



EUROPEAN COMMISSION

*Brussels, 10.3.2022
C(2022) 1113 final*

*Tomasz GRODZKI
Marshal of the Senat
Ul. Wiejska 6
PL – 00-902 WARSAW*

Dear President,

The Commission would like to thank the Senat for its Opinion 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 {COM(2021) 571 final}.

The Commission welcomes the Senat's support, in principle, for a reduction in the number of emission allowances to be placed on the market. In response to the concerns raised by the Senat, the Commission would like to offer the following explanations.

According to the existing rules, the current rate of withdrawal of 24% reverts to 12% after 2023. The Commission made a proposal to maintain the current rate until the wider EU Emissions Trading System revision proposal¹ enters into force. The wider package provides for a withdrawal rate that depends on the level of the surplus.

In the Impact Assessment accompanying the proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC² (in particular, in section 23.3 in Annex 8), the Commission assessed in detail the impact of the Market Stability Reserve proposal on the surplus of allowances in the market, in particular in relation to the setting of the emissions cap. The analysis showed that the Commission's proposal would continue effectively addressing a high surplus level. At the same time, its price path would converge with the price path of the current 12% intake rate, towards 2030. It would also eliminate any threshold effect, which could cause increased market- and price volatility when the surplus is close to the upper threshold of 833

¹ Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757; COM(2021) 551 final.

² SWD(2021) 601 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0601>)

million allowances, all the while allowing for a better control of the surplus, if it becomes too high.

The points made above are based on the proposal presented by the Commission in July 2021, which is currently in the legislative process involving both the European Parliament and the Council.

The Commission hopes that these comments address the issues raised by the Senat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
Executive Vice-President*

*Maroš Šefčovič
Vice-President*