FLORENCE SCHOOL OF REGULATION

ROBERT SCHUMAN CENTRE

Balancing carbon markets: design options and trade-offs in price-based supply adjustments

FSR Online debate

28 October 2025

www.eui.eu

Programme

- 14:00 – 14:10 **Introduction, context & insights**
  Simone Borghesi & Marie Raude

- 14:10 – 14:45 **Panel debate**
  Florent Le Strat | Électricité de France (EDF)
  Dallas Burtraw | Resources for the Future (RFF)
  Jean-Yves Benoit |Quebec Ministry of the Environment - DG Carbon Regulation and Emissions Data
  Haege Fjaelheim | Veyt

- 14:45 – 15:00 **Q&A with the audience and wrap-up**

Balancing carbon markets: the EU ETS and the MSR

Market balance essentials

- Reflect scarcity, avoid volatility
- Adjust supply → stable prices, credible signals

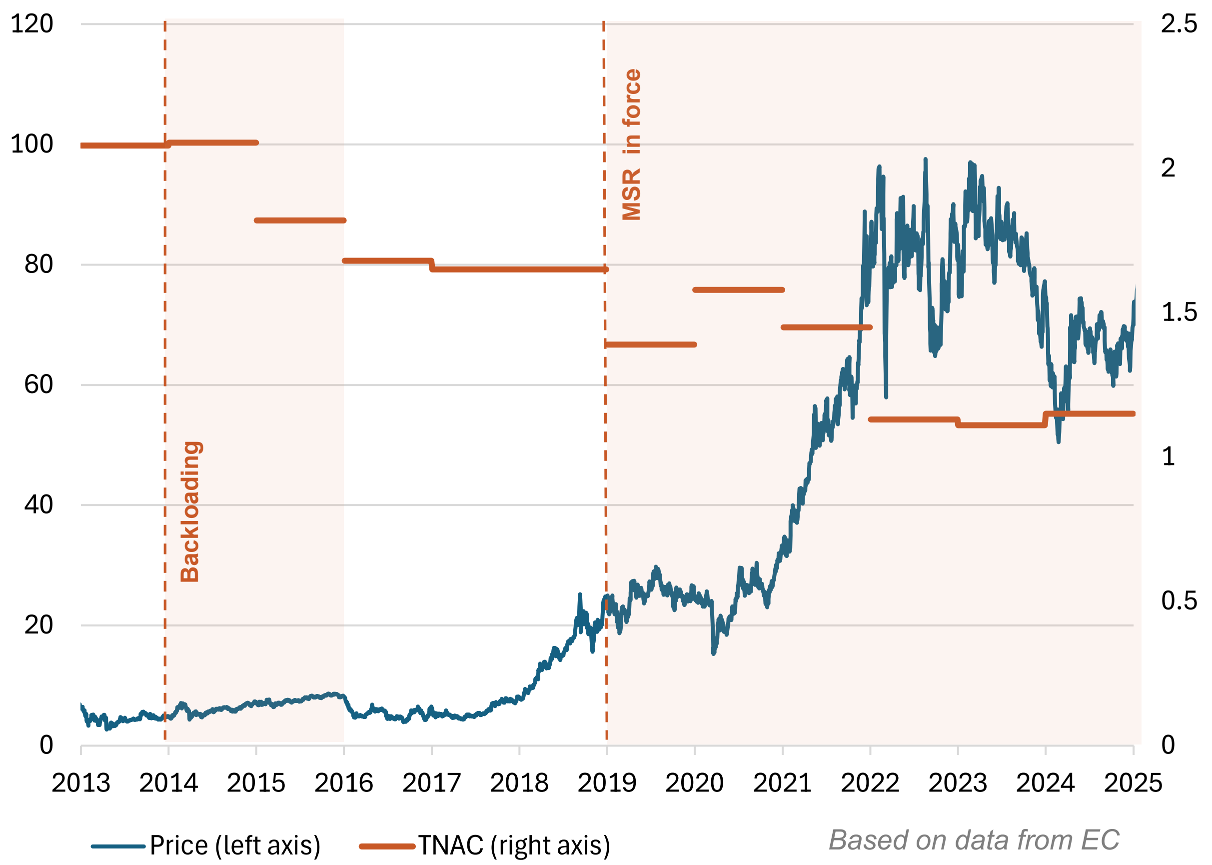
EU ETS tools

- Backloading → MSR
- *Quantity-based* (via TNAC) adjustments

Impact & limits

- Cleared surplus, restored price confidence *(Borghesi et al., 2023)*
- Lagged, backward-looking indicator
- Increasing scarcity = stronger intervention effects
- Responsiveness & transparency under review

Evolution of price (EUR/tCO2) and TNAC (GtCO2)



Based on data from EC

Price-based mechanisms: design options and trade-offs

Global experiences

- NZ ETS, California-Quebec, RGGI (US)

Design Levers

- Price triggers: number, level, trajectory, which price, static vs dynamic (rolling)
- Adjustment rules: frequency, volume
- Governance: transparency, integrity

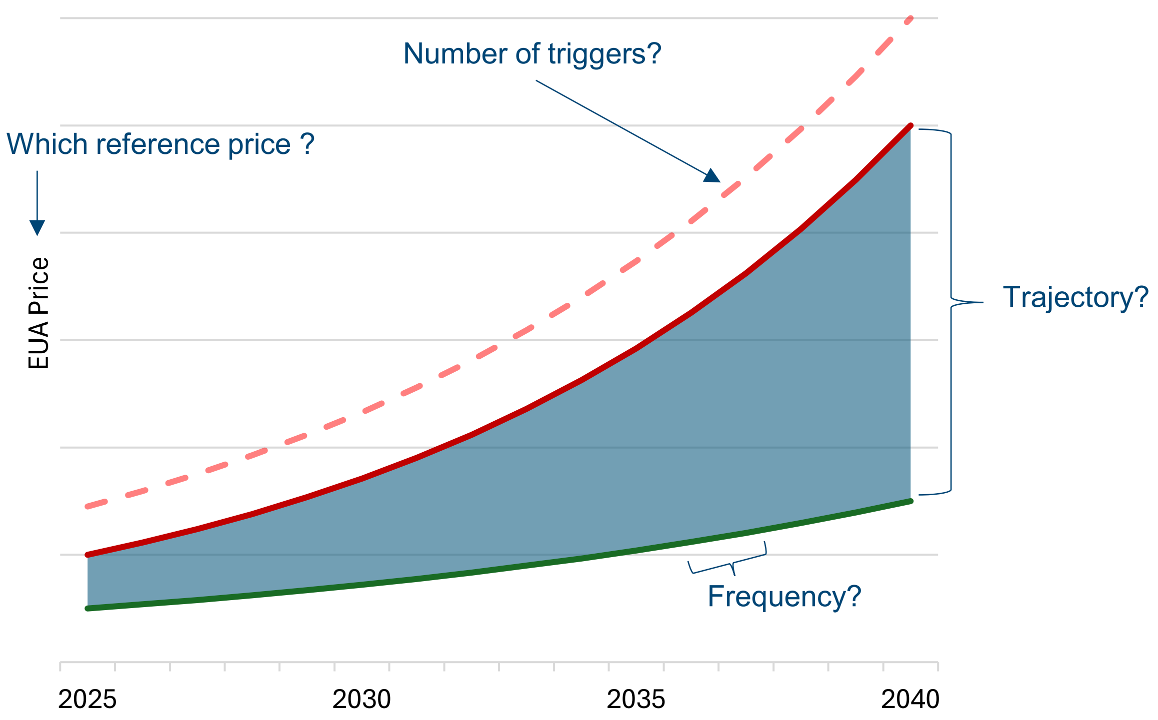
Trade-offs

e.g.,

- Frequent → Volatility, uncertainty
- Rare → delayed response, rigidity

Goal → balance stability & responsiveness

Price-based mechanism design options



Conceptual illustration

Panel debate

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Q&A and Conclusion

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Thank you for your participation!

Any questions or comments, feel free to reach out!

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