

\*\*\*\*\*Press Release\*\*\*\*\*

\*\*\*\*\*For immediate release\*\*\*\*\*

Sandbag has prepared the following statement in reaction to the Parliament's vote on the Market Stability Reserve today.

**Damien Morris, Head of Policy at Sandbag says:**

*"Now that the European Parliament has agreed to place excess carbon allowances in the Market Stability Reserve it needs to keep them there. Leaked legal text indicates that the Commission has considered taking a significant number of allowances from the MSR to supply growing industries with free allowances. This is breaking open the piggy bank before we've even started saving. Raiding the MSR for free allowances should be a last resort, not an opening gambit."*

**\*\*\*ENDS\*\*\***

Sandbag is a UK-based not-for-profit think tank conducting research and campaigning for environmentally effective climate policies. Our research focus includes the phase-out of old coal in Europe; deep decarbonisation of industry through technologies including Carbon Capture Utilisation & Storage; reform of the EU Emissions Trading Scheme; and increasing ambition in the EU 2020 and 2030 climate & energy packages.

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**Note to Editors**

[1] Paragraph 7 of a [leaked Commission draft of the ETS Revision text](#) indicates that a substantial number of free allowances that weren't issued under the Phase 3 cap because of the application of article 10a(11) will be placed into the Phase 4 New Entrants Reserve, together with **250 million** should be taken from the MSR.

[2] Sandbag supports a more flexible allocation process that increases or decreases free allocation corresponding to significant changes in production; however, we argue industrial growth could be funded through other means without removing allowances from the MSR. A first priority is making the allocation of free allowances better targeted through stricter carbon leakage criteria, updated benchmarks and updated carbon efficiency benchmarks.

[3] Sandbag was among the first organisations to highlight the specific contribution of "unallocated allowances" to the surplus and to call for specific policies to remove them from the market. See [Slaying the Dragon](#) (October 2014) and [CAN Europe position on the MSR](#) (October 2014) which incorporated Sandbag's research on this issue.