Revision of the Market Stability Reserve for the EU Emissions Trading System

2021/0202(COD) - 14/03/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 504 votes to 118, with 11 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council amending Decision (EU) 2015 /1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030.

The European Parliament's position at first reading supports the decision’s objective, that is to ensure that the current parameters of the market stability reserve (24% intake rate and minimum quantity to be placed in the reserve of 200 million allowances) are maintained beyond 2023 and until the end of phase IV of the EU Emissions Trading Scheme (EU ETS) on 31 December 2030, in order to ensure market predictability.

The amended text clarifies that maintaining the rate of 24 % in this Decision should be without prejudice to further revisions of the reserve, including, if appropriate, a further revision of the percentage rate for the determination of the number of allowances to be placed in the reserve, as part of the general revision of Directive 2003/87/EC and Decision (EU) 2015/1814 in 2023.

Without prejudice to further revisions of the reserve, the Commission should continuously monitor the functioning of the reserve and ensure that the reserve is kept fit for purpose in case of future unforeseeable external shocks. A robust and forward-looking reserve is essential to ensure the integrity of the EU ETS and to effectively steer the EU ETS so that it can contribute, as a policy tool, to achieving the Union’s climate-neutrality objective by 2050 at the latest and to the aim of achieving negative emissions thereafter.

Lasty, the text stressed that it is even more significant to keep the Paris Agreement's objective of limiting global warming to 1.5°C following the findings of the Intergovernmental Panel on Climate Change in its Sixth Assessment Report that global warming can only be limited to 1.5 °C if strong and sustained reductions in global greenhouse gas emissions within this decade are immediately undertaken.