS? What role does the MSR play?</li> <li>● Presentations (10 mins each) <ul style="list-style-type: none"> <li>◇ Yann Andreassen, ICIS</li> <li>◇ Håge Fjellheim, Refinitiv</li> <li>◇ Trevor Sikorski, Energy Aspects</li> <li>◇ Jahn Ivar Olsen, BloombergNEF</li> </ul> </li> </ul>
10:00-10:45	<b>For discussion:</b> <i>How can a robust MSR be achieved through changes to key parameters (TNAC definition, thresholds, intake/outflow rates, invalidation) or other measures</i>
10:45-11:00	<b>Coffee break</b>
11:00-11:45	<p><b>Panel Discussion 2: Options for changes to MSR design and other considerations</b></p> <ul style="list-style-type: none"> <li>● Discuss key channels of impact of changing external and policy environment on the MSR and EU ETS functioning</li> <li>● Presentations (15 mins each) <ul style="list-style-type: none"> <li>◇ Andrei Marcu, ERCST</li> <li>◇ Mark Lewis, BNP Paribas</li> <li>◇ Sam Van den plas, Carbon Market Watch</li> </ul> </li> </ul>
11:45-12:30	<b>For discussion:</b> <i>How will the changes under the European Green Deal interact with future shocks and changing market behaviour, what risks does this bring?</i>
12:30-13:00	<p><b>Key questions to consider for the review</b></p> <ul style="list-style-type: none"> <li>● Discussion led by Vivid Economics <ul style="list-style-type: none"> <li>◇ Easy wins for the MSR design changes</li> <li>◇ Outstanding sources of evidence</li> <li>◇ Key areas of focus for impact analysis</li> </ul> </li> </ul>
13:00	<b>Close</b>

**Workshop participants:**

**Presenters**

Hæge Fjellheim , Refinitiv (Head, Carbon Research)  
Yann Andreassen, ICIS (Senior Analyst, EU Power and Carbon Analytics)  
Jahn Ivar Olsen, BloombergNEF (Head, European Carbon)  
Trevor Sikorski, Energy Aspects (Head of Natural Gas and Carbon Research)  
Andrei Marcu, ERCST (Executive Director)  
Mark Lewis, BNP Paribas (Chief Sustainability Strategist)  
Sam Van den plas, Carbon Market Watch (Policy Director)

**External discussants:**

Daniele Agostino, ENEL (Head of Low Carbon and European Energy Policies)  
Benedikt von Butler, Enviva (General Manager, Germany)  
Karsten Neuhoff, German Institute for Economic Research (DIW Berlin) (Head of Climate Policy Department)  
Imke Luebbeke, WWF (Head, EU Climate and Energy Policy)  
Kenneth Bruninx, KU Leuven (Postdoctoral Researcher)  
Adolfo Aiello, EUROFER (Director, Energy and Climate)  
Henning Hader, Eurelectric (Policy Director)  
Alexandre Affre, BusinessEurope (Deputy Director General)  
Carsten Schirmeisen, LafargeHolcim (Head of Risk Management)

**European Commission**

Hans Bergman  
Polona Gregorin  
Lavinia Teodorescu  
Ruben Vermeeren  
Joao Serrano-Gomes  
Helena Fabra Cadenas  
Marijke Declerck  
Akshay Patki  
Jan Cristoph Nill

**Vivid Economics**

Thomas Kansy, Director  
Stuart Evans, Senior Engagement Manager  
Katherine Monahan, Engagement Manager  
Karishma Gulrajani, Senior Economist  
Andrea Ward Calderón, Senior Economist

**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