

Major policies and events

UNFCCC: Kyoto Protocol  
First time legally-binding  
emissions reduction targets set

1997

EU Green Paper  
First ideas on the design of  
the EU ETS proposed

2000

EU ETS Directive

2003

2004/156/EC: to establish monitoring  
and reporting guidelines

2004

EU ETS launched

2005

2007/589/EC: Guidelines for the  
monitoring and reporting

2007

Oversupplies of allowances  
Prices fell to near zero

2008

Global financial crisis  
Kept carbon prices low

2009

2012

2013

Paris Agreement

2015

MSR introduced

2019

The COVID-19 Pandemic  
Depressed carbon prices  
European Green Deal  
EU ETS ambition increased

2020

The Fit for 55 package  
Tightened and faster reduction  
targets with more sectors  
European energy crisis  
Significant influence on prices

2021

2022

New laws adopted and included  
in the Fit for 55 package  
EU ETS revised

2023

Development of the EU ETS**Phase I (2005–2007): -8% vs. 1990 levels**

- Only power generators and energy-intensive industries covered
- Almost all allowances given to businesses for free

**Phase II (2008–2012): -21% vs. 1990 levels**

- Emissions of nitrous oxide included
- Emissions from aviation activities included from 2012
- Union registry replaced national registries
- Share of free allowances reduced to 90%

**Phase III (2013–2020): -43% vs. 1990 levels**

- An overall EU cap set
- Auctioning replaced free allocation as the default method
- More sectors and gases added
- Emissions of PFCs added
- 57% of the allowances auctioned

**Phase IV (2021–2030): -64% vs. 1990 levels**

- Faster reduction of allowances
- MSR to be reinforced
- Better targeted carbon leakage rules
- 57% auctioned