Council of the European Union

Brussels, 23 September 2026
(OR. en)

13517/26

Interinstitutional File:
2026/0085 (COD)

CLIMA 475
ENV 1126
ENER 595
TRANS 582
AGRI 694
COMPET 1119
ECOFIN 1209
CODEC 1732

OUTCOME OF PROCEEDINGS

From:	General Secretariat of the Council
To:	Delegations
Subject:	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 - Mandate for negotiations with the European Parliament

On 23 September 2026, the Permanent Representatives Committee agreed on the text set out in the Annex as mandate for negotiations with the European Parliament.

ANNEX

2026/0085 (COD)

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[1]

(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[2],

Having regard to the opinion of the Committee of the Regions[3],

Acting in accordance with the ordinary legislative procedure,

Whereas:

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1 Changes to the Commission proposal are marked in **bold and underlined**, deletions by […].

2 OJ C , , p. .

3 OJ C , , p. .

(1) The Paris Agreement adopted under the United Nations Framework Convention on Climate Change, approved on behalf of the European Union by Council Decision (EU) 2016/1841[4], (the 'Paris Agreement') entered into force in 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.

(2) Decision (EU) 2015/1814 of the European Parliament and of the Council[5] established a market stability reserve in order to address the risk of supply and demand imbalances in the European carbon market and to improve its resilience to shocks.

(3) An analysis of the orderly functioning of the European carbon market and the market stability reserve carried out in accordance with Article 3 of Decision (EU) 2015/1814 indicates that, in order to increase long-term market predictability, allowances held in the reserve above 400 million allowances should no longer be considered invalid **until 31 December 2030. From 1 January 2031 invalidation should not apply to holdings in the Market Stability Reserve below 800 million allowances.**

(3a) The July 2026 proposal for a Directive of the European Parliament and of the Council for amending Directive 2003/87/EC and Decision (EU) 2015/1814 as regards driving competitiveness and cost-effective decarbonisation includes dynamic parameters for the upper threshold, lower threshold and corresponding buffers and the release quantity for the Market Stability Reserve. That amendment should also include an annual decrease of the threshold for the invalidation of excess ETS allowances in the Market Stability Reserve to ensure a consistent overall approach.

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4 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).

5 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).

(3b) **This Decision is part of the wider ETS review 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 ETS in the climate and energy transition through a market-based price signal for carbon emissions that drives investment and innovation;**

(4) Decision (EU) 2015/1814 should therefore be amended accordingly,

HAVE ADOPTED THIS DECISION:

Article 1

In Article 5 of Decision (EU) 2015/1814, the following paragraph is added:

"Article 1(5a) shall […] **not** apply from [insert date of entry into force of this act] **until 31 December 2030**."

With effect from 1 January 2031, Article 1(5a) of Decision 2015/1814 shall be replaced by the following:

"Allowances held in the reserve above 800 million allowances shall no longer be valid."

Article 2

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 Brussels,

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