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INFORMATION

From: To:	General Secretariat of the Council Working Party on the Environment
N° Cion doc.:	ST 12073/26 + ADD 1
Subject:	ETS Review: Cap distribution flow chart

Delegations will find attached a flow chart visualising the allowance distribution under the EU ETS phase V from the Commission services, to assist the Council in the examination of the ETS proposals.

Phase V – cap distribution

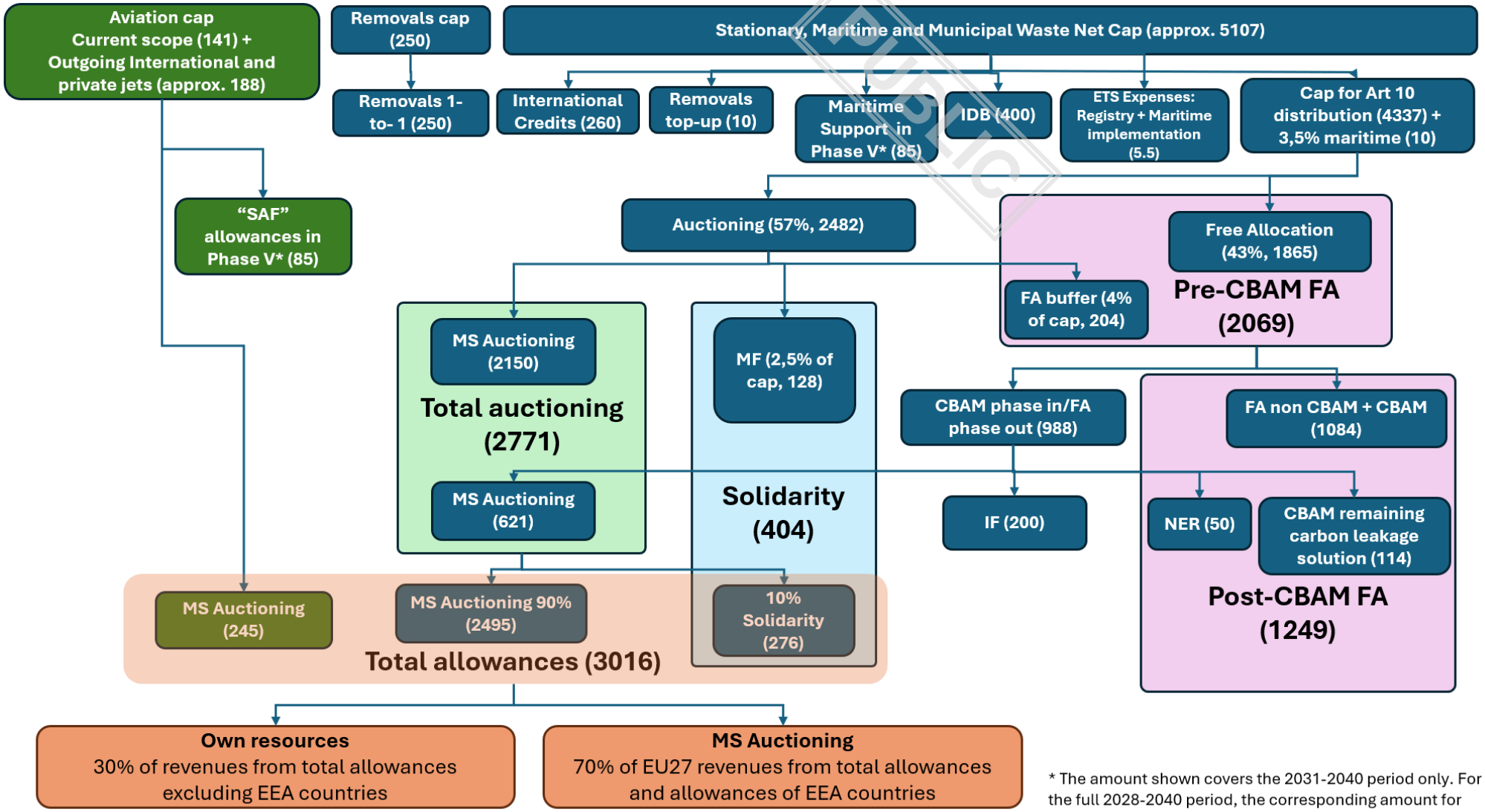
This document provides an **indicative** calculation of how the EU ETS cap and associated allowances could be allocated across the main elements for distribution under Phase V (i.e. the period 2031-2040) based on the Commission proposal for the review of the EU ETS. It illustrates the total carbon budget in EUAs and the allowances available for auctioning, free allocation and investment support.

While the Commission has made every effort to consolidate the available information and develop robust estimates, the figures should not be regarded as definitive. The flowchart provides a simplified, approximate visualisation of elements that are described in more detail in the authentic version of the legislative proposal published on EUR-Lex[1]. All elements remain subject to methodological **assumptions**, evolving emissions data, and the outcome of the legislative process.

The main assumptions and sources of uncertainty are set out below:

- **Aviation total cap:** The aviation cap is calculated separately from the cap covering other ETS sectors, in line with the relevant provisions on cap-setting. The aviation cap includes intra-EEA aviation, private jets and international flights departing from an airport situated in the EEA and landing in aerodromes within a 5,000km radius form the geographical centre of the Union. Uncertainties on the aviation cap extent remain, as this depends on the expected emissions coverage and on the applicable deduction reflecting the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) costs.
- **Maritime cap (offshore and small vessels):** Maritime estimates remain preliminary, reflecting uncertainties around the underlying emissions data, scope and phase-in arrangements. This is particularly relevant for new smaller vessels, which are expected to be covered from 2031, for which actual MRV reporting has not started yet.
- **Indicative split of free allocation:** Free allowances are divided between non-CBAM sectors and CBAM sectors, using an estimated split, based on historical data, of 46.2% and 53.8%, respectively. The exact ratio of CBAM to non-CBAM free allocation is determined bottom-up based on the data reported by installations when applying for free allocation and will only be known when the free allocation for 2031-2035 is calculated.
- **Uncertainty factors:** Certain elements of the Commission proposal are subject to review, for example on the availability of high-quality international credits. The outcome of this review clause can impact the total quantity of the allowances and their distribution integration of the availability.

[1] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2026:616:FIN



* The amount shown covers the 2031-2040 period only. For the full 2028-2040 period, the corresponding amount for support is 110 million allowances.