

Carbon market reform to boost EU member state revenues: analysis from Point Carbon team at Thomson Reuters

The earlier the European carbon market is reformed, the more money will flow to national treasuries from the sale of carbon allowances, according to the **Point Carbon team at Thomson Reuters**. Highlights follow below:

- “There is a misconception that the Market Stability Reserve (MSR) will reduce revenues for member states.” said **Emil Dimantchev**, senior carbon analyst at Thomson Reuters. “Market reform will actually bring more money to member states that they can inject back into their economies.”
- Eastern European member states, led by Poland, yesterday voiced concerns in a letter to the European Commission (EC) that an introduction of planned reform of the European carbon market before 2021 will lower national budget revenues from the sale of carbon allowances
- The reform supported by the European Parliament in a vote this week will increase revenues further

Potential total revenues from carbon allowance auctions from 2015 to 2025 in million euros (according to Point Carbon analysis):

Auction revenues by member states from 2015 to 2025 (million euro)					
Revenues in Million €	EC proposal	2018 MSR Start *	ENVI outcome **	2018 MSR Start (vs EC proposal)	ENVI outcome (vs. EC proposal)
Austria	1,461	1,733	2,011	+ 19%	+ 38%
Belgium	2,506	2,968	3,434	+ 18%	+ 37%
Bulgaria	1,879	2,250	2,580	+ 20%	+ 37%
Cyprus	485	572	656	+ 18%	+ 35%
Czech Republic	3,906	4,694	5,421	+ 20%	+ 39%
Germany	21,888	25,973	30,159	+ 19%	+ 38%
Denmark	1,245	1,474	1,703	+ 18%	+ 37%
Spain	7,912	9,349	10,763	+ 18%	+ 36%
Estonia	646	777	896	+ 20%	+ 39%
Finland	1,819	2,155	2,494	+ 18%	+ 37%
France	5,600	6,640	7,696	+ 19%	+ 37%
Great Britain	11,437	13,573	15,766	+ 19%	+ 38%
Greece	4,121	4,899	5,709	+ 19%	+ 39%
Croatia	560	699	848	+ 25%	+ 51%
Hungary	1,405	1,692	1,970	+ 20%	+ 40%
Ireland	962	1,138	1,312	+ 18%	+ 36%

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Revenues in Million €	EC proposal	2018 MSR Start *	ENVI outcome **	2018 MSR Start (vs EC proposal)	ENVI outcome (vs. EC proposal)
Iceland	4	5	5	+ 26%	+ 32%
Italy	9,875	11,702	13,549	+ 18%	+ 37%
Lithuania	413	496	579	+ 20%	+ 40%
Luxembourg	185	217	246	+ 17%	+ 33%
Liechtenstein	1	1	1	+ 26%	+ 32%
Latvia	227	273	320	+ 20%	+ 41%
Malta	172	203	234	+ 18%	+ 36%
Netherlands	3,776	4,486	5,220	+ 19%	+ 38%
Norway	898	1,067	1,241	+ 19%	+ 38%
Poland	10,216	12,283	14,192	+ 20%	+ 39%
Portugal	2,449	2,908	3,382	+ 19%	+ 38%
Romania	3,170	3,796	4,374	+ 20%	+ 38%
Slovakia	1,614	1,924	2,207	+ 19%	+ 37%
Slovenia	607	722	842	+ 19%	+ 39%
Sweden	922	1,095	1,274	+ 19%	+ 38%
Total	102,360	121,765	141,082	+ 19%	+ 38%

Numbers are expressed in real euros (inflation does not affect the estimates)

*2018 start scenario assumes the MSR is designed as proposed by the Commission but introduced in 2018 instead of 2021.

** ENVI outcome reflects the position of the Parliament's Environment committee reached on 24 February

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