



EUROPEAN COMMISSION

*Brussels, 05.06.2014
C(2014) 3616 final*

Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion concerning the proposal for the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC {COM(2014) 20 final}.

The Commission notes the Senato della Repubblica's preference for the measure to be implemented as of 2018 to give the market a signal in the short term. Establishing the reserve as of 2021 will provide necessary regulatory certainty to market participants during the current phase and give them the adequate lead-time before any rule change applies. Yet, an early adoption of the proposal would send a clear signal to market participants regarding the future, and thereby strengthen the market in advance of actual implementation.

Regarding the proposed parameters for the adjustments to the annual auction volumes, there was a comprehensive stakeholder consultation process to determine how much liquidity would be needed in the market; however there is no scientific answer to this question. Ensuring the system can withstand any future demand shocks is vital and the Commission welcomes input as to whether certain adjustments could make mechanism even more robust. Further, the proposal foresees a review of certain parameters – including the threshold values – in 2026 to allow for lessons learned through experience to be incorporated.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council at which your government is represented.

The Commission hopes that these clarifications address the concerns raised by the Senato della Repubblica and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Mr Pietro GRASSO
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