European Parliament
2024-2029

TEXTS ADOPTED

P10_TA(2026)0381

Market stability reserve for the EU Emissions Trading System (EU ETS): ceasing the invalidation of allowances

European Parliament legislative resolution of 24 November 2026 on the proposal for a decision of the European Parliament and of the Council amending Decision (EU) 2015/1814 as regards ceasing the invalidation of allowances in the market stability reserve (COM(2026)0153 – C10-0093/2026 – 2026/0085(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

– having regard to the Commission proposal to Parliament and the Council (COM(2026)0153),

– having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0093/2026),

– having regard to Article 294(3) of the Treaty on the Functioning of the European Union,

– having regard to the opinion of the European Economic and Social Committee of 29 April 2026[1],

– after consulting the Committee of the Regions,

– having regard to the provisional agreement approved by the committee responsible under Rule 75(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 28 October 2026 to approve Parliament’s position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,

– having regard to Rule 60 of its Rules of Procedure,

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1 OJ C, C/2026/3560, 22.7.2026, ELI: http://data.europa.eu/eli/C/2026/3560/oj.

– having regard to the report of the Committee on the Environment, Climate and Food Safety (A10-0230/2026),

1. Adopts its position at first reading hereinafter set out[2];

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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2 This position replaces the amendments adopted on 15 September 2026 (Texts adopted, P10_TA(2026)0278).

P10_TC1-COD(2026)0085

Position of the European Parliament adopted at first reading on 24 November 2026 with a view to the adoption of Decision (EU) 2026/... of the European Parliament and of the Council amending Decision (EU) 2015/1814 as regards the invalidation of allowances in the market stability reserve

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

After consulting the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure[2],

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1 OJ C, C/2026/3560, 22.7.2026, ELI: http://data.europa.eu/eli/C/2026/3560/oj.

2 Position of the European Parliament of 24 November 2026.

Whereas:

(1) The Paris Agreement adopted under the United Nations Framework Convention on Climate Change ***(UNFCCC)*** (the 'Paris Agreement') was approved on behalf of the Union by Council Decision (EU) 2016/1841[3] and entered into force on 4 November 2016. The Parties to the Paris Agreement have agreed to hold the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels. ***That commitment has been reinforced with the adoption under the UNFCCC of the outcome of the first global stocktake on 13 December 2023 in Dubai, in which the Conference of the Parties to the UNFCCC, serving as the meeting of the Parties to the Paris Agreement, resolved to accelerate efforts to limit the temperature increase to 1,5 °C and adopted the United Arab Emirates Consensus.***

(2) Decision (EU) 2015/1814 of the European Parliament and of the Council[4] established a market stability reserve in order to address the ***historical surplus that had accumulated in the system for greenhouse gas emission allowance trading within the Union (EU ETS), established by Directive 2003/87/EC of the***

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[3] Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (OJ L 282, 19.10.2016, p. 1, ELI: http://data.europa.eu/eli/dec/2016/1841/oj).

[4] Decision (EU) 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L 264, 9.10.2015, p. 1, ELI: http://data.europa.eu/eli/dec/2015/1814/oj).

European Parliament and of the Council[5]***, as well as to address the*** risk of supply and demand imbalances in the European carbon market and improve its resilience to shocks.

[5] ***Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj).***

(3) ***The*** analysis of the orderly functioning of the European carbon market and the market stability reserve carried out ***by the Commission*** in accordance with Article 3 of Decision (EU) 2015/1814 ***and published on 17 July 2026 as part of the impact assessment on the proposal to revise Directive 2003/87/EC and Decision (EU) 2015/1814*** indicates that ***maintaining a greater number of allowances as a strategic reserve could allow the market stability reserve to serve as a stabilising force during potential supply shortages in the late 2030s and early 2040s and to ensure that the allowances contribute to, and align with, the Union's 2040 and 2050 climate targets.*** In order to increase long-term market predictability, allowances held in the market stability reserve above ***700*** million allowances should no longer be ***valid from the date of entry into force of this Decision***.

(4) The proposal to revise Directive 2003/87/EC and Decision (EU) 2015/1814 includes amendments with regard to dynamic parameters for the upper threshold, lower threshold and corresponding buffers, as well as for the release rate for the market stability reserve. Those amendments should also include an annual decrease of the threshold for the invalidation of excess EU ETS allowances in the market stability reserve to ensure a consistent overall approach.

(5) This Decision is part of the wider EU ETS review which aims to reduce the volatility of the carbon price and mitigate its impact on electricity prices, including related supply chain costs, and on diversion of activities, while preserving the essential role of the EU ETS in the climate and energy transition through a market-based price signal for carbon emissions that drives investment and innovation.

(6) Since the objective of this Decision, namely to allow for a larger number of allowances in the market stability reserve, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale and effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Decision does not go beyond what is necessary in order to achieve that objective.

(7) Decision (EU) 2015/1814 should therefore be amended accordingly.

(8) In order to allow for an expeditious increase to the number of allowances that can be held in the market stability reserve, this Decision should enter into force on the third day following that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS DECISION:

Article 1

Amendment to Decision (EU) 2015/1814

In Article 1 of Decision (EU) 2015/1814, paragraph 5a is replaced by the following:

‘5a. From 2023 until … [the day before the date of entry into force of this amending Decision], allowances held in the reserve above 400 million allowances shall no longer be valid.

From … [the date of entry into force of this amending Decision], allowances held in the reserve above 700 million allowances shall no longer be valid.’.

Article 2

Entry into force

This Decision shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

Done at …,

For the European Parliament	*For the Council*
The President	*The President*