



The MSR: Impact on market balance and prices

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Price forecast: Key assumptions

- 40% GHG reductions → 2.2% cap reduction factor from 2021
- 27% Renewable share on final energy consumption
- No additional credits after 2020
- Market stability reserve implemented from 2021
- GDP growth of 1.7 percent/year to 2020, 1.9 percent/year from 2021-30

Base case: EC proposal



Stability Reserve parameters

Start date	Take out volume
2021	12
% of surplus	

Take out limit
833

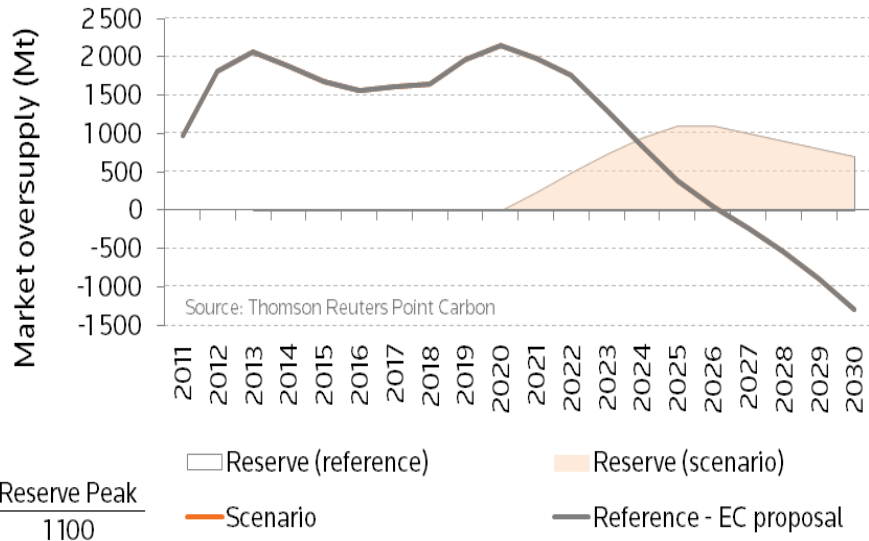
Take out limit (input)	Release limit	Release volume	Article 2
	400	100	Including Article 2
Million tons			

Other Parameters

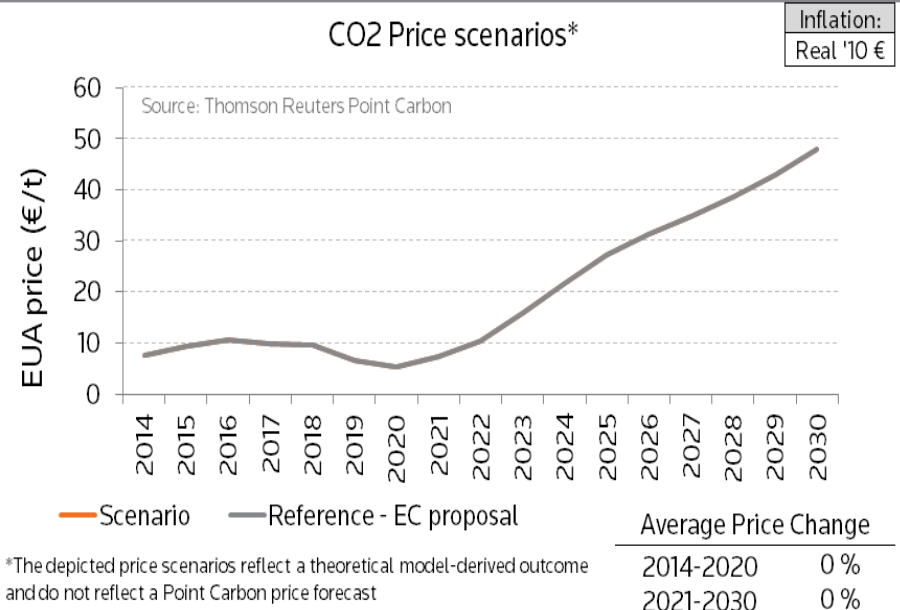
GHG 2030 target	RES 2030 target	GDP
40 %	27 %	Point Carbon base case

Default
<input type="checkbox"/> No MSR Scenario

Market Balance



CO2 Price scenarios*



Early start

Stability Reserve parameters

Start date	Take out volume
2018	12

% of surplus

Take out limit
833

Take out limit (input)	Release limit	Release volume	Article 2
	400	100	Including Article 2

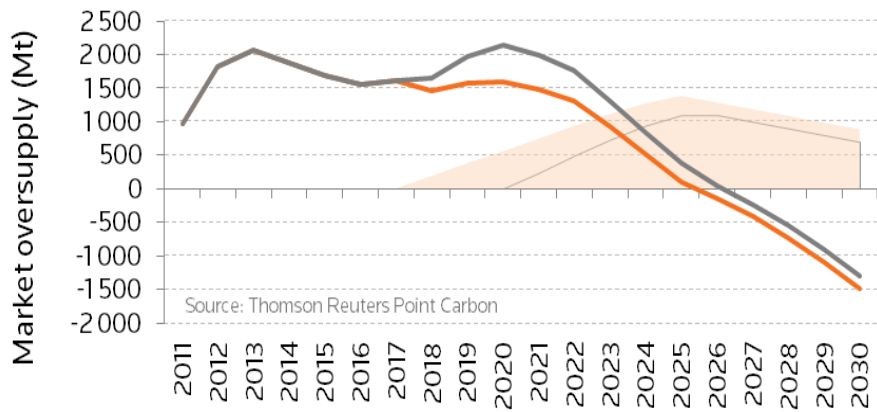
Million tons

Other Parameters

GHG 2030 target	RES 2030 target	GDP
40 %	27 %	Point Carbon base case

Default
<input type="checkbox"/> No MSR Scenario

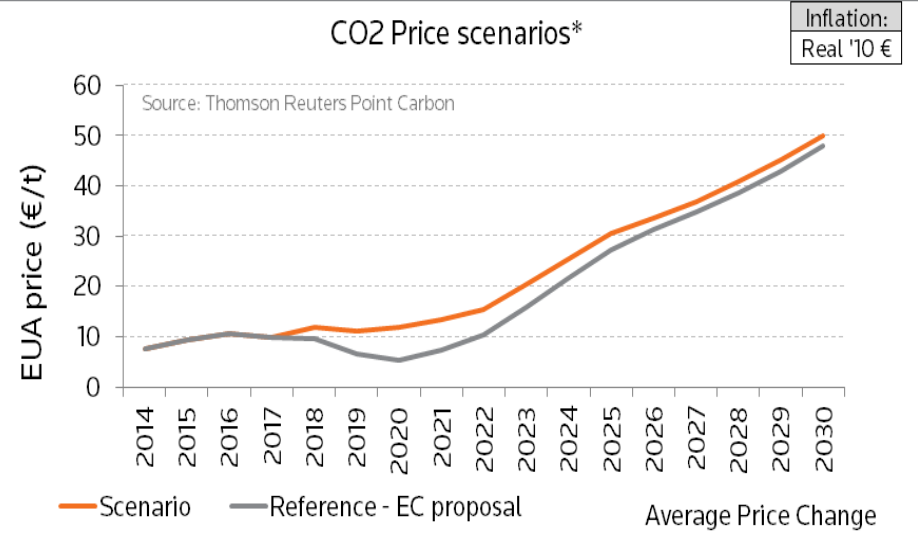
Market Balance



Reserve Peak
1382

Reserve (reference) Reserve (scenario)
 Scenario Reference - EC proposal

CO2 Price scenarios*



*The depicted price scenarios reflect a theoretical model-derived outcome and do not reflect a Point Carbon price forecast

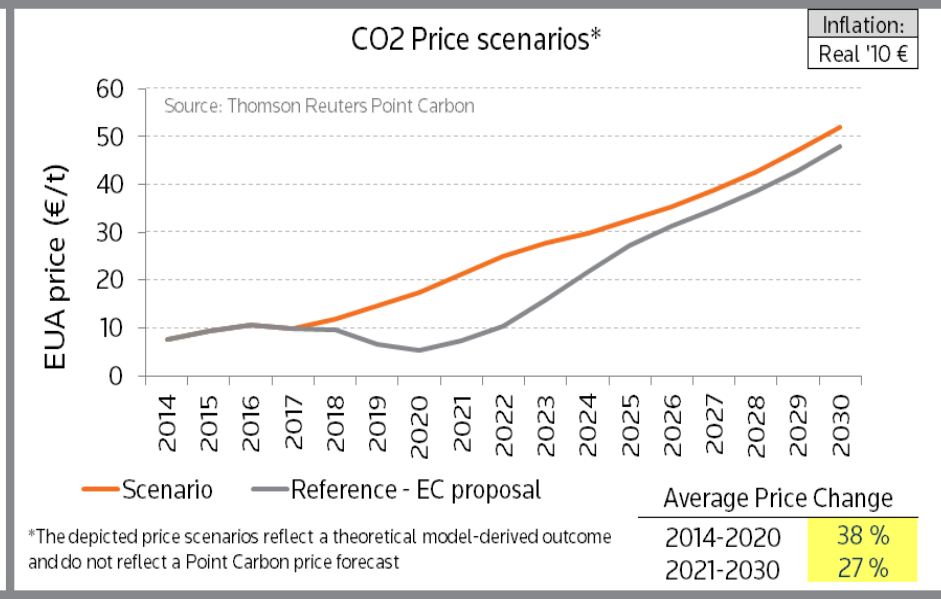
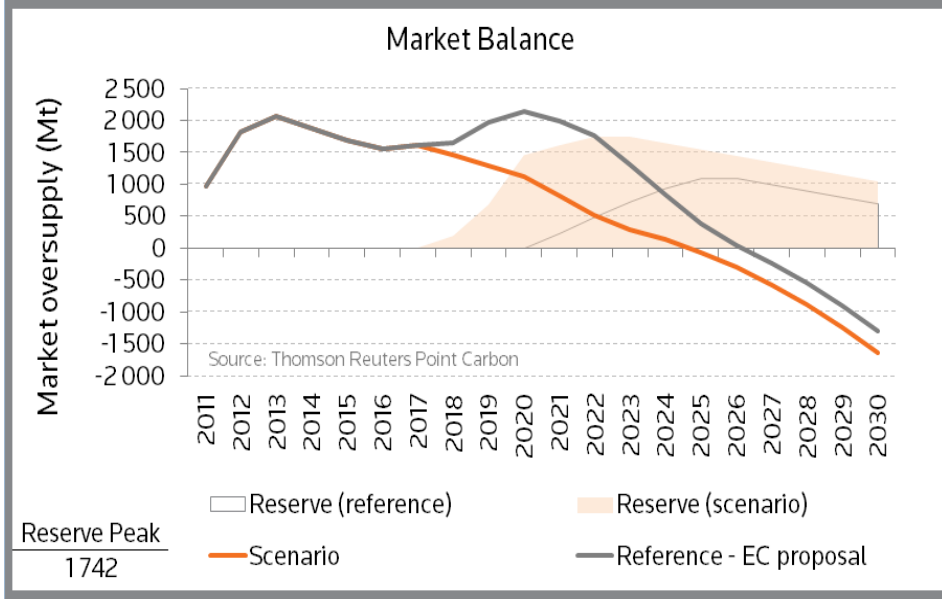
Average Price Change	
2014-2020	23 %
2021-2030	12 %

Early start + transfer BL allowances to MSR

POINT CARBON THOMSON REUTERS Stability Reserve parameters

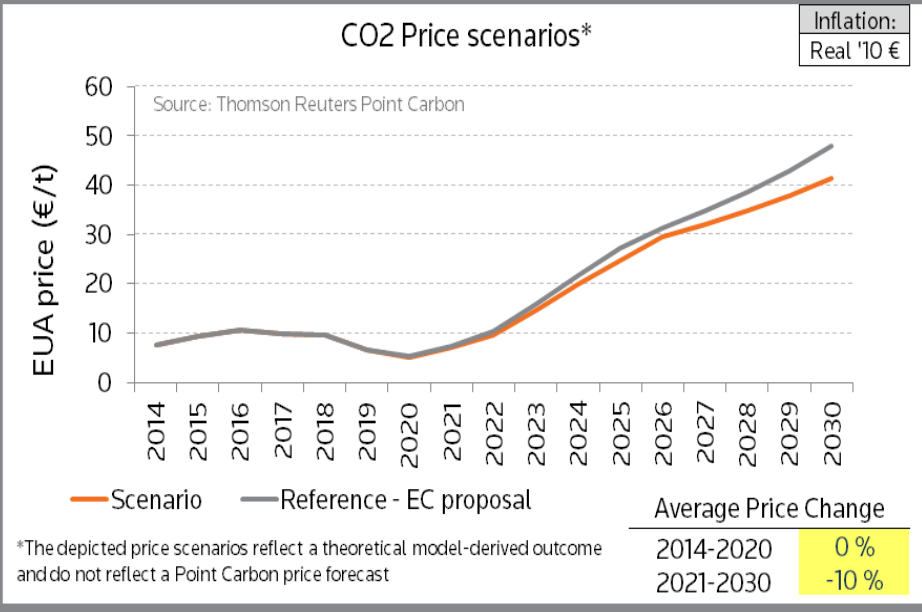
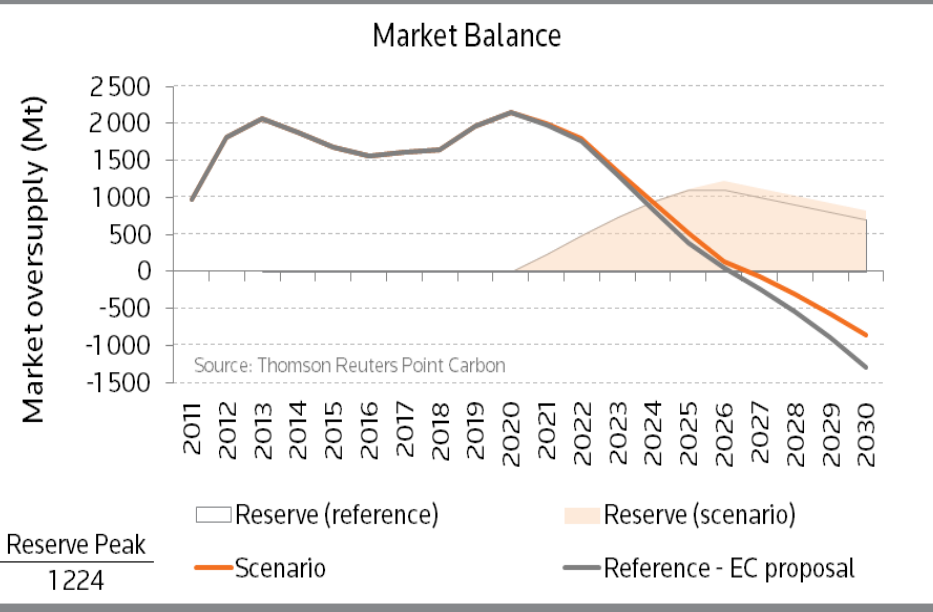
Start date	Take out volume	Take out limit	Take out limit (input)	Release limit	Release volume	Article 2	Other Parameters	GHG 2030 target	RES 2030 target	GDP	Default
2018	12 % of surplus	833		400	100	Transfer backloaded EUAs to MSR		40 %	27 %	Point Carbon base case	<input type="checkbox"/> No MSR Scenario

Million tons



Impact of lower GHG target

POINT CARBON THOMSON REUTERS	Stability Reserve parameters	Start date	Take out volume	Take out limit	Take out limit (input)	Release limit	Release volume	Article 2	Other Parameters	GHG 2030 target	RES 2030 target	GDP	Default <input type="checkbox"/> No MSR Scenario
		2021	12 <small>% of surplus</small>		833	400	100	Including Article 2		35 %	27 %	Point Carbon base case	



Lower GHG target + higher RES target



Stability Reserve parameters

Start date	Take out volume
2021	12

% of surplus

Take out limit
833

Take out limit (input)	Release limit	Release volume	Article 2
	400	100	Including Article 2

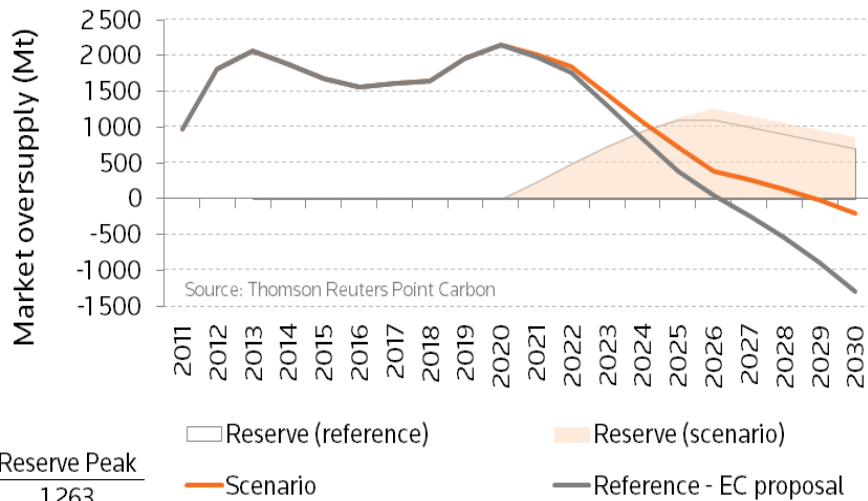
Million tons

Other Parameters

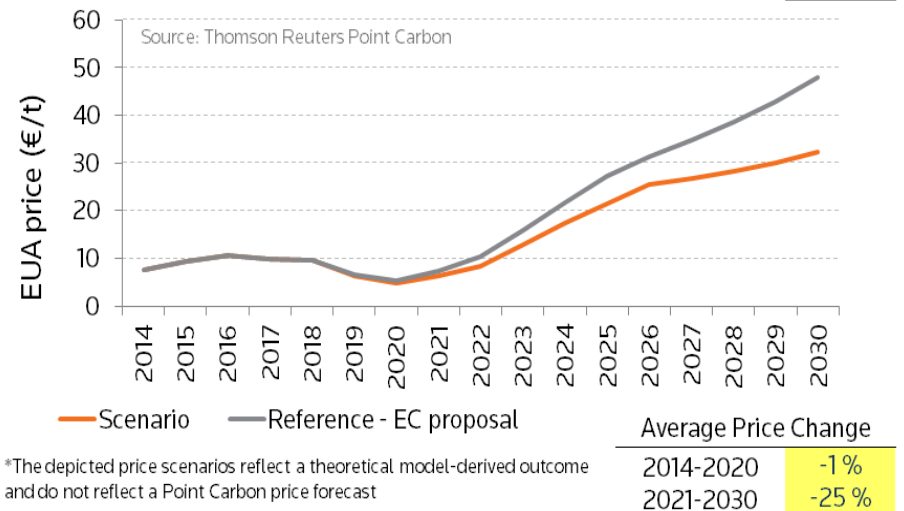
GHG 2030 target	RES 2030 target	GDP
35 %	30 %	Point Carbon base case

Default
<input type="checkbox"/> No MSR Scenario

Market Balance



CO2 Price scenarios*



Without MSR

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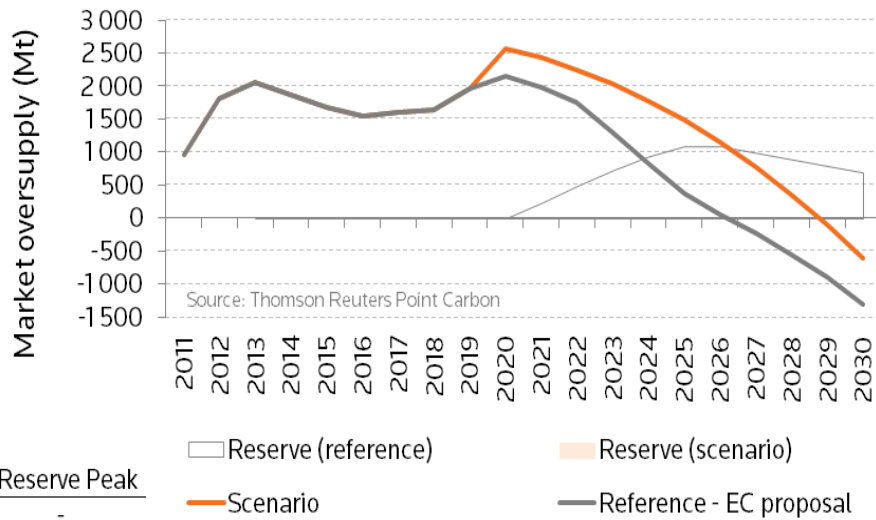
Stability Reserve
parameters

Start date	Take out volume	Take out limit	Take out limit (input)	Release limit	Release volume	Article 2
2021	0	0	0	0	0	Excluding Article 2
	% of surplus				Million tons	

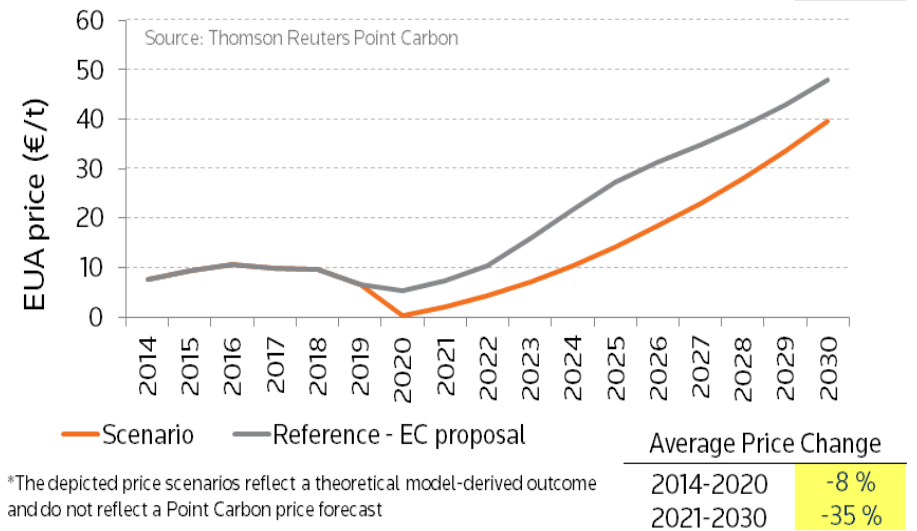
Other
Parameters

GHG 2030 target	RES 2030 target	GDP	Default
40 %	27 %	Point Carbon base case	<input checked="" type="checkbox"/> No MSR Scenario

Market Balance

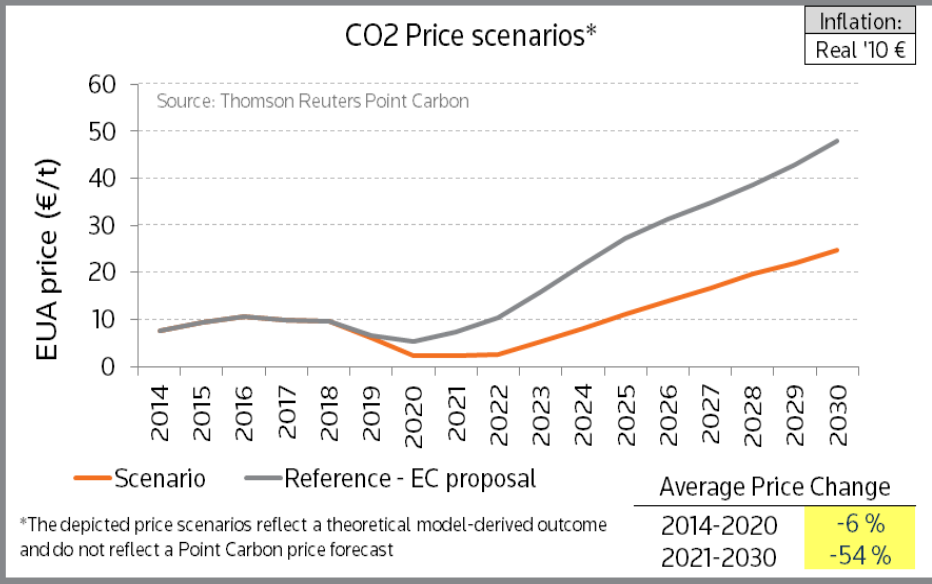
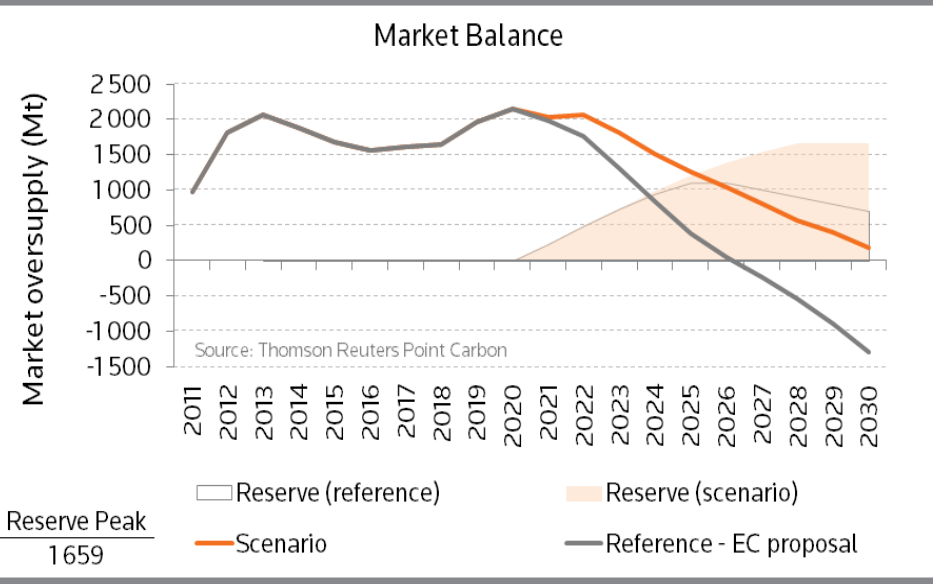


CO2 Price scenarios*



Future demand shock with MSR

	Stability Reserve parameters	Start date	Take out volume	Take out limit	Take out limit (input)	Release limit	Release volume	Article 2	Other Parameters	GHG 2030 target	RES 2030 target	GDP	Default <input type="checkbox"/> No MSR Scenario
		2021	12 <small>% of surplus</small>							833	400	100	



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