



Der Europäische Emissionshandel reloaded – das Marktdesign nach 2020

Strommarkttreffen

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Philipp Ruf, Director – EU Carbon & Power Analytics



The market design post-2020

The big lines and the driving factors

The cap

- Increase of the reduction factor to 2.2% (1.74% previously)
- Larger part of allowances reserved for auctioning
- Flexibility in basic distribution (free allocation vs auctions) of up to 3%
- Still no alignment to 2050 target

Market Stability Reserve

- Doubled intake rate until 2023 (5 years)
- Permanent invalidation of allowances as of 2023

The allocation system

- Reduced allocation for all sectors
- Reduced benchmarks (0.2%-1.55% p.a. dependent on real-life development)
- More recent production data used (rolling 2-year average)
- Revised carbon leakage list

Support mechanisms

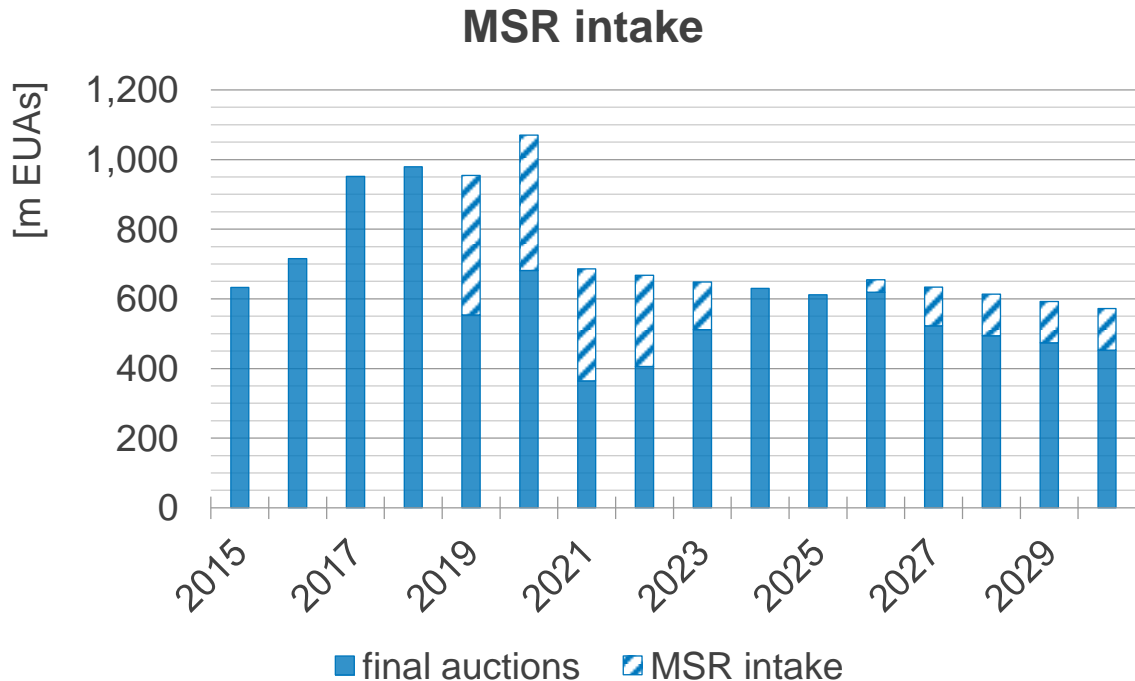
- Innovation Fund
- Modernisation Fund
- Auction solidarity volumes
- Derogation (10c) volumes



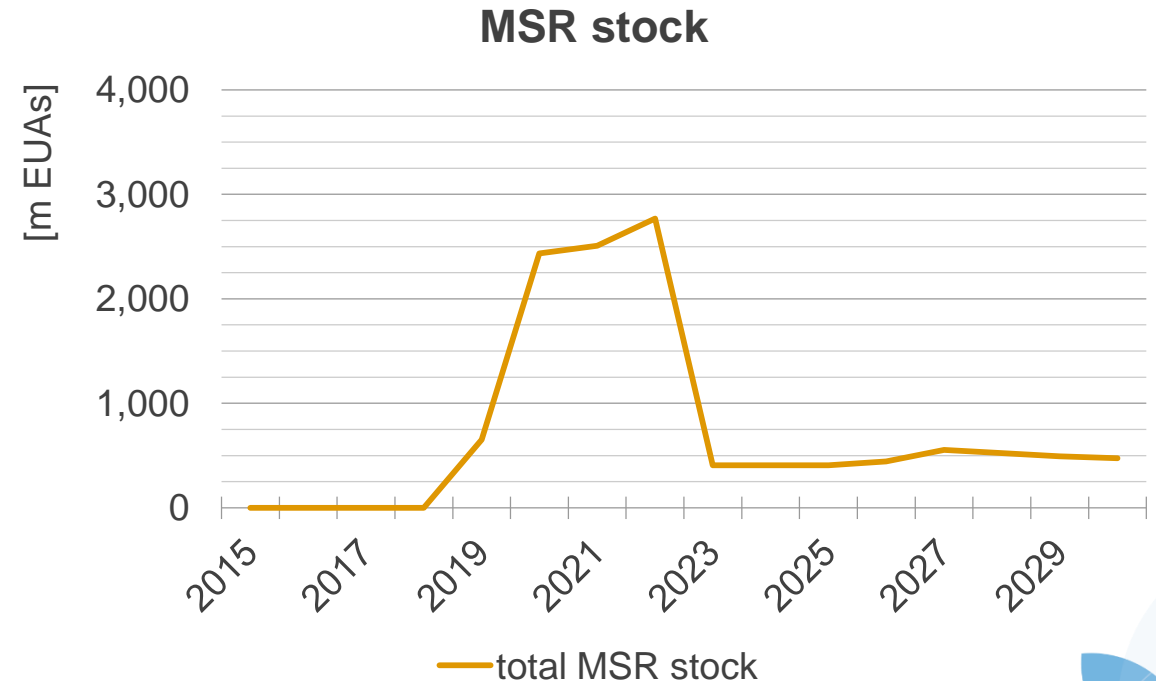
The Market Stability Reserve

The MSR is the key factor to restore scarcity

- Increase intake rate from 12% to 24% for a 5 years

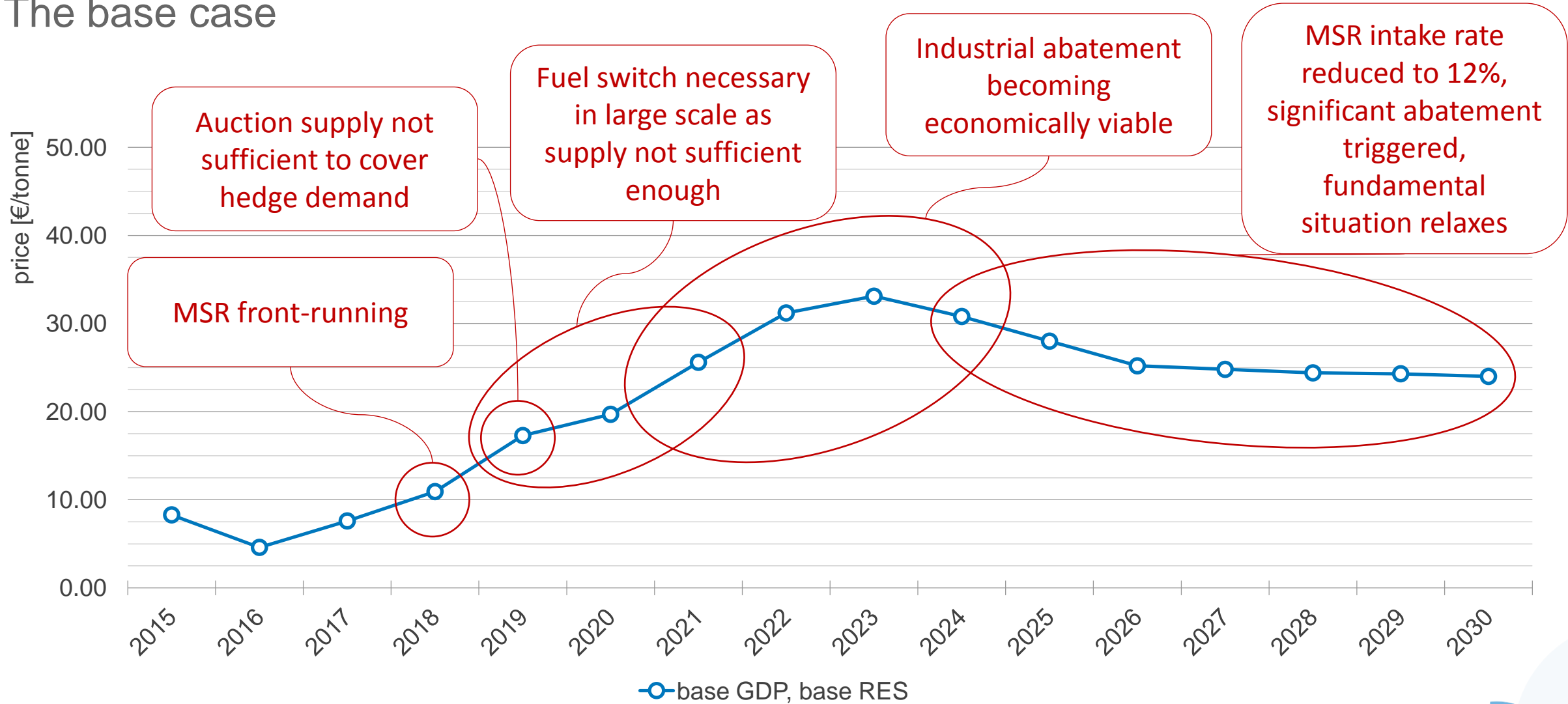


- Yearly invalidation of allowances in the MSR as of 2023



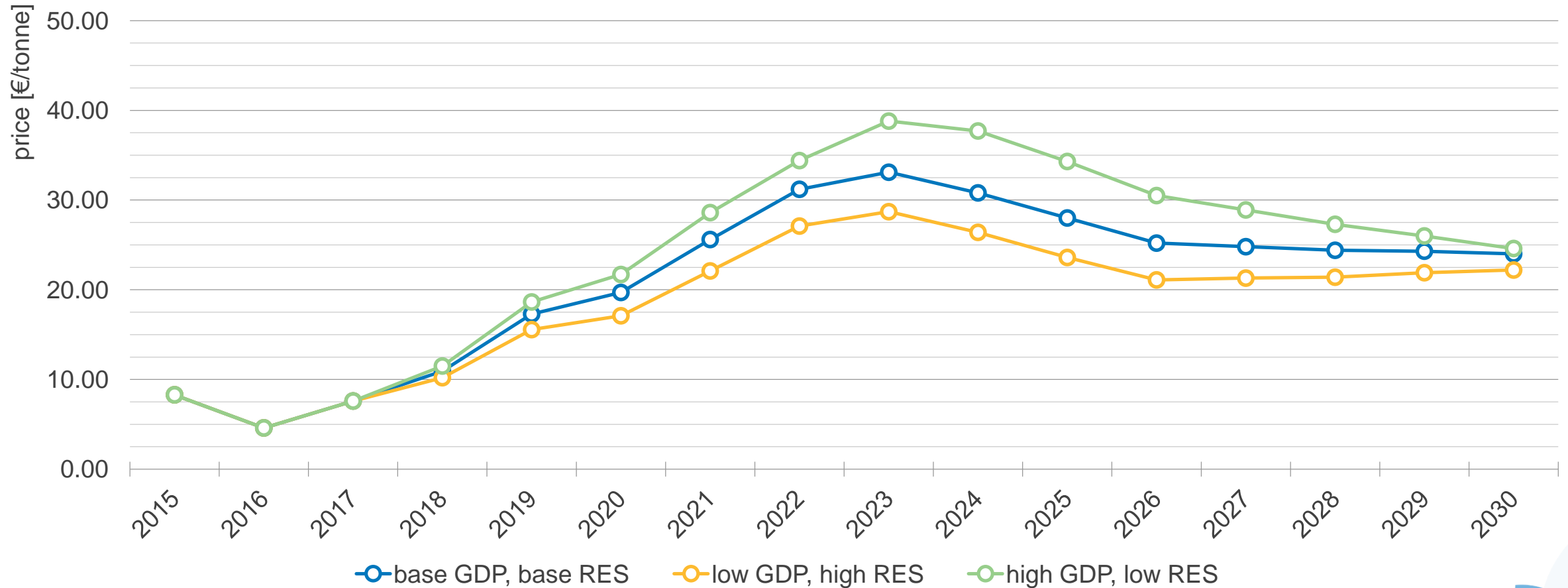
Price forecast

The base case



Price forecast

No single scenario, various factors need to be taken into consideration from macro developments to political decisions





ICIS

Tschach Solutions GmbH
Stephanienstr. 86
76133 Karlsruhe / Germany

direct: +49 (0) 721 205 9629 0

www.icis.com