

**Opinion
of the European Union Affairs Committee of the Senate of the Republic of Poland
on the proposal for a Decision of the European Parliament and of the Council
concerning 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**

**adopted on the basis of an opinion of the Environment Committee of the Senate of the
Republic of Poland
at the meeting held on 18 March 2014**

The European Union Affairs Committee of the Senate of the Republic of Poland (EUAC) does not support the proposal for a Decision of the European Parliament and of the Council concerning 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, because:

1. The mechanism of the planned market stability reserve constitutes in fact a mechanism for artificial steering of emission allowance prices, which means that the EU ETS would be deprived of its market nature and would become a quasi-tax instrument.
2. The EUAC is concerned with the way of defining the range values which determine release of allowances from the reserve (400 million) or adding allowances to the reserve (833 million). There are no analyses to suggest that the range values would ensure orderly functioning of the market.
3. Any mechanisms that result in higher prices of emission allowances would negatively affect the financial situation of enterprises, and thus the Polish economy. An increase in operating costs may contribute to moving production outside the EU, to countries which do not impose such stringent environmental protection requirements (so-called carbon leakage).
4. Introduction of the market stability reserve would result in considerable deterioration of the situation of the Polish electricity sector as the fuel structure of electricity generation in Poland is not expected to change significantly by 2030.