

Market stability reserve for the EU Emissions Trading System (EU ETS): ceasing the invalidation of allowances

2026/0085(COD) - 15/09/2026 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 367 votes to 240, with 59 abstentions, **amendments** to the proposal for a decision of the European Parliament and of the Council amending Decision (EU) 2015/1814 as regards ceasing the invalidation of allowances in the market stability reserve.

The matter has been referred back to the committee responsible for interinstitutional negotiations.

Under the EU emissions trading system (ETS), as it currently operates, all allowances held in the reserve above a threshold of 400 million are cancelled. The Commission has proposed to end this invalidation mechanism, allowing the allowances to be kept as a buffer to support market stability.

Members wish to maintain the invalidation mechanism and propose that quotas held in the reserve beyond the threshold of **650 million quotas** be considered **invalid from 1 March 2027**. This would allow for:

- ensuring the orderly functioning of the European carbon market and the market stability reserve,
- increasing long-term market predictability and ensuring that allowances are consistent with and contribute to the achievement of the Union's climate objectives for 2040 and 2050, and
- countering the risk of supply and demand imbalances of allowances on the market and in the market stability reserve.