Council of the European Union
General Secretariat

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Brussels, 28 August 2026

Interinstitutional files:
2026/0210 (COD)
2026/0211 (COD)
2026/0212 (COD)

WK 13109/2026 INIT

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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	ETS Review: Compiled comments from delegations

Delegations will find attached, following the consultation exercise launched after the WPE meeting on 22 July 2026, the compiled comments and questions from CZ, DE, DK, EE, EL, ES, FI, FR, IT, LT, LU, LV, NL, PL, SE, SI and SK.

CZECHIA

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	CZ Could you please provide the cap trajectory, including the (preliminary) absolute LRF and all corrections and deductions from the cap to various purposes (maritime, aviation etc.)? What will be the distribution of deductions defined in the draft only for the whole trading period? Is it supposed to be equal (e.g. does 110 mil. allowances for aviation mean 11 mil. each year?)? CZ In Art. 10 para 1 where deductions from overall cap are listed, following deductions are missing: Art. 3c/6 (28a), Art. 3ga/3, Art. 3ga/4 and 9b. Why is it so? This way it increases auction pot and reduces the Free Allocation pot. CZ Can the Commission confirm that based on the proposed text, the ambition of the ETS1 by 2040 (compared to 2005) is reduction of 85-89 % (our calculation shows 82-85 %) of GHG (depending on availability of 260Mt of international credits? How much of the ambition (by 2040 compared to 2005) is expected to be left for the non-ETS1 sectors to achieve the 85+5% target (by 2040 compared to 1990) as agreed in ECL?
Adjustment of LRF	
International credits	CZ Is the deduction of allowances intended to be auctioned for the purchase of International credits in line with the reporting of emission reductions (e.g. towards the UN), considering the climate targets? Once the allowances are deducted from the cap, they may influence not only the amounts of auctioned allowances, but also the amounts

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	of allowances available for the free allocation, which are de facto costless. Further, the price per 1 t CO2 in the EU ETS may /and most probably will/ differ for the price of the credits. This may break the balance between CO2 reduction achieved in the EU ETS (by using allowances) and the CO2 reduction achieved by the projects generating credits (for instance, if the EUA price would be twice the price of a credit, we could "buy" a 2 tons CO2 reduction for just 1 ton of CO2 covered by EU ETS). CZ 9b: What happens if the international credits would be available but not in full amount (260 Mt)? What happens if the revenues from the 260 mil. allowances exceed or do not cover the 260 Mt international credits? Why is it proposed that if unused, the allowances will be transferred to IDB – why not back to the cap as in case of removals? CZ Will there be further legislative acts for the usage of international credits? If yes, what type(s)? Is the lack of detail and delegation of powers in the article (compared to for example removals) due to the awaited legislation?
Removals	CZ Is it true that 250 mil. allowances for domestic removals will be "added" to the cap, practically not influencing anything else, above all the distribution of allowances, in the EU ETS, provided that the credits are produced in the EU ETS and, therefore, contribute to the emission reduction there?
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	CZ In recital 5 there is a brief reasoning for excluding specific sectors from this adjustment. Could you elaborate further? How would this exclusion be executed technically? Would 2 new sub-installations be created? Would this mean revising the BDR documents or would this change be only in the ALC reports?
Conditionality	CZ The current conditionalities shall not be applicable starting 2031 (according to art. 10a para 3a) – what are the implications for the installations that received part of their FA based on the conditionality? E.g. additional 30% for district heating – does it mean that if they received the additional 30% as they met the conditions set (investments + emission

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	reduction) there is no risk of returning this part of FA? Do these installations need to meet the milestones and targets set for 2030? How would they prove that they met them as the CNR confirming this should be submitted in 2031? What about the milestones and targets set for 2035, 2040, …? Same goes for the worst performers that have established the CNP. Further clarification is needed. CZ If the production is relocated how should the CA get the allowances back? We assume in this case the installation would cease the operation in the EU ETS therefore the possibilities for the CA are very limited. CZ What investments would be eligible for Invest in EU Decarbonisation Plan? How will we prevent double compensation? CZ As the Invest in EU Decarbonisation Plan should not apply to 10% best but the plan shall be submitted together with the BDR, how would this work? What data would be used for determination the 10% best? CZ as the Invest in EU Decarbonisation Plan should not apply to 10% best and also those approved under Innovation Fund, Investment Booster and Industrial Decarbonisation Bank, does that exclude those installations from the requirement of investing their free allocation in the EU? CZ: Art. 10a(3b)-(3d) - Dependency on 3rd party projects (CCUS/CO2 infrastructure). The proposal acknowledges that some sectors have limited possibilities to reduce emissions and maintains stronger protection against carbon leakage for these sectors. On the other hand – do we understand that conditionality is applied to all sectors in the current proposal? And always for a separate period? At a time when an industrial installation depends on externalities like construction of transport infrastructure, storage sites, etc. – it should not be penalized if national/international companies for the transport of captured CO2 do not have the infrastructure finalized, or sufficient storage sites are not identified and built. In situation of the delay: Do we understand well that if the network to which the company would connect and with which it would coordinate the timing of

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	the investment was built in parallel, for example in 2037, the company would automatically lose 20% of free allowances in the period 2031-2036? Or even the remaining 80% if the carbon capture investment plan, which will evolve and be modified with the development of national/international network/infrastructure, were not accepted? CZ: 3b "Operators of installations carrying out activities listed in Annex I shall establish, make publicly available and submit a plan to invest in decarbonisation in the EU ('Invest in EU decarbonisation plan') for the installations for which they apply for free allocation." It is not entirely clear how this provision will be applied in practice. We are not sure whether the required plan applies to individual installations (their activities listed in Annex I of the Directive), or whether the plan can cover the entire operator as a whole (e.g. coking plant vs. the entire steelworks). If the obligation were to apply to each individual activity separately, there is a risk that some sub-installations will not have their own decarbonisation projects, because significant investments will no longer be directed to them (see e.g. coking plants) - they have already been invested, they are not possible or they are not worth it due to the impending decommissioning, etc. It is therefore unacceptable to have an obligation for such individual installations to develop separate decarbonisation plans, or so that they are not entitled to free allocation due to the absence of a plan. CZ: 3b: The requirement to invest 100% of the value of the free allocation. Article 10a(3b) and other provisions on the one hand lead to the interpretation that 100% of the value of the free allocation applies to both the 80% (ex-ante) and 20% (ex-post) allocation, however, it is first mentioned in Article 10a(3b), which only applies to the 80% allocation. Please clarify. CZ: 3d Recognition of investments between affiliated companies Article 10a(3d) allows for the possibility of taking into account investments made at the level of a group of companies. Is this interpretation correct? For example, could a company that invests in large-scale decarbonisation projects itself and exceeds the

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	required investment value corresponding to its allocation also "cover" other companies in the group that do not make significant investments themselves or do not have enough of them?
Exports/CBAM	CZ Why does Art. 10a para 1a mention reservation of CBAM FA EUAs for Art. 10ce, when there is no specific text on numbers or transfer? As the directive mentions the usage of the free allowances that would not be allocated due to the CBAM factor (e.g. for Innovation fund or NER) what would be the baseline to determine those allowances? Will the CBAM factor for free allocation be applied before the application of the CSCF or after?
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	CZ Can the Commission confirm if the legal requirement to spend 100% of revenues (or financial equivalent) on climate purposes is kept and from which year do the new rules apply (only after 2031 or immediately after entry into force)?
Modernisation Fund	CZ What will be the distribution of auctioning of the allowances voluntarily transferred to the Modernisation Fund by member states within the 5th trading period? Will they be distributed equally, same as in the 4th trading period? CZ Why are the parts of the texts in article 10d related to the current Modernisation fund (2021-2030) crossed as deleted in the consolidated version of the text? Why not keep them in the text with distinction of different periods, the same way it is kept in the text for example for benchmarks and their periods?
10% redistribution	
Innovation Fund	CZ What will be the distribution of auctioning of the Innovation Fund allowances within the 5th trading period? Will they be distributed equally? CZ Can the Commission explain why does the new Innovation fund article not include a time reference (for example MF is established for 2031-2040 and IDB and IB also

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	include specific year reference)? Do these changes apply for period after 2031 or immediately after entry into force (presumably 2028)? CZ On the size of the Innovation fund, does the proposal suggest 200mil are allocated to IF for 2031-2040 and additional 50mil allocated in 2028, so for the current period?
Investment Booster	CZ What is the ratio behind the proposal to divide support from Investment Booster by EUA price? CZ When exactly does "the first 18 month of operation" period for start, from which point – entry into force or other? What is the justification to lower the amount from 100 to 60mil for the lower-income countries?
Decarbonisation Bank	CZ Can you explain in details how is the expected target of support from IDB of100 bill EUR calculated? How will better geographical balance be ensured? CZ In Industrial Decarbonisation Bank, will CHPs be eligible for support provided that they supply energy to industrial installations?
ETS DNSH	
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	CZ Why does dynamic adjustment not apply to intake rate as to the thresholds and release rate?
Release	CZ When does the Commission expect first release from the MSR based on their proposal?
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation	

Building blocks / elements	Comments / questions
(Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	CZ Why has point (h) remained in Annex 1, which excludes all flights operated by aircraft with a MTOW of less than 5,700 from the scope of the Directive? Does this exemption also apply to business flights?
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	
Evasion	
Derogations	
IMO alignment	

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Building blocks / elements	Comments / questions
MRV / Fuel EU	
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	
Volume	
Phase-in	CZ: Free allocation provisions (Art. 10a) apply also to waste-to-energy facilities during the phase-in?
Opt-out	CZ: Who is responsible for confirmation of opt-out conditionalities?
Review/Other	CZ: Who is responsible for confirmation of conditions to include landfilling?
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	

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Building blocks / elements	Comments / questions
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	CZ From the IA it looks like that the application of the CSCF would be determined before applying the CBAM factor – is this correct?
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	

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Building blocks / elements	Comments / questions
Linking (Annex 14)	
Other	

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	We thank the Commission for sharing the different proposals and accompanying documents. While we have a general scrutiny reservation, we would like to share our preliminary questions in the following document.
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	• How many Mt CO_2 remain under the cap in the year 2040 including all scope extensions envisaged in the proposal?
International credits	• The difference between a LRF of 1.7% and 2.7.% is approx. 310 mln EUAs. However, more than the 260 mln EUAs are envisaged for buying international credits. What is the reason for this difference? • Have you considered a partial adjustment of the LRF in case that a limited volume of international credits is available? If so, why was this option not pursued? • Please provide additional information on the auction timeline for EUAs to purchase international credits. How do you plan to prevent the release of EUAs that cannot be subsequently be offset by equivalent international credits? • Please provide information on the share of international credits allocated to the ETS 1 (i.e. the 260m intl credits) relative to the total amount of international credits under the future 2040 framework. What is the total amount of international

Building blocks / elements	Comments / questions
	credits under the 2040 framework? How is the relative share allocated to the ETS 1 determined? • Does the EU/COM plan to engage with partner countries ahead of time to ensure that a sufficient amount of high-quality credits are available, also taking into account the time needed to complete the corresponding adjustment? How will the COM facilitate the development of int. credits market before conducting the assessment of the market in 2033? • What credits does the Commission deem high-quality and high-integrity international credits?
Removals	• How will it be ensured that the amount of EUAs auctioned on top of the cap is equivalent to the amount of carbon removals purchased? • What are the assumptions for determining the amount of 10 mln EUAs to bridge the price gap between the ETS and carbon removal credits? • What happens if the revenues from the auctioned EUAs (250 mln + 10 mln) are not sufficient to buy 250 mln carbon removal credits? And are there any fallback plans for the case that the market cannot deliver 250 mln removal certificates? • What are the expected implications of Art. 9c(3) on the market ("The allowances set aside for [the purchase of carbon removals] shall be returned to the [Cap] in the event they are not auctioned for the purposes in paragraph 1 of this Article before 2041")? • Several NGOs have issued a Request for Internal Review on the CRCF delegated act on permanent removals. Will the outcome of this review be reflected in the ETS Review process? • Please provide additional information on the auction timeline for EUAs to purchase carbon removal credits. According to the impact assessment, BECCS is expected to become competitive with EUA prices from 2036-38 onwards. How is this timing taken into account in the auction timeline? Will the purchase of carbon

Building blocks / elements	Comments / questions
	removal credits also only start in 2036? What impact do you expect on national auction amounts? • Why is the possible contribution of biochar not included in the 2034 report by the Commission? • How can the proposal support that the enabling conditions for large scale CDR are in place to provide the amounts envisaged, notably given the restrictions in the current? • How does the Commission plan to establish the same standards for domestic removals to internationally procured removals?
Other	• What is the expected level of ETS emissions in 2040 and its share in total net emissions? • What is the expected yearly cap increase for each scope extension (maritime and waste incineration) in the period 2031 – 2040? • The newly inserted paragraph under Article 9 concerning the phase-in of municipal waste incineration states that the LRF is to be applied to the 36 million EUAs. Should this be read as meaning that the LRF reference value would be increased by 36 million? Or should one assume (analogous to the introduction of maritime transport) that the LRF reference quantity is increased based on a value from before the introduction? For example, a value of approximately 42.3 million, which would result in 36 million EUAs for 2034 if the applicable LRF were applied annually from 2030.
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	**General remarks** • Please provide additional details on the envisioned design of the sector-specific fallback benchmarks after 2030. What specific advantages do you aim to address with this approach? In this context, have you considered treating biomass

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	differently in the calculation of the benchmarks or excluding biomass use from receiving free allocation? If so, why was this option not further pursued? • Have you considered adjusting the benchmark calculation in order to make it more robust and representative for the entire sector? For example, could it be based on production volume rather than the number of installations? If so, why was this option not further pursued? • Have you considered alternative methods of determining the level of free allocation? For example, could a fixed reduction rate be applied to the current benchmark levels until 2040, in order to make free allocation more predictable and foreseeable for installations? If so, why was this option not pursued further? **<u>Fallback Benchmarks for 2026-2030:</u>** • Why are the NACE codes 35.21 and 35.24 not listed as NACE codes classifying installations carrying out oil and gas activities? • Please provide additional information on the timeline for the amendment to the FAR. With regard to the FAR adjustments needed, please explain what heat benchmark do you envision to be used for the correction of heat imports from non-ETS installations; for the calculation of the activity level for hydrogen; and for the calculation of the VCM factor. • How should the recalculation of the allocation be implemented technically? Do changes to allocations resulting from benchmark amendments have to be implemented via an amendment to the NIMs list? Or can the new allocations for 2027 and 2028–2030 be implemented alongside the adjustments based on the ALC reports for 2027? For the German NCA, the second option would be preferred from a technical perspective to ensure the amendment is implemented in a timely manner.
Conditionality	• Please confirm our understanding that if a Invest in EU decarbonization plan was approved by the national competent authority, 80% of free allocation will be

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	provided to the respective installation irrespective of whether the milestones set out in the plan were reached unless production capacities or associated economic activities are move outside the EU. • Please provide additional details with regard to the Invest in EU decarbonization plan, e.g., structure, mandatory information, level of approval needed. In this context, have you evaluated the experience with the application of climate neutrality plans? What are the results of this evaluation? • How could cases be addressed in which a company does not meet its investment goals due to external factors, e.g., if infrastructure is not available or if there are delays with the building of the installation due to external reasons? • Have you considered allowing installations to change their decarbonisation plan within a free allocation period in order to adjust to new market circumstances, such as new infrastructure or low-emission technologies becoming available? • The eligible decarbonisation investments must lead to significant emission reductions in order to qualify as eligible cost. How do you define "decarbonisation investments" and "significant emission reductions"? • Why have you opted for a five-year time horizon for the emissions reduction to be achieved? Were other timeframes considered? • Have you considered making the remaining 20% of the free allocation for an installation available at the time of investment rather than then at the end of the 5 year period? Why did you opt against such a model? • The allocation for an installation may change over the course of the five-year period in accordance with the ALC regulation. How can this change in allocation be taken into account in the decarbonization plan, which must be prepared before the five-year period begins? • Please explain why the exemption focuses on installations receiving funding from the innovation fund and in the future from the industry decarbonization bank.

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	Have you considered recognizing other EU funds or national support schemes as well? • Please confirm our understanding that pools can also submit a join Invest in EU decarbonization plan. What tools are foreseen to help installations forming a pool? If pools are formed across member states, how do you envision cross-border enforcement to work in practice? • Can installations that are exempted from the obligation to submit an Invest in EU decarbonization plan voluntarily take part in a pool? • How do you plan to assess whether an installation has relocated production capacity outside the EU? • Can investments before 2030 be taken into account for fulfilling conditions after 2030? And can investments above the value of free allocation received from 2031-2035 be credited to the next period? • Will the conditionality be reflected in the calculation of the CBAM levy? If so, how? • Have you considered and explored the possibility of linking the proposal for EU decarbonization plans with the Industrial Accelerator Act? Could decarbonization plans under the EU ETS serve as verification anchor for the IAA's provisions (low-carbon and union-origin) and would that be an opportunity to ease implementation of the IAA? • Do you have an assessment of the overall administrative expense caused within firms and national administrations to comply with the conditionalities? • Please explain the assessment behind the share of free allocation that will become conditional. In that context, • Have you considered limiting conditionalities to lower shares of free allocations?
Exports/CBAM	• To what extent is the Commission fulfilling its mandate to present a solution for exporters? • To what extent does the proposed regulation (state aid) ensure that a level playing field continues to exist within the EU?

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	• The proposed adjustment to the CBAM factor would result in CBAM sectors receiving a 15% higher overall allocation of free allowances for the period 2028–2038. Why was a level of 15% chosen for all CBAM sectors?
Other	• (How) will the phase-in of the waste sector be considered in the calculating the free allocation for waste incineration plants or will waste incineration plants receive the full benchmark free allocation for the beginning? • The amended Art. 2(1) allows installations to remain in ETS1 on a voluntary basis for a longer period, even if their total rated thermal input falls below the threshold. However, when decarbonised installations are built to replace existing ones, this does not necessarily take place at the same site, hence a separate permit is required. Please confirm our understand that such new installations if they are below the threshold, would not be eligible for this support. If so, why were they excluded?
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	• Do we understand it correctly that requirement to use 50% of the national revenue for the decarbonization of ETS industries only applies to the national revenue not spend on indirect cost compensation? Do we understand correctly that, overall, the proposals contain no restrictions whatsoever affecting the financing of the aid under Article 10a(6)?
Modernisation Fund	
10% redistribution	

Building blocks / elements	Comments / questions
Innovation Fund	• After 2030 the number of EUAs available to the Innovation Fund will be significantly lower than in the previous phase. What is the reasoning behind the proposed number of EUAs allocated to the Innovation Fund?
Investment Booster	• How (and according to which criteria) will be level of the CO_2 premium be determined? What level of CO_2 premium are you currently predicting? • Have you modelled which sectors are most likely to benefit from the investment booster and to what extent? If so, what were the results? • What basis will be used to calculate the emissions reduction (e.g., a facility's historical emissions or the emissions of a reference facility)? In this context, how can we ensure that particularly emission-intensive facilities do not receive disproportionately large subsidies? • How do you justify that up to 60 mln certificates may be forwarded to the Modernisation Fund, thereby, not contributing to the overall objective of the investment booster to rapidly deploy the funds available to trigger short-term investments? • Why was it the decided to allocate the allowances in parallel to the actual emission reduction? Have you considered other disbursement timelines? • Will CCS transport and storage and H_2-pipelines as well as aviation and maritime operators be eligible for support? • How does the Commission justify the reserved shares for below average per capita member states when it counteracts the principial objective of the investment booster?
Decarbonisation Bank	• Please provide additional information on the auction timeline for EUAs to fund the decarbonisation bank. • Please provide additional information on the envisioned content of the terms and conditions for the decarbonisation bank as well as the options considered for the different elements.

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Building blocks / elements	Comments / questions
	• Have you modelled which sectors and MS are most likely to benefit from the decarbonisation bank and to what extent? If so, what were the results? • How will you decide whether to use a carbon premium or carbon contracts for difference? • What basis will be used to calculate the emissions reduction (e.g., a facility's historical emissions or the emissions of a reference facility)? • Will Aviation and Maritime operators also be eligible for support? • Which agency/institution does the Commission intend to task with the implementation and execution of the IDB? • How shall the IDB ensure, that projects can receive funding with a higher marginal abatement cost? Does the Commission intend to implement technology specific funding windows in the IDB? • Does the Commission intend to use the IDB to fund for national and/or cross-border infrastructure investments? • How will the Commission ensure, that the IDB and other national and European funding instruments that are already available to support industrial decarbonization (Innovation Fund, Hydrogen Bank, Modernization Fund, European Investment Bank and national funding schemes) will reinforce each other? (As intended already with the EU Competitiveness Fund). • What is the Commission's stance on similar national funding programmes and their interaction/cumulation with the IDB? • What is the Commission's intended instrument design for the IDB? • How will the Commission ensure that T&C will appropriately reflect national interests? • Have you modelled which sectors and MS are most likely to benefit from the IDB and to what extent? If so, what were the results?

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Building blocks / elements	Comments / questions
	• What is the Commission's expectation on cross-country distributional outcomes of the IDB as revenues generated from emission intensive locations is channelled to locations with e.g. better renewable energy potential? •
ETS DNSH	
Other	• What is the total number of allowances set aside for national auctioning?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	• Why is the intake rate reduced from 24% to 12%?
Release	
Dynamic adjustment	• Why is the upper threshold (833 Mt) not adjusted in line with the reduced hedging needs indicated in the impact assessment, with the threshold then adjusted linearly from that point?
Other	• Why are the volumes used for fulfilling national ESR targets not included in the TNAC definition? • The calculation of the TNAC shall include the cumulative net demand from aviation from 2024 onwards. Does this imply a retrospective adjustment of previously calculated TNAC values for the years concerned? If so, would this have any impact on the functioning of the MSR, including any intake or release decisions already triggered in previous years?
Group 2 – Sectoral matters	
2.A Aviation	

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Building blocks / elements	Comments / questions
(Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	• What is the rationale for the 5,000 km radius? • How should the 5,000 km be understood in technical terms, e.g., great-circle distance (GCD) or flight plan distance? Do you plan to publish a list of eligible airports? Do you plan to re-evaluated and re-calculated the GCD correction of 95 km in Art. 3(45) of the monitoring and reporting regulation (MRR)? • What impacts on traffic flows does the Commission expect as a result of the proposed extension of the EU ETS to additional international flights, in particular with regard to transfer traffic via third-country hubs (e.g. Istanbul, Dubai, Doha and Abu Dhabi)? • What additional emissions are expected to be covered by the proposed aviation-related amendments? Could the Commission provide a breakdown by the different elements of the proposal (e.g. geographical scope extension, inclusion of additional operator categories)?
Corsia: implementation for 2026-2035 & deduction mechanism	• The prices for Corsia eligible emission units may differ. How was the proposed proxy calculated? Have you considered other approaches to account for differences in price? And how to do calculate the ratio? • The offsetting obligation under Corsia is determined until 30 November each year, while ETS allowances have to be surrendered until 30 September. How do you plan to account for these mismatched timelines in the deduction of the Corsia offsetting obligation? • Are operators required to calculate the fuel burn relevant for the Corsia offsetting obligation on the basis of monitoring method A or B of the ETS directive even if the non-EU operator uses a different Corsia monitoring method (approved by the administering authority of its country of registry)? • Has the Commission assessed the potential implications of the proposed measures for relations with affected third countries and, if so, what were the main findings?

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	Has commission assessed the risk if ETS scope extension could undermine CORSIA implementation between third countries? What would be the impact of global aviation emission not covered through market based measures between third countries?
Support mechanisms	• What is the reason behind setting the new support scheme at 110 mln certificates? How did the Commission assess the appropriateness of the proposed FEETS budget in relation to expected demand up to 2040? • Crosschecking the place of production and feedstock in the Proof of Sustainability record (PoS) requires a functioning union data base (UDB) that includes this information. How do you plan to ensure that the UDB entails this information? How will the feedstock from countries that are linked with the EU-ETS be traced? • Please explain in the detail in which cases you propose no proportionality factor to be applicable, notably also for Non-CORSIA-Operators. • Please confirm our current understanding that the 3 mln allowances for non-CO_2 measures are taken from the 20 mln FEETS allocation. • Please confirm our current understanding of Art. 28a(6) that from 2029 onwards no surrendering obligation on a route is required anymore to claim the support mechanism (FEETS). • Please confirm whether from 2029 onwards, domestic flights to outermost regions would be eligible to receive free allowances (again)? • Does the exclusion of mass balance systems to allocate allowances in Article 3c a) apply to all airports referred to in that subparagraph or only to outermost regions? • What assumptions underpin the Commission’s projections regarding the expected uptake of the FEETS support mechanism up to 2040?
Inclusion of private & business jets	• The definition of a "business flight" is proposed to be linked to the aircraft type. However, based on our current understanding. an aircraft type may not be

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Building blocks / elements	Comments / questions
	operated exclusively for one flight type, e.g., an aircraft may be capable of both air ambulance and business flights. How would such "dual use" be accounted for? • Please confirm that Art. 28a(1)(d) implies that aircraft operators with international emissions below 10,000 tCO_2 are excluded from the ETS from 1 January 2027 until the year preceding the entry into force of the ETS Directive. • Please explain whether, for the purpose of applying the 1,000 tCO_2 threshold under point (k), the CORSIA surrender obligation pursuant is to be deducted from 2029 onwards, such that aircraft operators emitting (not surrendering) more than 1,000 tCO_2 within the EU-ETS per year can also qualify for the exemption under point (k) if the resulting total annual emissions subject to surrender obligation are lower than 1,000 tCO_2 per year. • Please explain, how the administrative burden for the inclusion of smaller aircraft with fewer emissions can be kept as low as possible? Do you have proposals, that go beyond including them in the small emitters tool? • Do aircraft with a maximum take off mass (MTOM) of less than 5,700 kg remain exempt from the regulation? • When determining the emissions of an aircraft operator, are all emissions trading systems of an operator considered cumulatively, including the Swiss ETS and the UK ETS? • Please clarify if the 5,000 km radius applies also to business aviation? • Has COM performed a gap analysis for operators that are in scope of ReFuelEU Aviation but not of ETS and therefore are not able to cover SAF cost through ETS support mechanism?
Derogations	• What is the reason behind the threshold of 15.000 Mt for extra EEA-Airports to be included?
Other	• Please indicate the expansion of the cap in Mt for the extension of the ETS for aviation separately for: 1) lowering the threshold to include private and business

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Building blocks / elements	Comments / questions
	jets from 2027; and 2) the scope expansion to 5000 km Radius (Frankfurt) from 2029 onwards. • Please provide a detailed timeline when each part of the aviation related proposal is becoming applicable (different dates of entry into force for proportionality, new support percentages, full scope for Non-CORSIA operators etc.). • Implementing a book&claim systems needs a functioning union data base (UDB). How do you plan to improve the UDB? Is there an equivalent alternative in case UDB is not fully operational to facilitate a book&claim? • Since the definition of a "commercial air transport" under Art. 3 (p) has been deleted, which definition of commercial or non-commercial aircraft operator shall be used for the purpose of Art. 28a (4)? • Have you assessed whether there is a risk of circumvention by using multiple Air Navigation billing entities/accounts with the sole purpose to fall below the relevant thresholds resulting in an exemption from the EU-ETS? If so, which conclusions were drawn from the assessment? • Based on our current understanding, the new proposed definition for an aircraft operator is either consistent with the definition by ICAO nor with the definition under RefuelEU Aviation. What is the reasoning behind the diverging definition? • What additional administrative burden does the Commission expect for national competent authorities and operators as a result of the proposed changes, and are quantitative estimates available? • Has COM considered to shift yearly reporting obligations for operators in scope of ETS to defuse reporting from other reporting obligations under Fit for 55 e.g. ReFuelEU Aviation to mitigate high seasonal workload for operators and verifiers? • Has COM assessed potential to harmonise reporting between ETS and ReFuelEU Aviation?

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Building blocks / elements	Comments / questions
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	• Under the current provisions, offshore ships of 5,000 gross tonnage and above will fall within the scope of the EU-ETS as of 1 January 2027. Are these offshore ships part of the maritime transport activities that only fall within the scope of the EU-ETS as of 1 January 2031? If so, do you intend to included them in the scope of the EU-ETS throughout the period from 1 January 2027 onwards, or should they be excluded again during the transitional period until 1 January 2031? • Does 'small vessels' include fishing vessels? • What additional emissions are expected to be covered by the proposed inclusion of vessels between 400 and 5,000 gross tonnage? Could the Commission provide a breakdown by vessel category? • What share of total maritime ETS emissions is expected to originate from the newly covered vessel categories?
Top-up of allowances mechanism	• Sustainable fuels to be taken into account for the purposes of free allocation are assigned an emission factor of zero. At the same time, free allocation is linked to voyages for which allowances are required to be surrendered. As the use of such sustainable fuels does not, in principle, result in emissions giving rise to a surrender obligation, please explain how the free allocation is to be determined in such cases. • Have you considered limiting the support only to sustainable fuels and propulsion technologies that require additional investment or technical modifications to the vessel? If so, why was this option not pursued?

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Building blocks / elements	Comments / questions
	• What assumptions underpin the Commission's projections regarding the expected uptake of the SMAP support mechanism up to 2040? • On what basis was the volume of 110 million allowances for the SMAP support mechanism determined? • How did the Commission assess the appropriateness of the proposed SMAP budget in relation to expected demand up to 2040 and how the process for SMAP rule development is envisaged? (by a new ESSF-subgroup?)
Support mechanisms for clean fuels and propulsion	• Assuming that the demand will be higher than the supply, please explain whether the allocation should be entirely based on a first-come-first-serve-basis or whether it should first be equally divided between the relevant years, enabling, e.g., also new entrants to benefit from the support mechanism? • SMAP EUAs will be issued to shipping companies only after their investment has been made/ expenses have been incurred (e.g. for long-term fuel purchase agreements) and data has been submitted in line with MRV requirements. Moreover, if demand is greater than availability of allowances in a given year applicants will face uncertainty regarding the level of support. How has the EU KOM considered the conflicting timelines and how could it be addressed? The outlined support measures focus on the decarbonization of the shipping sector. How was support for decarbonization of port infrastructure considered?
Evasion	• What methodology and data source do you plan use to assess the infrastructure criterion, and how will administering authorities and verifiers be informed of list changes in time for the relevant reporting period? • What impacts on traffic flows and port call patterns does the Commission expect as a result of the proposed anti-evasion measures?
Derogations	• For aviation, search and rescue flights are fully exclude from the ETS scope. For maritime, stops necessary for search and rescue are excluded from the definition of "port of call" but the resulting emissions remain in scope. What is the

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Building blocks / elements	Comments / questions
	reasoning behind the different treatment of aviation and maritime emissions in this context? • How was the criterion of "10,000 TEU and above" for the derogation for containerships in Art. 12 3-g established?
IMO alignment	
MRV / Fuel EU	• What experience with the prior validation of monitoring plans have been made in other member states? What is the reasoning for maintaining this requirement, given that it is not required of other ETS1 sectors? • What is the reasoning behind the two deadlines for submitting the verified emissions report to the flag State (30 April and 31 March)? Have you considered to reconcile them? • Why proposed Article 1d of the MRV-regulation is limited to few ship types (which is not coherent to MAPROL Annex VI, EEDI ship type definitions)? • Ro-pax and passenger ships are newly defined ship types but shall be excluded from ETS in the size bin of 400 – 5000 GT. Does this mean that the reporting obligations via MRV with estimated cost for this by around 3.700 €/per shjp required? • for Article 3 (a) in MRV-regulation it is proposed to include "anchoring" in "at berth" definition. How is it then intended to fulfil on-shore power requirements in particular for container and passenger ships? • Verifiers and/or administering authorities may identify inconsistencies with regard to the monitoring plan. Why does Art. 7(2)(e) of the MRV regulation only refer to verifiers in this context? • Cargo carried is an important parameter for assessing whether the reported fuel consumption is plausible in relation to the cargo transported. Why is this parameter excluded under Art. 11(3)(e) of the MRV regulation?

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Building blocks / elements	Comments / questions
	• Based on our current understanding, the terminology is still not fully harmonized across FEUM, MRV and ETS, e.g., with regard to the definition of shipping company. Have you conduct a comprehensive terminology check? What is the reasoning for the remaining inconsistencies? How do you plan to address them? • If any cost-alignment with an IMO measure is envisaged, how will the point on "responsible entity" be reflected in ETS, MRV and FEUM regulation? • Based on our current understanding, there are different sustainability requirements for biogas and biofuels under FEUM and ETS. For biogas, the FEUM requirements are stricter, as biogas produced from food and feed crops are excluded, whereas for biofuels, the ETS requirements are stricter, as only advanced biofuels are eligible. What is the reasoning behind this differentiation? • Have you considered merging monitoring method A and B in Annex I of the Implementing Regulation (EU) 2023/2449? If so, why was this option not pursued? If retained separately, have you considered options to more clearly distinguish the methods, e.g., with regard to manual readings versus automated measurement systems? • With regard to Implementing Regulation (EU) 2023/2449, what is the reasoning behind the requirement to report on the method used to determine fuel density for bunkered fuel and fuel in tank separately? • With regard to Art. 15(3) FEUM, why is it not specified that ship-specific reports must also be transferred to the verifier through the FuelEU database?
Other	• Can you please confirm whether the maximum of 0.5 million allowances cited in Art. 3ga 4. will be used from entry-into-force of the Directive (2028) or from 2031? • What additional administrative burden does the Commission expect for national competent authorities as a result of the proposed maritime changes, and are quantitative estimates available?

Building blocks / elements	Comments / questions
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	• **In Annex I Point 5** the exemption for municipal waste incineration installations is eliminated. In Annex I the combustion activity excludes installation units used for the combustion of municipal waste. With the elimination of the reporting requirement under the "combustion" activity in Annex I, it is unclear under which activity municipal waste incineration - which must be included in the emissions permit - should be classified from 01 January 2028 until 31. December 2030. Could you please clarify? • **Recital 74** describes, that waste co-incineration installations, which have thus far been fully included in the ETS 1 under the "combustion" activity, should continue to be subject to ETS under the existing activity and should not "revert" to a "phased" surrender obligation as a "waste co-incineration plant" activity starting in 2031. Where is this reflected in the proposed text of the regulation?
Volume	
Phase-in	
Opt-out	
Review/Other	• The inclusion of landfills in Annex I with respect to Art. 14 and 15 appears to apply only to carbon dioxide emissions. Is this intentional? Given that methane is the main greenhouse gas of concern for landfilling, as also highlighted in the explanatory memorandum, could the Commission clarify why methane emissions are not explicitly covered by the proposed MRV requirement?

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Building blocks / elements	Comments / questions
	• The reporting obligation for landfills will apply only from 2031, alongside the inclusion of municipal waste incineration in the EU ETS. Does the Commission consider this sufficient to establish a robust baseline for assessing potential waste shiftingto landfill, or would an earlier start of the reporting obligation be more appropriate? • Did the Commission assess the option of introducing an earlier reporting obligation for landfills, building on the existing permitting and monitoring framework under the Industrial Emissions Directive (IED)? For the purpose of monitoring waste diversion, would the Commission consider a simplified reporting approach—based on waste quantities, waste categories and the degree of pre-treatment, rather than greenhouse gas emissions—to be sufficient?
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	• With regard to Art. 14(a), in the case of synthetic fuels (RFNBO), why do you propose that distributors and not the producers should be covered by the ETS1?
Installations less than 20MW	
ETS as a service	• Has there already been a request by third countries for such a service? If so, what countries have expressed an interest to use ETS-as-a-Service?
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	

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Building blocks / elements	Comments / questions
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	• Does the Commission expect the current proposal to lead to an cumulative oversupply or undersupply of ETS-Certificates until in the period 2031-2040 given your emissions projections?
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	• Please confirm, that you estimate the MSR Reserve to grow to 700 Mio. Certificates, if the invalidation is stopped. • Please explain why a transfer of certificates through the MSR from trading period 4 to trading period 6 is deemed necessary.
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	• Could the Commission confirm how many additional municipal waste incineration installations would be brought into the scope of ETS 1 as a result of replacing the current 20 MW threshold with the proposed 3 tonnes-per-hour (t/h) capacity threshold?

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Building blocks / elements	Comments / questions
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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DENMARK

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	It is hard to evaluate the consequences of a variety of the proposed instruements, without a projections of ETS-emissions to 2040. Could the Commission provide a yearly projection of EU-wide ETS emissions in both baseline (i.e. frozen policy) and in the policy-scenario? At least a projection of EU-ETS emissions in 2035 and 2040.
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	
International credits	Could the Commission provide information on the total estimated number of credits foreseen in the architecture from 2036-2040? Could you provide a yearly projection of the amount of credits to be purchased each year and whether that could correspond to when the EUAs would be sold in ETS? How did you assess the price level and thus number of allowances set aside for international climate credits?
Removals	Could the Commission confirm that operators are able to compensate their fossil emissions with domestic permanent carbon removal units from 2031 or is this also possible before 2031?

Building blocks / elements	Comments / questions
	Will the negative emission buyer facility be able to purchase negative emissions generated from both ETS and non-ETS operators? What has been the Commission's consideration to not let CRCF-credits enter directly into the market and let all ETS-operators be able to buy CRCF-credits and then use them to count towards their EUA surrender? ETS companies are able to produce and use carbon removal units, and by that reducing their emissions (not below 0). Is it possible to sell excess units? In Article 9c para 4 it says '(..) to achieve the equivalent effect of a gradual integration of carbon removals towards the auctioning of 48 million of the allowances referred to in paragraphs 1 and 2 in 2040'. Could you elaborate on these 48 million and how these are phased in? The relationship between an EUA and purchase of negative emissions are stated to be 1:1, but the requirements in CRCF indicate that the net removal is different from gross removals. Could the Commission elaborate on how the different accounting methods in ETS and CRCF respectively is handled? Specifically, what the Commission intends to do with the associated emissions in the CRCF-credits when bought and used under the ETS? In relation to the question above, where will the negative emissions and associated emissions be accounted in the architecture? Could you elaborate on the total expected supply of permanent CDR? And also the expected supply from permanent CDR from ETS-covered operators and non-ETS covered operators respectively? Could you elaborate on the price expectations for BioCCS/DACCS throughout the period?

Building blocks / elements	Comments / questions
	It is stated in art. 9c(1) that the Commission intends to buy an equivalent amount of BioCCS/DACCS for the increased allowances of 250 million (+ 10 EUAs). Does the Commission commit to purchase 250 mio. CDR-units? Could the Commission clarify whether ETS-operators that generates BioCCS also have access to IF and IDB? How could finance from the buyer facility be combined with national public finance or other EU funding such as the IF and IDB etc.? Could an example of a timeline be presented for how different finance sources could be used in relation to the CRCF certificate process and reporting and cancellation etc. in ETS? It is stated that a delegated act will follow to elaborate on the purchase of negative emissions. Is it already decided how the Commission will evaluate which projects and countries to invest in?
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	
Conditionality	The possibility for the plans to be pooled across member states requires collaboration and notifications between competent authorities. How does the Commission envisage supporting this added administrative burden? The volume severely justifies establishing a centralized system to handle free allocation (i.e. expanding the existing reporting platform for competent authorities and the Commission so companies can access it and report everything they need to in relation to free allocation in the system.)
Exports/CBAM	As per the Executive Summary point 5, fourth bullet "*In addition, the phase-out rate of free allocation for CBAM sectors is revised to account for any remaining carbon leakage*

Building blocks / elements	Comments / questions
	risks". Does this remaining carbon leakage risk account for the issue of exports from ETS producers of CBAM goods?
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	It has previously been stated within the Climate Change Expert Group (Auctioning) that the Commission would provide an updated CAP-breakdown for internal use within the member states, similar to the one provided in 2023. When does the Commission expect to share this information and is it possible that a preliminary CAP breakdown including the changes from the ETS proposal could be shared with member states?
Use of revenues	
Modernisation Fund	
10% redistribution	
Innovation Fund	
Investment Booster	
Decarbonisation Bank	It is proposed that the Commission will be empowered to adopt delegated acts as well as other legal documents that will detail the administrative processes associated with the Decarbonisation Bank. What is the expected timeline for these regulations (drafts, adoption etc.). And in case adoption of the delegated act concerning the first phase (Investment Booster) happens later than the expected launch of the first phase, what will be the compensatory measures that shall ensure that potential applicants that would have applied already in 2028 is not disproportionately disadvantaged? Please advise, why there is no "auction as a service" possibility in the IDB phase 1 (investment booster)? What is the timeline regarding the publication of the T&C for the investment booster?
ETS DNSH	

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Building blocks / elements	Comments / questions
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	What are the Commission's expectations as to when the MSR is expected to release allowances to the ETS-market with the proposed LRF? If the separate proposal on the invalidation rule is adopted, how many allowances will be in the MSR before this expected time?
Volume – intake	
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	Will there be a public list of airports within the GCD of 5,000 km around Frankfurt/Main Airport and which meet the criteria of having 15,000 tonnes or more of annual emissions from flights from the EAA to them? Will the list be updated yearly (because of the 15,000 tonnes) -or determined once (preferred, might require change in proposal)? Is there a specific rationale for the distance of 5,000 tonnes which can be used to draft the national legislation? [Considering the new geographical boundary of 5.000 km, will the GCD correction of 95 km as currently stated in Art. 3 Nr. 45 of the MRR be re-evaluated and re-calculated. Based on the new geographical applicability, in order to be accurate and representative for flights covering the new geographical scope?
Corsia: implementation for 2026-2035 & deduction mechanism	Is the purpose of applying the 1,000 tonnes CO2 threshold under point (k) (Annex I), that CORSIA surrendering obligations pursuant to Article 12(3)(b) is to be deducted from

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Building blocks / elements	Comments / questions
	2029 onwards, such that aircraft operators emitting (not surrendering) more than 1,000 tonnes of CO2 within the EU ETS per year can also qualify for the exemption under point (k) if the resulting total annual emissions subject to surrender obligation are lower than 1,000 tonnes per year? Depending on the environmental integrity, prices for CORSIA Eligible Emissions Units vary greatly. The proxy assumed in this article might not be appropriate. In addition, offsetting obligation under CORSIA is determined until 30 November each year and surrendering under the EU ETS has to be done until 30 September. How is this mismatch in timing being addressed as it does not allow to deduct the CORSIA offsetting obligation from the EU ETS surrendering obligation on a yearly basis? Is it assumed that the fuel burn relevant to calculate the CORSIA offsetting obligation is calculated on the basis of Method A / B even when the Non-EU operator uses a different CORSIA monitoring method
Support mechanisms	Will the 3 million allowances for non-CO2 measures are taken from the 20 million FEETS allocation
Inclusion of private & business jets	“entity charged for air navigation service“: As it is common practice for some aircraft operators to split their fleets into multiple CRCO billing account entities, we would like to ask whether this information was taken into account for the new proposal, especially since such splitting could enable operators—particularly business operators—to fall short below the relevant thresholds, since this could result into an operator being exempted by the EU-ETS AND CORSIA, just by using multiple Air Navigation billing entities/accounts? We would like to note that the new proposed definition for an aircraft operator is not consistent with the definition by ICAO CORSIA nor with the definition under RefuelEU Aviation. Will the list of business aircraft adopted by the Commission pursuant to Article 3c(6) only include aircrafts above 5 700 MTOW? The definition of a "business flight" is proposed to be linked to the aircraft type, which may not be developed and operated exclusively for one flight type, such as business flights but are also used for other purposes—such as exempted medical flights or others. Would a currently exempted medical flight no longer qualify for that exemption if

Building blocks / elements	Comments / questions
	performed by an aircraft capable of both air ambulance and business flights, simply because the aircraft is classified as a business aircraft on the list to be adopted by the Commission pursuant to Article 3c(6).'?
Derogations	
Other	When will the aviation study be published? The impact assessment does not match the actual proposal. Will there be an update? If yes, when?
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	
Top-up of allowances mechanism	How will this mechanism be implemented? – member states can top-up the allowances to ETS sectors, the allowances is from the allowances dedicated to each member state for auctioning.
Support mechanisms for clean fuels and propulsion	SMAP - Could you clarify how the proposed SMAP mechanism under Article 3gaa is expected to operate in practice? In particular, will the application, reporting and allocation process follow a similar approach to the FEETS mechanism for aviation, where support is based on verified fuel-use data from the previous reporting year? Will shipping companies be required to report the use of eligible sustainable maritime fuels as part of their MRV emissions reporting and subsequently apply for the corresponding allocation of allowances, or is a separate application and verification process envisaged for SMAP? In addition, could you clarify how the annual allocation process will be organized in cases where the total demand for SMAP allowances exceeds the available amount, and whether the process is intended to mirror the allocation procedure currently used under FEETS?
Evasion	

Building blocks / elements	Comments / questions
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	We note that the proposal appears to include facilities with a waste incineration capacity of more than 3 tonnes per hour, corresponding to approximately 9 MW. This is considerably lower than the threshold for other/conventional installations, where all installations above 20 MW are covered by the ETS. We are therefore interested in the reasoning behind this? As we read the text of the draft directive, we understand the term "municipal waste" to cover all waste that is incinerated and is not classified as hazardous waste – i.e. both household and commercial waste suitable for incineration, regardless of whether it is handled by the municipality or not. Could the Commission clarify whether this is indeed the correct interpretation?
Scope	
Volume	
Phase-in	We conclude that the proposal includes a phase-in of the surrendering obligation for the activity of municipal waste incineration. Would any eventual free allocation to such operators for district heating related activities likewise and identically be phased-in or would the allocation be fully implemented from the point of inclusion into the EU ETS?
Opt-out	As we read the opt-out option, MS only have to be on-track to meet the targets under art. 12b(1b-c). How will the Commission measure which MS are on-track?

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Building blocks / elements	Comments / questions
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	

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Building blocks / elements	Comments / questions
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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ESTONIA

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	The proposed transposition deadline (the end of 2028) is too short for transposition of the Directive amendments, considering the complexity of the amendments and the need to undergo legislative processes in all Member States (incl. consultation with the relevant stakeholders). Proposal to stipulate a more realistic deadline (e.g. end of 2029). In addition, the deadline for transposing any provision or point into national legislation should not be earlier than the overall transposition deadline for the Directive. An accelerated transposition process is not practically feasible. We consider it important that the proposed changes provide sufficient safeguards against excessive price volatility and sharp increases in allowance prices. In this context, we see scope for further **strengthening the stabilisation mechanism under Article 29a**, in order to ensure that it can respond effectively and predictably to significant price developments. In considering possible options, the approach taken for ETS2 could provide a useful reference, in particular regarding the design of the thresholds triggering a response and the availability of additional allowances to the market. This could help strengthen the overall resilience of the system while maintaining an effective carbon price signal. According to Estonia's assessment, the proposal decreases the Member States' auction revenues, this poses a significant risk to their ability to finance emission reductions. Therefore, we believe that the necessity, effectiveness and scale of each new element affecting auction revenues should be thoroughly analysed and carefully considered. Furthermore, the proposal lacks effective measures to ensure adequate geographical coverage of the central funds. It also does not provide measures to recognise and reward early investors. As regards geographical coverage, a good example would be the national

Building blocks / elements	Comments / questions
	allocations used under the LIFE Programme, which operated on the basis that a Member State had high-quality project applications. We consider it important that the Directive itself establish the legal framework as clearly as possible, and that as few essential details as possible be left to the level of delegated acts. In other words, delegated acts should only specify technical details. At the same time, the framework should better reflect the specific circumstances of smaller economies and recognise companies that have already made significant investments in decarbonisation. The current approach risks disproportionately benefiting a limited number of large Member States with sizeable industrial sectors, while offering fewer opportunities to smaller economies with a more limited industrial base. It is important that the framework rewards early action rather than putting companies that have already invested in cleaner production at a disadvantage
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	
International credits	Could you please clarify whether the budget for international credits could be planned in the same way as the removals cap, outside the overall ETS cap? As regards to the, proposal to add a stipulation in the end of Article 9 that, in relation to Article 9b.4, the LRF may be amended to the 2.7% level. For the sake of clarity,pProposal to add to Article 9b.4, a deadline by which the potential amending of the LRF level should be decided and published.
Removals	Could you please clarify what impact the removals cap has on the overall ETS cap, and why it would not be possible to account for the entire planned budget, i.e. the additional 10%, within the removals cap? We would also appreciate a better understanding of why 10% has been chosen as the buffer.

Building blocks / elements	Comments / questions
	Can a company use a BioCCS removal unit generated at one installation to reduce the obligation related to fossil emissions from another installation? This is particularly important, for example, in the heating sector, where solutions are often network-based and emissions reductions and removals may therefore take place at different installations within the same system.
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	The benchmark calculation process should be transparent. Therefore, Estonia expects that, in the discussions on the next period, Member States will be provided with information on the 10% reference installations. Estonia also proposes that, when calculating the heat and district heating benchmarks, weather conditions should be taken into account in countries with extremely cold winter days, during which district heating companies need to use additional energy to maintain the required heat level. In Estonia, fossil fuels are used during such peak hours, and there are currently no realistic alternatives to replace them. More generally, benchmarks should reflect the actual availability and technological maturity of decarbonisation solutions in different sectors. In some sectors, the only additional option currently available to further reduce emissions is carbon capture, which is not yet commercially mature or widely deployable. Benchmarks should therefore not assume the availability of technologies that cannot yet be implemented at scale under realistic technical and economic conditions. Could Commission take this into account? Please provide the new BM values for the 2026–2030 period, as well as the BM values for subsequent periods, taking into account the proposed amendments to the Directive.
Conditionality	Linking the allocation of free allowances to investments is challenging and may prove difficult for several installations. Such a system would place installations that have already made substantial investments in reducing emissions at a disadvantage, particularly where further emission reduction options are complex and costly.

Building blocks / elements	Comments / questions
	For some installations, the only remaining option may be carbon capture. However, due to Estonia's geographical location, storage is not possible, and carbon transport and storage are unlikely to be a realistic alternative by 2031. Installations using a process emissions benchmark are also in a difficult position. In this regard, Estonia would welcome examples from the Commission of what solutions such companies could use, assuming that carbon capture is not a realistic alternative. The proposed pooling of investment obligations between installations does not fully solve this problem. It allows the investment obligation to be pooled only between ETS installations that already apply for free allocation, meaning that only installations which are already independently covered by the ETS can participate. A new, separate production unit, such as a heat pump station, which does not itself exceed the ETS threshold of 20 MW or is not a combustion installation, cannot participate because it does not have an application for free allocation to join. Therefore, in the case of district heating, the logic of the investment plan and the conditionality of free allocation should allow investments to be assessed at the level of the district heating system covering the network area, regardless of whether the investment is made in the ETS installation, in another ETS installation belonging to the same district heating system, or in an entirely new production unit outside the scope of the ETS. Such an approach would make it possible to take into account, among other things, new renewable and zero-emission production units, heat pumps, electric boilers, heat storage facilities, waste heat, as well as the reconstruction of the district heating network and the lowering of network temperatures. This approach would also be in line with the Commission's recently published Electrification Action Plan, which identifies zero-emission technologies as priority technologies. For electricity generation, where free allowances are not allocated but there are workflows with a small volume of free allowances, it should be clarified how such cases are expected to be covered by an investment plan. It is also unclear what types of investments would be relevant for those installations where carbon capture is not a realistic alternative.

Building blocks / elements	Comments / questions
	It is also possible that a five-year period is too short to achieve actual emission reduction results. In addition, Estonia proposes that, if conditionality is introduced, the list of eligible emission reduction activities should also cover investments in the company's other installations and infrastructure that are not covered by the ETS but indirectly affect the emissions of the ETS installation. A five-year cycle may also lead to the artificial fragmentation of investments. Companies may be forced to time their investments according to a bureaucratic cycle rather than technological needs, in order to maintain the results required for reporting purposes and access to free allowances in the next period. This would slow down actual emission reductions and create unjustified financial uncertainty for long-term investments. In addition we consider it important that the eligibility of investments should start from 2025 or 2026. This is particularly important for companies that have already made investments, so that their contribution to reducing emissions is taken into account at least in some way. Has the Commission analysed the cumulative financial cost of preparing a decarbonisation plan and verifying it, compared with the market value of the allowances to be allocated, particularly for low-emission installations and the district heating sector? If the conditionality rule remains in place, exceptions must be provided for situations where an investment has been made, but the expected emission reductions have not materialised for reasons beyond the operator's control. The application of conditionality should also take into account the availability and technological readiness of relevant decarbonisation solutions. Operators should not be penalised where further emission reductions depend on technologies that are not yet technically mature, commercially viable or available at the required scale. Estonia is also concerned that the Article 10a(3c) exemption from investment conditionality is too narrow. It covers only the top 10% most efficient installations and "zero-emissions or low-carbon" installations. It does not cover installations that have already made the best possible investments, but simply fit neither category. Examples

Building blocks / elements	Comments / questions
	include installations with unavoidable process emissions, such as calcination in lime and cement production. They also include installations using technologies not listed as "net-zero" under Regulation (EU) 2024/1735. These installations have no further reasonable investment to make. Yet they risk losing free allocation entirely from 2031 for lack of a qualifying plan. Could the Commission elaborate further on the reasoning and how to deal with these kind of installations? Estonia has concerns that the proposed provisions may not sufficiently take into account installations facing particularly significant technical and economic challenges in reducing their emissions. In particular, there may be installations characterised by long asset lifetimes, high capital intensity and a lack of commercially proven and immediately available decarbonisation alternatives for their specific production processes. We consider it important to further assess whether the proposed framework provides sufficient flexibility for such installations, while ensuring that installations with commercially available decarbonisation options are not exempted from taking the necessary measures. Therefore, we see, that an exception in Article 10a(3c) could be inserted to address this concern.
Exports/CBAM	
Other	In view of the need to safeguard and strengthen the global competitiveness of EU industry, consideration should be given to maintaining flexibility in the free allocation framework beyond 2040. This could include a review before the end of the current period, assessing the international competitiveness of EU ETS sectors, the continued risk of carbon leakage, and other relevant economic and market developments.
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	As a general comment, Estonia does not support restricting the use of auctioning revenues through the priority purposes. Such restrictions limit Member States' ability to address the most pressing challenges for achieving climate targets and therefore undermine the effectiveness of their implementation. In order to ensure better oversight of the use of revenues, Estonia recommends reviewing the reporting template and the information required therein. In its current form, the template does not provide a comprehensive overview and is also cumbersome for Member States to complete.

Building blocks / elements	Comments / questions
	The link between NECPs and auction revenues must be designed on a flexible basis. It is also unclear how duplication between the existing ETS revenue reporting and NECP reporting would be avoided.
Use of revenues	Proposal to transfer in Article 10.3 the purpose „measures intended to reduce emissions in buildings, by improving energy efficiency, district heating systems and insulation, to support efficient and renewable heating and cooling systems, or to support the deep and staged deep renovation of buildings in accordance with Directive 2024/1275 of the European Parliament and of the Council*, starting with the renovation of the worst-performing buildings; “ to the list of priority purposes (for use of „at least 50% of those revenues“ at least 50% of revenue“), since the buildings sector is among the EU’s highest-emitting sectors and reducing emissions in this sector is therefore a priority; it also affects the affordability of housing and (in the case of commercial buildings) the competitiveness of businesses, as well as the possibility of the public sector to improve energy efficiency of public sector buildings. Since the use of revenues is targeted at investments and other measures which may include strategic projects with a time-span over 2-3 years (in the implementation of which may include public procurement processes with impact on the investment timeframe), proposal to not set a deadline for the disbursement of ETS revenues (as this may, contrary to the overall objective, prevent the directing of revenues to implementation of strategic médium- or longer-term projects with considerable impact). Ift any deadline would be defined at all, it should be related to commitments (not disbursements) and be no shorter than five years from the end of the year when the revenues were generated.
Modernisation Fund	What were the considerations of calculating the allocation key for the Modernisation Fund? Were aspects like Member States’ actual contribution to emission reductions also considered? How does that compare in terms of being a results-oriented funding mechanism, while recognising MS that have already made significat contribution to achieving climate objectives?

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Building blocks / elements	Comments / questions
	How is it justified/explained that the Commission intends to redirect 0,5% from the Modernisation Fund to the IDB?
10% redistribution	
Innovation Fund	Proposal to stipulate that the 50 million allowances for the IF in 2028-2030 will be transferred for this purpose from the Market Stability Reserve. To ensure a level playing field in the IF, it is not sufficient to enable technical support for preparing IF applications. It is necessary to update the application thresholds and evaluation criteria so that based on those, also the smaller LRs and enterprises/developers applying for projects with a relatively lower impact on businesses can receive IF support. For this purpose, proposal to add to article 10cb.6 that a share of the IF budget should be earmarked for use through Calls for proposals open for specifically such applicants. Or a good example would be the national allocations used under the LIFE Programme, which operated on the basis that a Member State had high-quality project applications.
Investment Booster	What is the rationale of starting with a new instrument, on top of the already existing Innovation Fund, at volumes considerably exceeding the IF volumes? Proposal to consider setting up the IB in the initial years (2028-2030) at a level comparable to the IF volume, for enabling a more smooth introduction of the instrument – e.g. with 120 mln allowances (40 mln allowances per year). Of this, as included in the proposal, 25% of the allowances should be reserved for applications from the MF Member States, preferrably until the end of 2030, in order to enable sufficient time for the preparation of high quality applications. In order to provide clarity and stipulate essential aspects at the required level of legal act, the main criteria, parametres and modalities of the IB should be stipulated in the Directive. The more detailed clarification of these aspects can then be stipulated in the implementing acts, to be prepared in good cooperation with the Member States' representatives.

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Building blocks / elements	Comments / questions
	Has Commission considered designing the fund's eligibility criteria and application process in a way that it ensures equal opportunity and equitable access for all MS? What was considered, could be considered, and how did you come to the proposal in hand? One option would be achieving maximum possible impact on reduction of net emissions through selecting cost-efficient applications, the allocation of support under the IB could rather be based on an equal opportunity and competitive basis using transparent criteria (through application rounds), similar to the European Competitiveness Fund for 2028–2034 (not on a "first-come, first-served" principle). How is the Commission planning to ensure that smaller Member States, which may have more limited capacity to compared with larger Member States and major companies, have equal opportunities to prepare and submit applications, access and benefit from support? Estonia also proposes that the maritime sector should be eligible under the booster. Applying the DNSH principle to the booster would reduce the ability of hard-to-decarbonise sectors to make use of the financing instrument. Estonia therefore prefers that the booster remains outside the scope of DNSH application. Estonia expects clarity on whether, during the period 2028–2030, the booster will affect the volume of Member States' auctioning revenues, whether it will involve a co-financing requirement, examples of eligible activities, and the size of the budget per installation.
Decarbonisation Bank	For achieving maximum possible impact on reduction of net emissions through selecting cost-efficient applications, the allocation of support under the IDB should rather be based on a competitive basis using transparent criteria (through application rounds), similar to the European Competitiveness Fund for 2028–2034 (not on a "first-come, first-served" principle).

Building blocks / elements	Comments / questions
	In order to provide clarity and stipulate essential aspects at the required level of legal act, the main criteria, parametres and modalities of the IDB should be stipulated in the Directive. The more detailed clarification of these aspects can then be stipulated in the implementing acts, to be prepared in good cooperation with the Member States' representatives.
ETS DNSH	Proposal to stipulate, similar to the 2028-2034 Performance Framework Regulation (Partial General Agreement /PGA), that „it is not feasible or appropriate to apply the do no significant harm principle in relation to migration and border management as well as defence, including military mobility, and security" (Article 5 p 3 of the PGA agreed in June), in order to apply the DNSH approach in a harmonised way across different EU related financing instruments.
Other	Question concerning the proposal that the Member States „shall top up ETS mechanisms": Could the Commission provide a practical example how this stipulation could be implemented in reality (considering that the auctioning calendar has been approved for the whole auctioning year)?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	According to the proposal (Art 2), 12% of the TNAC would be transferred to the reserve if TNAC would exceed 947 million, but in the case of TNAC between 833 and 947 million, the difference between 947 and 833 million would be transferred to the MSR this would be over 13.6% and thus exceed the proposed 12% share). Consequently, with a 12% rate, this provision should specify a limit of 933 million instead of 947 million.
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	

Building blocks / elements	Comments / questions
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	In Estonia, ro-pax ships provide public transportation between the islands and the mainland. On smaller routes, the vessels are owned by the state, but the service provider is selected through a public procurement process. On larger routes, public service contracts have been concluded with service providers who own their own vessels. In such cases, do the MRV and ETS also apply to these vessels? Public transportation is a paid service. And if these vessels make commercial voyages, do the ETS and MRV apply to them?
Top-up of allowances mechanism	In order to establish a logical and justified relation between the extension of ETS Maritime, and the proposed SMAP mechanism, proposal to stipulate that in the case (stipulated in the proposed two additionalparagraphs to Article 9) „The allowances resulting from that increase shall contribute to the quantity referred to in Article 3gaa“,

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Building blocks / elements	Comments / questions
	this increase shall be deducted from the initial 100 mln allowances amount foreseen for the SMAP.
Support mechanisms for clean fuels and propulsion	For achieving maximum possible impact on reduction of net emissions through selecting cost-efficient applications, the allocation of support under SMAP should be based on a competitive basis using transparent criteria (through application rounds), similar to the European Competitiveness Fund for 2028–2034 (not on a "first-come, first-served" principle). SMAP should be designed in a way that gives companies certainty, when incurring costs related to compensating the fuel price gap, that part of those costs will be covered by SMAP. We also consider that the list of supported fuels should be expanded, at least temporarily, to include the fuels listed in Part B of Annex IX to Directive (EU) 2018/2001.
Evasion	
Derogations	Due to weather conditions, we consider it important that the ice-class exemption remain in force until 2050 and that it also be extended to navigation. Does the inter-island exemption apply to both ro-pax ships and passenger ships, provided that the other conditions for the exemption are met?
IMO alignment	For avoiding unjustified increase of the financial burden of EU enterprises, proposal to stipulate that in the case of identifying an overlap with the IMO mechanisms, the EC shall examine the overlap with the IMO system and, if necessary, immediately propose amendments to eliminate the overlap between the maritime ETS and the IMO system. Estonia considers it necessary for the Directive to explicitly establish a provision preventing double taxation between the IMO framework and the maritime ETS, similar to the arrangement between CORSIA and the aviation ETS.
MRV / Fuel EU	Estonia supports simplification of the reporting. Estonia's expectation regarding the development of the THETIS system is that the system should be able to automatically

Building blocks / elements	Comments / questions
	calculate, based on the data entered, the information required for both MRV and FuelEU reporting. It is important to ensure that verifiers have sufficient time to carry out a substantive review of the data; therefore, a moderate extension of the relevant reporting and verification deadlines could be considered. Please provide clarification on the scope of the obligations of the administering authority set out in Article 4a of the new MRV Regulation. According to the provision, the administering authority must ensure that shipping companies under its responsibility comply with the obligations set out in Articles 4–12 for each ship falling within the scope of the Regulation. However, the proposal does not clearly indicate whether the administering authority is expected primarily to carry out administrative supervision of compliance — for example, checking the existence and timely submission of the monitoring plan, verified reports and other required documents — or whether it is also expected to carry out an additional substantive review of MRV reports that have already been verified and confirmed as compliant by the verifier. The issue is important because, under the new Article 17(3a) of the MRV Regulation, where the administering authority identifies misstatements, non-conformities or miscalculations in the MRV report, it must withdraw the document of compliance for the ship concerned, notify the company and remove the document from the system. At the same time, Articles 13–15 assign to the verifier the task of carrying out the substantive assessment of the monitoring plan and MRV report, including their compliance with the requirements and the reliability, credibility, accuracy, completeness and consistency of the data submitted. The Estonian Environmental Board therefore considers it necessary to clearly distinguish between the tasks of the administering authority and those of the verifier, and to clarify what type of control the administering authority is expected to carry out in order to fulfil the obligation set out in Article 4a. When extending the scope, new ships falling within the scope may be added to the fleets of companies already attributed to Estonia, and entirely new shipping companies may also be attributed to Estonia. Therefore we consider it important that the process for

Building blocks / elements	Comments / questions
	attributing new companies, including attribution through EMSA in the cases provided for in the proposal, should not create additional manual administrative burden for companies or the administering authorities of Member States. The exchange of information related to attribution should take place as automatically as possible through existing systems. We consider it important that the scope of the exemption for ships owned or operated by a government and used for non-commercial purposes is also clearly understood. The proposal links the exemption to a specific activity, meaning that the MRV Regulation would not apply to emissions and energy use arising from the use of a ship owned or operated by a government solely for non-commercial purposes. In implementation, it must be clearly determined how to treat ships that are used, during different periods or voyages, both for the performance of public tasks and for commercial purposes, and on the basis of which criteria commercial and non-commercial activities are to be distinguished. Legal clarity is also needed in situations where a privately owned ship performs a public task on the basis of a contract with the state, for example by providing icebreaking services to the state. In such cases, it should be unambiguous whether, and under what conditions, the specific activity can be considered non-commercial use on behalf of the government, and whether the exemption is assessed on the basis of the ownership of the ship, its operation, the purpose of the specific activity, or a combination of these factors.
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	

Building blocks / elements	Comments / questions
Volume	
Phase-in	
Opt-out	Estonia would like to raise concerns regarding the derogation in Article 12b(1)(a), which requires that an equivalent national carbon tax must be in force. While we fully support the objective of pricing emissions and creating incentives for greenhouse gas reduction, we believe that the current formulation of derogations may unintentionally disadvantage Member States that have already implemented strong fiscal measures targeting waste incineration. As of 1 July 2026, Estonia applies an environmental charge on the energy recovery (incineration) of waste amounting to 60 euros per tonne for mixed municipal waste and 40 euros per tonne for other non-hazardous waste (excluding wood waste). The measure aims to strengthen the implementation of waste hierarchy by discouraging waste treatment options lower in the hierarchy and promoting waste prevention, reuse and recycling in line with circular economy objectives. In addition, there is carbon tax for waste incineration in place in Estonia for 25 euros per tonne. Together this two financial incentives give a strong economic price signal for the reduction of fossil CO2 emission and waste incineration and strongly support the objectives of circularity and waste hierarchy. Requiring an additional carbon tax on waste incineration could cumulative economic burdens for the same waste treatment activity and may undermine the coherence of existing national policy frameworks. Preliminary estimates suggest that a carbon tax of a comparable magnitude could amount to approximately 50 euros per tonne. Introducing such an additional levy on top of the recently established environmental charge (which functions as an incineration tax) would result in a significantly higher overall cost burden without necessarily delivering proportionate additional environmental benefits. We therefore suggest recognising a sufficiently ambitious environmental charges/incineration taxes as an alternative to a national carbon tax for the purposes of meeting the relevant eligibility condition. This would allow Member States to choose

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Building blocks / elements	Comments / questions
	policy instruments that best reflect their national circumstances while delivering comparable environmental outcomes. Estonia's recently introduced environmental charge for energy recovery represents one of the more ambitious national fiscal measures aimed at discouraging waste incineration within the European Union. It reflects recommendations from several studies and policy assessments that called for stronger economic incentives to divert waste away from incineration. It would be counterproductive if Member States that have already adopted such ambitious circular economy measures were effectively penalised compared to those relying solely on carbon taxation. Also, we see that the mix of different measures can be most effective policy intervention. We therefore propose that Article 12b(1)(a) should be amended to recognise national incineration taxes or environmental charges that provide an equivalent economic incentive to reduce incineration and support the waste hierarchy as meeting the eligibility criterion currently reserved for only national carbon taxes. The derogation should focus on the strength of the economic incentive and the environmental outcome achieved rather than on the specific legal form of the instrument. We would also like to understand when and on the basis of which methodology it be assessed whether a Member State is "on track" to achieve the recycling and landfill targets?
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	

Building blocks / elements	Comments / questions
Installations less than 20MW	
ETS as a service	Please provide an explanation as to why the "ETS as a service" measure has been proposed, what its direct benefit would be, and what its future perspective is.
Registry funding	The registry administration related costs should be covered under the Administrative Expenditure Heading of the EU budget, as is done for covering other similar costs. Alternatively, the proposal is to transfer for this purpose allowances from the MSR to cover the administrative costs from their auctioning revenue. Estonia supports a conservative approach to budget-setting, funding only what is strictly necessary, and an allocation key that takes into account the number of ETS installations in each Member State.
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	

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Building blocks / elements	Comments / questions
Aviation (Annex 10)	Which section of the impact assessment contains information on the impact of the ETS proposal on airline ticket prices?
Maritime (Annex 11)	Which section of the impact assessment contains information on whether and how the extension of the maritime ETS affects the use of transport modes, and what volume of goods currently transported by sea could shift to road transport?
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

GREECE

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	***The revised framework should preserve the competitiveness of the European shipping sector and avoid regulatory fragmentation. Greece supports the withdrawal of ETS Maritime when the global regulatory framework is established under the International Maritime Organization (IMO).*** ***The proposal should remain technology-neutral, support all shipping segments and ensure that ETS revenues generated by the maritime sector are effectively reinvested in its decarbonisation.*** ***The revision should contribute simultaneously to climate objectives, the competitiveness of European shipping and the resilience of the Union's maritime transport system.***
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	
International credits	**Please clarify and provide information regarding the availability, cost, and quality of international credits, and how they ensure the achievement of emission reduction targets**
Removals	
Other	

Building blocks / elements	Comments / questions
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	**Fast-track review of fallback benchmarks must be prioritized.**
Conditionality	**We welcome the extension of free allocation to the next period, but we would like to express our concerns regarding the administrative burden that this conditionality will raise to specific sectors. Additionally, we need clarifications regarding consequences of the partial implementation of investments linked to free allocation**
Exports/CBAM	**We welcome the extension of free allocation until 2038 but we need more support for export sectors, and we propose that the CBAM factor should not apply to exports.**
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	
Modernisation Fund	
10% redistribution	
Innovation Fund	
Investment Booster	**We welcome the ETS Investment Booster. We support the increasing the dedicated number of allowances for lower-income Member States**
Decarbonisation Bank	
ETS DNSH	

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Building blocks / elements	Comments / questions
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I)	**Art. 3ga(3): We welcome the extension of the 3.5% reattribution mechanism until 2038, but we propose extending it until 2040.**

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Building blocks / elements	Comments / questions
Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	**Allocation Key & Earmarking: The maritime sector, similar to aviation, should constitute a separate pillar within the EU ETS, with a dedicated allocation key that reflects the contributions of MSs with large maritime sectors. Positive on earmarking a portion of EU ETS revenues specifically for shipping.**
Scope of vessels	**We have scrutiny reservation on the proposed expansion of the ETS to smaller vessels. The potential impact on short sea shipping, island connectivity and transport costs should be carefully assessed. Such an extension could disproportionately affect regional maritime transport, create risks of modal backshift towards more carbon-intensive transport modes and increase the cost of essential transport services for island and peripheral regions.** **The revised framework should also preserve a level playing field between European and international shipping operators and avoid creating competitive distortions between different shipping segments.**
Top-up of allowances mechanism	**We recognise the objective of addressing carbon leakage and evasive port calls. Is should, however, be noted that the proposed targeted provision applicable exclusively to containerships introduces differentiated treatment between shipping sectors and may distort competition within maritime transport.**
Support mechanisms for clean fuels and propulsion	**We welcome the establishment of the Sustainable Maritime Alternative Propulsion (SMAP) mechanism.** **However, the mechanism should be amended to ensure that it is accessible and effective for all shipping sectors, including bulk and tramp shipping and SMEs.** **In particular:**

Building blocks / elements	Comments / questions
	• investments in energy efficiency technologies and operational efficiency improvements should be explicitly recognised as eligible expenditure. This should cover a broad range of mature and demonstrably effective solutions, including energy-efficient propellers and propulsion systems, air lubrication systems, waste heat recovery systems, advanced hull coatings, fuel cells and other technologies that reduce energy consumption and GHG emissions **digital technologies that improve the energy performance of ships should also be eligible, including energy monitoring and management systems, voyage and route optimisation, digital performance management tools, artificial intelligence-based optimisation solutions and other technologies enabling continuous improvements in operational efficiency;** **• relevant port infrastructure necessary to enable the uptake of sustainable maritime fuels and zero-emission propulsion technologies should also be recognised as eligible for support, including Onshore Power Supply (OPS), alternative fuels infrastructure and related bunkering infrastructure;** **• the mechanism should remain fully technology-neutral;** **• support should extend to all sustainable biofuels compatible with the existing fleet;** **• the level of financial support for each eligible fuel and technology should be determined before the beginning of each compliance year to facilitate commercial planning;** **• the mechanism should ensure effective access for all shipping sectors, including SMEs and operators active in short sea shipping and island connectivity.** **• these principles should be reflected both in the Directive and in the future implementing and delegated acts governing the operation of the SMAP mechanism.** **We also consider that revenues generated from the maritime sector should be reinvested in the decarbonisation of maritime transport ("revenues derived from shipping should support shipping"), including fleet renewal, retrofitting, energy efficiency measures, port infrastructure, onshore power supply, alternative fuel infrastructure and innovation projects. Such revenues should not, however, be used**

Building blocks / elements	Comments / questions
	to promote or favour specific propulsion technologies, particularly where their applicability to significant segments of the maritime sector remains limited. Technologies such as battery-electric and wind propulsion are not, in their current state of development, suitable as general solutions for the bulk and tramp shipping sectors, given their operational profile, trading patterns, vessel characteristics, range and energy requirements. Directing revenues from shipping towards such technologies, irrespective of their actual technical and operational suitability, would risk distorting investment decisions and placing an undue financial burden on shipowners without delivering proportionate decarbonisation benefits. Support should therefore be strictly technology-neutral, performance-based and focused on solutions that are demonstrably applicable to the specific operational and technical characteristics of each segment of maritime transport. **Successful implementation of the revised framework also depends on the timely availability of sustainable fuels and the necessary port and bunkering infrastructure throughout the Union.**
Evasion	**we understand the European Commission's objective of strengthening the competitiveness of European ports through reduced ETS compliance obligations for container ships. However, introducing such targeted exemptions sets a precedent for unequal treatment across shipping sectors and risks distorting competition.**
Derogations	**We support the proposed extension of the existing derogations applicable to small islands, outermost regions, public service obligations/public service contracts and ice-class vessels. These derogations continue to address objectively justified geographical and operational circumstances while preserving territorial cohesion and connectivity.** **We also consider that future discussions should preserve adequate flexibility for Member States with extensive island territories and examine whether the current derogation framework sufficiently reflects the particular needs of island connectivity as well as RO-PAX and RO-RO services, taking into account their essential role in maintaining territorial cohesion and uninterrupted connectivity.**

Building blocks / elements	Comments / questions
	We consider that the duration of the relevant derogations under Article 12 should be extended to provide the necessary regulatory predictability and avoid abrupt increases in compliance costs for services that are essential for island connectivity. **In particular, regarding Article 12, paragraphs 3(c) and 3(d): the date "31 December 2035" should be replaced by "31 December 2040", thereby extending the respective derogations for an additional five years.** **The proposed five-year extension would provide greater regulatory certainty and sufficient time for the progressive adaptation of the relevant services, infrastructure and fleets, while ensuring the continued provision of essential maritime connectivity services to islands and other geographically disadvantaged areas.** **Such an extension should be maintained as part of the revised framework in order to ensure that decarbonisation objectives are pursued in a manner that is proportionate and compatible with the specific geographical, operational and connectivity Constraints faced by island regions.**
IMO alignment	**We consider that the reference to an "IMO deduction mechanism" in Recital 17 should be deleted.** **The current wording predetermines the future interaction between the EU ETS and the future IMO global GHG pricing mechanism by favouring a specific regulatory approach, namely a deduction mechanism. This unnecessarily narrows the scope of the mandatory review foreseen following the adoption and entry into force of the relevant IMO global measures.** **Instead, the review clause should provide for the discontinuation of the application of the EU ETS to maritime transport following the entry into force and effective implementation of the IMO global framework.**

Building blocks / elements	Comments / questions
	The EU ETS should be regarded as a transitional regional measure pending the effective implementation of the IMO global framework. Following the entry into force of the IMO mid-term measures the application of the EU ETS to maritime transport should be discontinued in order to avoid regulatory fragmentation, overlapping regulatory requirements and, in particular, double carbon pricing. **This approach would ensure consistency between the EU regulatory framework and the global framework established under the IMO, while reaffirming the IMO as the appropriate global forum for regulating GHG emissions from international shipping. It would also provide the necessary regulatory certainty for the shipping sector.**
MRV / Fuel EU	**We support the proposed alignment of the EU ETS with the MRV and FuelEU Maritime frameworks as an important simplification measure. Further efforts should aim at establishing a harmonised reporting framework, common data streams and interoperable reporting and compliance proceduresin order to minimise administrative burden, particularly for SMEs.**
Other	**We consider that the proposed "ETS as a Service" mechanism (Article 25b) should be deleted.** **Facilitating the development of regional or national emissions trading schemes for maritime transport in third countries risks encouraging regulatory fragmentation instead of supporting the implementation of a single global framework under the IMO.** **Such an approach would increase both the administrative and financial compliance burden for shipping companies operating internationally and would send inconsistent policy signals regarding the EU's commitment to a global solution for maritime decarbonisation.** **Successful maritime decarbonisation depends not only on obligations imposed on shipowners but also on the timely availability of sustainable fuels, adequate bunkering and port infrastructure, realistic financing mechanisms and an enabling**

Building blocks / elements	Comments / questions
	regulatory framework. Regulatory ambition should therefore evolve in parallel with the development of the necessary technological, energy and port infrastructure. Particular attention should also be paid to safeguarding the competitiveness of European shipping and preserving the role of maritime transport as the backbone of European intermodal logistics and territorial cohesion, especially for island Member States. **Moreover, the transition should be supported by a stable, predictable and investment-friendly regulatory framework enabling long-term investment planning by shipowners and other maritime stakeholders.** **We have serious concerns regarding the proposal to reserve 0.9 million EU ETS allowances annually until 2035 for the decarbonisation of maritime transport in Least Developed Countries (LDCs) and Small Island Developing States (SIDS).** **We kindly request further clarification on the specific sectors and mechanisms to which these revenues will be channeled. In our view, revenues generated by the maritime sector should be reinvested, to the greatest extent possible, into the sector itself to support its decarbonisation efforts—such as fleet renewal and retrofitting, deployment of sustainable alternative fuels, and the development of adequate port and bunkering infrastructure.**
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	**We welcome the inclusion**
Scope	
Volume	

Building blocks / elements	Comments / questions
Phase-in	
Opt-out	
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	**We have concerns regarding the funding mechanism and the potential reduction in revenues**
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	

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Building blocks / elements	Comments / questions
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	**We consider that the impact assessment should fully take into account the specific characteristics of short sea shipping and island connectivity. The extension of the EU ETS to additional vessel categories below 5,000 GT would disproportionately affect regional maritime transport, reduce the competitiveness of maritime transport compared to road transport and undermine the EU objective of promoting intermodal and short sea transport.** **Particular attention should be paid to the risk of unintended modal shift from maritime transport to more carbon-intensive transport modes, which could undermine both climate objectives and the competitiveness of short sea shipping.**
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	

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Building blocks / elements	Comments / questions
Other	

PUBLIC

SPAIN

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	• **Comment 1: Art. 9:** Wouldn't Art 9, paras 4, 5 and 6 (adjustments to cap due to maritime scope and MWI) fit better in article 9a? • **Comment 2: Art. 9a.(4):** Is there a reason for not considering Article 27a in this paragraph?
Adjustment of LRF	• **Comment 1: Article 9:** What emissions reduction target would ETS1 achieve under these revised LRFs? How does this relate to EU targets and ambition for 2040? • **Comment 2: Article 9:** Has the COM analyzed implications with regards to NDCs for 2035 and 2040 in UNFCCC context? • **Comment 3: Article 9:** Why is the LRF much higher in the short term, when fewer advanced technologies and emissions reduction alternatives are available, than in the latter half of the period, when cleaner technologies and solutions such as CCS and alternative fuels are expected to be more widely deployed? • **Comment 4: Article 9:** should the second last para include a reference to art 9a(4)? Having references to LRF in different articles without references creates legal uncertainties.
International credits	• **Comment 1: article 9b (general):** In general, we will need more information on how this article is going to be applied ○ When and how will the facility be established

Building blocks / elements	Comments / questions
	○ How will it work? ○ When would the purchase of credits start? (before or after the report foreseen in article 9a(3) ○ How does this article contribute to ambition in annex I activities if the number of credits to be purchased is the same as the number of allowances to be auctioned? ○ What will happen with the credits purchased by the facility? How will they be used? ○ Will there be a delegated act to regulate the functioning of the facility? • **Comment 2: Article 9b (1):** How does the purchase of 260M credits in exchange of 260M allowances from Article 9 contribute to the climate ambition of Annex I activities? Is it not the same amount of emissions reductions but achieved somewhere else? (*This comment also applies to Art 9b(3))* • **Comment 3: article 9b (1):** When will these 260M allowances be „made available to the facility for the purchase“ of international credits? • **Comment 5: article 9b (2):** this paragraph says that the 260M allowances will be auctioned, but considering that article 9b is not referenced in article 10.1. Does this mean that these 260M come from free allocation allowances? Could the COM clarify this?
Removals	• **Comment 1. Article 9c.** General: in the consolidated version the article is marked in yellow, as it refers to installations, but there are references to aircraft operators and shipping companies. Could the COM clarify if this article is linked to all sectors under ETS1? • **Comment 2. Article 9c.** General: The proposed purchasing mechanism runs until 2040. Has Commission analysed how long-term investment certainty for project developers and investors is prolonged beyond 2040, particularly given the long lead times and capital-intensive nature of BioCCS and DACCS projects? • **Comment 3. Article 9c.** General: Under the proposed mechanism, the Commission acts as regulator, purchaser and supervisor. Does the Commission intend to regulate in a delegated act governance, transparency and oversight

Building blocks / elements	Comments / questions
	safeguards that should apply to guarantee the integrity of project selection, purchasing decisions and implementation of the mechanism? • **Comment 4. Article 9c(1):** According to the proposal, the Commission shall prioritise a portfolio of cost-effective, high-integrity projects when purchasing permanent carbon removal units. However, the proposal does not define either concept. While "high integrity" could potentially be linked to the certification and quality requirements established under Regulation (EU) 2024/3012 (CRCF), no such reference is made in the text, and no equivalent benchmark appears to exist for "cost-effectiveness". Could the Commission clarify how these concepts will be assessed in practice? In particular, is high integrity intended to be linked to the CRCF certification criteria, and how will cost-effectiveness be measured? Will it be based solely on the cost per certified tonne of CO_2 removed, or will factors such as permanence, delivery risk, scalability and technological maturity also be considered? How will different technologies be compared, and does the Commission intend to establish any economic selection criteria, such as a maximum purchase price or a ranking methodology? • **Comment 5. Article 9c(1):** The Commission will purchase an equivalent amount of domestic permanent carbon removal units. However, it is unclear how these units will be sourced in practice. Could the Commission clarify whether the mechanism will rely on a Union-wide pool of CRCF-certified removal units from all Member States, how access to the scheme will be organised across Member States, and whether a centralised registry and purchasing system will be used? • **Comment 6. Article 9c(1):** The mechanism is limited to permanent carbon removal units generated by BioCCS and DACCS activities. Could the Commission clarify whether the potential impact of this approach on competition within the internal market has been assessed, including the implications for other CRCF-certified carbon removal activities and technologies that are not eligible under the proposal? • **Comment 7. Article 9c(2) and (3):** The proposal includes an additional reserve of 10 million allowances to address a potential funding gap between auction revenues and the cost of permanent carbon removals. However, Article 9c(3) appears to limit the mechanism's funding to the revenues generated from the auctioning of the allowances set aside under Article 9c(1) and (2), while any unauctioned allowances are to be returned to the Union-wide quantity of

Building blocks / elements	Comments / questions
	allowances after 2040. Could the Commission clarify what would happen if the revenues generated from the auctioning of the full 260 million allowances proved insufficient to finance the intended volume of removals? In such a scenario, would the volume of removals purchased be reduced, could additional funding sources be mobilised, and could the review of the mechanism in 2034 lead to any adjustment of the funding framework? • **Comment 8. Article 9c(4):** The provision refers to the auctioning of 48 million allowances in 2040 as the benchmark for the gradual integration of permanent carbon removals. However, the origin and rationale of this figure are unclear, as the proposal does not explain how it has been derived or how it relates to the quantities of allowances provided for in Article 9c(1) and (2). Could the Commission clarify whether the 48 million allowances represent an annual auctioning volume in 2040, a cumulative target, or another benchmark, and provide the underlying methodology and assumptions used to calculate this figure? • **Comment 9. Article 9c(5):** Article 9c(5) provides that the quantity of domestic permanent carbon removals to be purchased by the Commission shall be reduced by the amount of BioCCS removals used by operators pursuant to Article 14(1a), with a corresponding cancellation of allowances from the 250 million allowances referred to in Article 9c(1). Could the Commission clarify how this mechanism will operate in practice? In particular, how will the corresponding reduction in purchased removals and cancellation of allowances be calculated and implemented, and how will double counting be prevented and monitored across the CRCF and EU ETS registries? Furthermore, is the use of BioCCS removals under Article 14(1a) expected to reduce the overall volume of removals supported under Article 9c, or merely shift demand from the Commission to ETS operators? • **Comment 10. Article 14(1a):** The proposal introduces the possibility for operators, aircraft operators and shipping companies to compensate their fossil emissions with domestic permanent carbon removal units generated from the storage of their own biogenic emissions and certified under Regulation (EU) 2024/3012, which appears to be primarily aimed at BioCCS activities. However, it is unclear whether only units generated from the operator's own biogenic emissions may be used, or whether units generated by third parties would also be eligible. Could the Commission clarify this point, as well as the extent to which

Building blocks / elements	Comments / questions
	fossil emissions may be compensated and whether a one-to-one equivalence between removal units and emission allowances is envisaged?
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	• **Comment 1. 10a(2):** During the discussions of the last update of BM values the methodology for calculating the figures has been questioned by many MMSS, has the Commission considered the revision of the methodology? • **Comment 2. 10a(2)**. The proposal includes sectoral BM within the fallback BM. The increase in the number of product benchmarks could be an alternative solution to this, has the Commission considered this alternative? Could the COM share detailed information on number of sub-installations at EU level for each product produced (8 digits PRODCOM) to help MMSS have sound information and make informed decisions about the number of product/alternative BM that could be established?.
Conditionality	• **Comment 1. Article 10a(3b):** Isn´t the name of the plan confusing? The wording suggests that investments may be carried out at any location and are not necessarily linked to the installation concerned. Something along the lines of „installation decarbonization plan“. • **Comment 2, article 10a(3b):** It is not clear if the plan is needed for each installation or if one operator is in charge of a number of installations can establish one plan for all of them. Could the COM clarify this? • **Comment 3, article 10a(3b):** is the date for submitting the plan correct? Shouldn't it be submitted a bit earlier, or, for example, together with the application for free allocation? What would be the reason for the derogation of this date and the submission at a later stage? If the plan needs to be adopted before transferring any allocation, shouldn't it be submitted as soon as possible? • **Comment 4, article 10a(3b):** What would happen if an installation does not submit the plan/it is not verified/not approved? Would it receive any free allocation? How does the approval by the competent authority and the allocation

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Building blocks / elements	Comments / questions
	of 80% of allowances fit with the dates that are now in the directive? (see comment above) • **Comment 5, article 10a(3b):** Regarding the content of the plan, it is unclear if investments are limited to those within the installation or not. Please, clarify. • **Comment 6, article 10a(3c):** How does the COM foresee that it can be demonstrated that production has been reallocated/transferred out of the EU? Who will be responsible for checking this? • **Comment 7, article 10a(3c):** in order to ensure that emissions are reduced due to application of measures and not to reduction in production, shouldn't subpara 3(c) refer to specific emissions, and not to total emissions? Should there be specific reports that show progress/compliance with the plans? Or is the COM thinking on specific sections in the annual emissions reports? • **Comment 8, article 10a(3c):** In subpara 5, could there be the case that an installation receives 100% of its free allocation but it does not reduce its emissions? • **Comment 9, article 10a(3d):** article 3e indicates that pools can be formed by installations in the same MS or different MS. Could it be clearly indicated in 3d?. • **Comment 10, article 10a(3e):** there are circumstances out of the control of the installations that make it impossible to achieve the targets. Will the delegated act include provisions on how to address these situations? It should be explicitly mentioned in the list in 3e. • **Comment 11, article 10a(3f):** What does „instruct the national administrator to transfer returning excess allowances" mean? Does this mean that the registry will remove allocations from an installation account unilaterally?
Exports/CBAM	
Other	• **Comment 1: Article 10a.(1a):** How will the changes in CBAM factors from 2028 affect free allocation for the period 2026-2030? Does the COM foresee a NIMs revision for installation with CBAM sub-installations? • **Comment 2: Article 10b (Carbon Leakage List):** The carbon leakage list was expected to be reviewed for the period starting in 2031. Why has this approach changed? Is the Commission confident that there have been no significant

Building blocks / elements	Comments / questions
	changes in the sectors considered to be at significant risk of carbon leakage since the last assessment in 2019? Does the Commission have evidence or updated information that supports this decision? Could this information be shared with MMSS?
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	• **Comment 1. Article 10.** General: in the consolidated version, most of the changes are highlighted in yellow (signaling that they relate to installations) but they refer to ETS in general, not even ETS1. There is a need to clarify what are the ETS sectors affected by each change (as an example, art 10.3.(a) is marked in yellow but refers to „impacts from ETS sectors“, that could include also ETS2. • **Comment 2. Article 10.1:** Is there a reference missing to Art 9b in lines 2/3? • **Comment 3. Article 10.3.(a):** Does "reducing climate impacts from ETS sectors" refer to direct GHG emission reductions in ETS-covered sectors, or does it also include support for adaptation measures and other climate-related impacts somehow attributed to ETS emissions?
Modernisation Fund	
10% redistribution	
Innovation Fund	• **Comment 1. Article 10a(8) and Article 10cb:** Article 10a(8) is the legal basis of the current Innovation Fund. In the proposed text, it is fully deleted, and it is replaced by Article 10cb. In Article 5 Entry into force and application, it is stated that this replacement is applicable since 1 January 2031. To avoid any misunderstandings, would it be possible to leave Article 10a(8) as it is, and include that its validity expires in 31 December 2030, as well as include under Article 10cb that its entry into force is on 1 January 2031? In this way, a reader of the consolidated version will be able to understand easily the change. • **Comment 2. Article 10cb (4) and (5):** Article 10a(8) included key features of the Innovation Fund, such as funding up to 60% of the relevant costs or aspects to

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Building blocks / elements	Comments / questions
	be considered under the selection criteria. In the proposed text under Article 10cb, these features are not included, and therefore the current functioning of the Innovation Fund may be substantially altered, depending on how the calls are designed. Could you explain the reasons to remove from the Directive the features of the Innovation Fund that were previously included? • **Comment 3. Article 10a (8):** under this Article it is specified that detailed information shall be provided to Member States related to the project applications in their territory. However, this is not specified in Article 10cb. Could you confirm that this information will still be shared under the new IF 2031-2040, or include it again if legal issues are foreseen to arise due to the lack of this subparagraph? • **Comment 4. Article 10cb (6):** a link is made between geographical coverage and Project Development Assistance, stating that the Commission may provide it to Member States with low effective participation. However, the PDA as currently designed already takes into account geographical balance, and at the same time can be received by projects of any Member State. Member States with low effective participation (now 22 out of 27) are already receiving technical assistance, focused on improving participation in their countries, that should provide results before 2031. Could you confirm that PDA will still be received by projects from all Member States, and it is not linked to the definition of "low effective participation"?
Investment Booster	• **Comment 1, Article 10cd(1):** The reference to article 10cc in this paragraph is referring to 10cc(1), is this correct? Could it be clarified? The lack of a clear reference could lead to misunderstandings with the amount in 10cc(2) • **Comment 2, Article 10cd(2):** the COM will develop T&C in consultation with stakeholders, will the COM also consult MMSS? • **Comment 3, Article 10cd(4):** the amount forfeited by the COM from the bid bonds established in article 10cd will revert to the IDB. Is this also applicable for the amounts forfeited from the completion bond of the investment booster? If not, what are the COM plans for those amounts?
Decarbonisation Bank	• **Comment 1, article 10cc(2):** is the reference to article 9 in subparagraph 3 correct? Shouldn't it say „article 10"?. How does this discount to the allowances to be auctioned by MS work in practice?

Building blocks / elements	Comments / questions
	• **Comment 2, article 10cc(3):** MMSS can fund projects that won't enter in the IDB budget, but they have to communicate it before the closure of the rewards procedure. How can the MS notify it before the closure of the procedure? Will the Commission make the information available of which projects don't have funds before the closure? • **Comment 3, Article 10ce(1):** The reference to article 10cc in this paragraph is referring to 10cc(2), is this correct? Could it be clarified? The lack of a clear reference could lead to misunderstandings with the amount in 10cc(1) • **Comment 4, Article 10ce(4):** it is clear in the text that the amount forfeited from the bid bonds will revert to the IDB. Is this also applicable for the amounts forfeited from the completion bond of the IDB2? If not, what are the COM plans for those amounts?
ETS DNSH	• **Comment 1, Article 10f**. What is the rationale for excluding articles 10cd and 10ce of this article?
Other	• **Comment 1. Articles 10a(5b), 10a(7) and 10cc1:** We would appreciate estimations/scenarios on numbers of allowances affected by these articles, for 2028-2030 and onwards. • **Comment 2. Articles 10cc, 10cd and 10ce:** Is it necessary to have 3 articles to regulate the same "finance instrument"? Wouldn't it be simpler, more readable, more legally certain organize IDB1, IDB2 and IB in one single article? • **Comment 3. Article 10da(1):** this article mentions "beneficiary MMSS", but it doesn't specify beneficiaries of what, could the COM please clarify? Does it refer only to the modernization fund or does it cover other funds?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	

Building blocks / elements	Comments / questions
Dynamic adjustment	**Comment 1 – Article 1, paras 4a and 6:** Has the Commission carried out any impact assessment, modelling exercise, or supporting study to justify the proposed 4% annual reduction of the thresholds? In particular, it would be useful to understand the analytical basis for selecting this specific rate, and why this has been the option selected by the COM instead of a reduction linked to the LRF.
Other	**Comment 1 – Article 1, para 4:** Is it necessary to maintain the reference to an article in the directive (Art 13(2)) that does not exist? Isn't it confusing and of limited value at this point in time?
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	**Comment 1. Annex I new scope from 2029**: we understand that Annex I would only include departing flights from EEA to third countries, but not flights between third countries. Could the Commission clarify how a competent authority would be able to determine whether or not an aircraft operator exceeds the threshold of 10,000 t CO_2 for international flights when part of its emissions may arise from flights between non-EEA third countries, which third-country aircraft operators are not required to report to the competent authority under the EU ETS framework? In letter k), can the COM clarify how the simplification threshold could be calculated not taking into account emissions for which the surrender obligation is considered to be satisfied, when the deadline for surrender allowances is September 30, and the calculation of CORSIA offsetting requirement cannot be carried out until October 31 of the same year?
Corsia: implementation for 2026-2035 & deduction mechanism	• **Comment 1 Article 12(3)(f) - deduction mechanism**: how would the reduction in the EU ETS surrender obligation corresponding to CORSIA compensation be calculated, given that the deadline for surrender allowances is September 30, and the calculation of CORSIA offsetting requirement cannot be carried out until October 31?

Building blocks / elements	Comments / questions
	• **Comment 2 Article 12(3)(f) - deduction mechanism**: could the COM clarify whether the formula for calculating the ratio indicated in article 12(3)(f) is "EUA Price / CORSIA Unit Price" or "CORSIA Unit Price / EUA Price"? • **Comment 3: article 25a(8) – Significant distortion of competition**: since the ETS Directive does not define „significant distortion of competition", could the COM clarify how it would be qualified?
Support mechanisms	• **Comment 1 Article 3c(6) - Support system temporary application**: could the COM clarify from what date the proposed amendment to Article 3c(6) applies? Moreover, considering that the proposal establishes that the support for electricity or hydrogen supply from 1 January 2027, is it expected to be applied retroactively when the revised Directive is adopted? • **Comment 2 Article 3c(6) - scope of routes subject to support**: could the COM clarify whether the SAF supplied on domestic routes to/from outermost regions (ORs) continues to receive free allocation? • **Comment 3 Article 3c(6) - SAF attribution (proportionality factor)**: we understand that the proposal would establish a single proportionality factor for each aircraft operator, with no need to calculate it per airport. Moreover, this single proportionality factor seems to apply also to zero-rating. Could the COM confirm this? Moreover, could the COM clarify the wording of paragraph 6 „*From this date, the two last sentences of Article 3(c)6, first subparagraph, shall not apply for the allocation of allowances pursuant to that Article*" .Does this mean that the application of the proportionality factor in relation to SAF support disappears from January 1, 2029, although remain applicable for zero-rating purposes? • **Comment 4 Article 3c(6) - 100% support in small islands/outermost regions**: paragraph (c) establish that the 100% SAF support in small islands/outermost regions is not possible when the delivery is by means of a mass balance system. Since the Directive does not define what a mass balance system is, could you clarify what is meant by „mass balance system" in this article? • **Comment 5 Article 3c(6) – Support to EEA manufactured biofuels**: how will the origin of feedstocks be determined? We understand that the UDB will provide information on the origin of the feedstock used in SAF production. However, in

Building blocks / elements	Comments / questions
	cases where SAF originates from States whose emissions trading systems are linked to the EU ETS (UK and Switzerland), the feedstock may previously have been imported into the UK or Switzerland from a non-EU country, while the PoS/PoC would show the UK or Switzerland as the country of origin. How will traceability of the feedstock used in SAF production be guaranteed in these cases? • **Comment 6 Article 3c(6) – Support to electrification**: we understand that the calculation of the support to electrification would be as follows: Support attributable to 1 MJ = 1 tonne RFNBO = t SAF × Support Level × Price Difference / EUA Price. Could you confirm if our interpretation is correct? • **Comment 7 Article 3c(6) – Long-term Fuel Supply Contracts:** could you clarify from what date this measure would be applicable? Furthermore, would the allocation be granted ex ante (e.g. in year X for the estimated supply for years X, X+1,...X+5), or ex post (e.g. in year X for the fuel supplied in year X-1)? If it is the former, how would be possible to reserve the allowances when the prices for subsequent years of the contract are still unknown? • **Comment 8 Article 3c(6) – Contrails**: does the reservation of these allowances imply that 3 million allowances will be withdrawn from the current 20 million allowance pool in order to guarantee availability for those aircraft operators that demonstrate the use of contrail prediction tools or use certain primary sources in their non-CO_2 reporting? Furthermore, could the COM clarify whether the allocation calculation is based on CO2 verified emissions, or on tCO2-eq of Non-CO2 impacts? • **Comment 9 Article 28a(6) – additional 100 million allowances**: Would the COM review of the mechanism, which will take place in 2032, propose a decrease in the number of allowances in this pool, or is it a guaranteed minimum until 2040?
Inclusion of private & business jets	• **Comment 1 Article 3(ao) – definition of business flights**: the proposal appears to suggest that only aircraft type will be used as the criterion for the qualification of business flights, although it may be difficult to determine from aircraft type alone whether a flight is commercial passenger transport or executive aviation. Will the list of business flights be drawn up according to

Building blocks / elements	Comments / questions
	aircraft type, aircraft registration, or aircraft operators considered to be business operators? • **Comment 2 Article 3c(6) SAF support restriction to business flights**: in the proposal business flights can only benefit from support for electrification. What is the rationale for not providing support for the use of biofuels?

Derogations	• **Comment 1 Article 28a (a) and (d) - derogations of EU ETS obligations for flights to/from Gibraltar**: what is the reason for the specific mention of flights to and from Gibraltar in sections (a) and (d) of Article 28a?
	Could the COM confirm whether the following routes would be covered by the EU ETS surrender obligations?
	  • Canary Islands – Gibraltar (both ways)
	  • Gibraltar – Istanbul (both ways)
	• **Comment 2 Article 28a(a) – derogation of EU ETS obligations for routes from EEE OMRs/Overseas to third countries**: article 28a (a): what is the argument that justifies the proposal to derogate from EU ETS obligations for flights originating in an outermost/overseas region of the EU to third countries (e.g. flights from Canary Islands to Turkey)?
	• **Comment 3 Article 28a(d) -application of the derogation for AOs <10.000 tCO2:** article 28a(d): could the COM clarify the meaning of the last part of the paragraph highlighted in bold?
	(d) all emissions from flights to and from aerodromes located in States outside the EEA, with the exception of flights to aerodromes located in the United Kingdom or Switzerland and to and from Gibraltar, in each calendar year from 1 January 2027 to 31 December 2028, except for aircraft operators operating flights between two different States with total annual emissions lower than 10 000 tonnes calculated in accordance with Annex I, ***for whom in each calendar year from 1 January 2027 to 31 December [2027/the year before the entry into force of this Directive]****;*
	Should it be interpreted that these flights are also exempt from the EU ETS obligations for aircraft operators with international flight emissions below 10,000 tCO2?

Building blocks / elements	Comments / questions
	• **Comment 4 Article 28a(e) – derogation for flights > 5.000 km or aerodromes <15.000 tCO2**: does the 15,000 tCO_2 threshold apply at aircraft operator level or at aerodrome level? Are international routes of less than 5,000 km exempt when they connect to an airport with emissions below 15,000 t CO_2 annual emissions, or is the reporting obligation exempt for aircraft operators whose annual emissions to aerodromes located less than 5,000 km away are below 15,000 t CO_2? • **Comment 5 Article 25a(4) – clean cut extension vs new Annex I scope**: article 25a(4) provides that, in respect of emissions released until 31 December 2035 from flights to or from States that are listed in the implementing act adopted pursuant to paragraph 3 of this Article, aircraft operators shall not be required to surrender allowances in accordance with Article 12(3) in respect of those emissions. Does this article not conflict with the new scope proposed under the revised wording of Article 28a(1)(e)? In the case of a route of less than 5,000 km to a State participating in CORSIA (e.g. Turkey), should Article 25a(4) apply or should Article 12(3)(f) be applied instead?
Other	• **Comment 1 Annex I - new wording of point (j)**: could the COM confirm that the threshold being referenced would be calculated considering what is currently known as "full scope"? Since the competent authorities do not have information on domestic UK routes or UK-to-third country routes, how can be determined by a Member State whether the operator is above or below the threshold under the UK ETS? • **Comment 2 Annex I – new wording of letter (k):** in the impact assessment the option chosen for the simplification threshold seems to be 100 tCO2 surrender scope. However, in the new proposed Annex I, letter k), the threshold is set at 1.000 tCO2. Could the COM clarify this difference? • **Comment 3 Article 3 – removal of distinction between commercial / non-commercial AO**: the elimination of the distinction between commercial and non-commercial operators has been fundamental for their attribution to EU Member

Building blocks / elements	Comments / questions
	States under the EU ETS. Will non-commercial operators belonging to a Member State and currently attributed to another Member State be reassigned?
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	• **Comment 1 to Art 3 (z):** port of call: The proposed new definition includes in point (ii), dedicated to offshore ships, the exclusion of container ships in a neighboring container transshipment port. Could the COM explain the rationale behind this proposal? • **Comment 2 to Art 3 (am):** offshore operations: Are dredging operations now excluded? If not, in which cases are considered? • **Comment 3 to Art 3 (am):** regarding 'activities in connection...´, could the COM clarify whether this concept includes the transport of personnel to an offshore worksite? • **Comment 4 to Art. 3ga**: related to emissions within ports for offshore activities, it is stated that emissions need to be 'Closely related' to the offshore activities. Could the COM clarify what evidence is needed to accept and/or demonstrate that the emissions are 'closely related'? And, if the offshore vessel stays at port for one year between offshore operations, waiting for contract renewal with the same offshore worksite, are those emissions considered? • **Comment 5 to Art. 3ga**: Please clarify how emissions are treated when an offshore ship performs voyages between an EEA European port and a non-European port, for example in the United Kingdom? • **Comment 6 to Art. 3ga**: Related to second paragraph points (i) and (ii). The term `for the purpose of performing or supporting offshore operations´ could lead to confusion. Could the COM clarify if a trip of an offshore vessel from an EU port to another port to pick-up the passengers/cargo to be transported to an offshore worksite would be included? • **Comment 7 to Art.3ga:** Related to paragraph 3, second subparagraph, and the extension to 31 December 2038 of the share of allowances, the reference data is maintained for the period 'from 2018 to 2020'. Why is this reference date not updated to a period after the entry into place of EU ETS for maritime sector,

Building blocks / elements	Comments / questions
	considering that updated figures can be easily obtained related to the attributed shipping companies to each Member State? Additionally, in Art. 3gg, paragraph 4 is modified to assess the appropriateness of extending 3ga(3) from 2028 to 2035. Has any assessment already been made with the current data available? • **Comment 8 to Art. 3ga:** What is the rationale behind the 150 nautical mile threshold, considering that certain developing East Mediterranean transhipment ports, such as Ashdod and Haifa, lie beyond this distance and may therefore be excluded from the assessment, despite potentially having a significant impact on the competitiveness of EU ports? • **Comment 9 to Art. 3ga:** regarding the equivalence between ETS of different countries – Could the COM clarify what constitutes equivalence? • **Comment 10 to Art. 3ga:** regarding the penultimate sentence ("The revenue generated from the auctioning of that share of allowances shall be used for the priority purposes referred to in the first subparagraph of Article 10(3), points (a) and (d), and for purpose (g) of the purposes referred to in the second subparagraph of Article 10(3)"), could the COM clarify how would it be operationalized for the maritime sector? • **Comment 11 to Art.3ga:** Related to paragraph 4, what specific activities would be covered for 'implementation of the system' with those 0.5 million of EUA? How are those EUA allocated? Could the COM clarify whether these 0.5 million are a total figure to 2040, and not an annual figure? • **Comment 12 to Art. 3gab:** regarding the 0.9 million allowances that are granted to third countries, could the COM explain which conditions will be required to these countries? How is this finance going to be allocated/controlled? • **Comment 13 to Art. 3gf:** Currently and based on Paragraphs b) and c), there is a big unbalance on the distribution of non-EU companies between Member States and therefore the associated administrative workload. Has the Commission considered any alternatives to this distribution mechanism, or if any compensation mechanism could be established?

Building blocks / elements	Comments / questions
Scope of vessels	• **Comment 1 to MRV Regulation, Art. 2.1ba and 2.1b:** it seems to exist some inconsistency or duplication for offshore vessels above 5 000 GT, as they seem to be included in both paragraphs. The Annex I of the EU ETS Directive refers to them in two ways, but the current reading of the exemptions in such Annex leaves unclear when offshore vessels are included. Could you clarify when offshore vessels are included in EU ETS? • **Comment 2 to MRV Regulation Art.2**: Has the Commission evaluated the potential impact of extending the EU ETS to vessels below 5 000 GT on companies that may be highly affected by increased administrative and compliance requirements due to their scale and available resources?
Top-up of allowances mechanism	• **Comment 1 to Art. 9 (4) and (5):** Will the total number of 110 million allowances dedicated to SMAP be increased with the inclusion of vessels below 5 000 GT? • **Comment 2 to Art.10**: Are there other mechanisms available to ensure that EU ETS revenues can support investments in maritime decarbonisation beyond the SMAP mechanism?
Support mechanisms for clean fuels and propulsion	• **Comment 1 to Art. 3gaa, paragraph 1:** Could the COM clarify how has the figure of 110 million of allowances been calculated? • **Comment 2 to Art. 3gaa, paragraph 1:** shipping companies may need to frontload investments in new technologies to decarbonize. Can the reserved allowances be distributed not evenly over the period? • **Comment 3 to Art. 3gaa, paragraph 1:** For what share of total fuel used by the maritime sector are 110 million allowances made available as subsidies? • **Comment 4 to Art. 3gaa, paragraph 2:** Please explain how, methodologically, support for fuels is combined with support for zero-emission technologies. • **Comment 5 to Art. 3gaa, paragraph 3:** What is the rationale for vessels below 5 000 GT to access the SMAP mechanism before contributing to the ETS? • **Comment 6 to Art. 3gaa, paragraph 4:** Which technologies are considered Zero-emission propulsion? Do “zero-emission propulsion technologies” include electricity and wind-assisted propulsion? Are they limited to the technologies listed

Building blocks / elements	Comments / questions
	in Annex III to the FuelEU Maritime Regulation, namely fuel cells, onboard energy storage/batteries and onboard solar or wind energy generation? • **Comment 7 to Art. 3gaa, paragraph 4:** Is this compatible with State aid rules and the General Block Exemption Regulation (GBER)? How do engines capable of using zero-emission fuels fit into this framework? How is already installed technology supported? How is a level playing field considered for operators that installed such technologies previously? • **Comment 8 to Art. 3gaa, paragraph 5:** What is the rationale for not giving verifiers a role in verifying incurred costs of introducing and operating zero-emission technologies? • **Comment 9 to Art. 3gaa, paragraph 6:** Regarding that MS check that batches of sustainable fuels are produced in the EU, is this check based on other regulations (e.g. FuelEU/RED), and if so, wouldn't it be appropriate to include a reference? If not, when and where will these checks be regulated? • **Comment 10 to Art. 3gaa, paragraph 8:** What are the conditions for equivalence or reciprocity in order for third-country ports to be eligible? • **Comment 11 to Art. 3gaa, paragraph 9:** How are the abated emissions from zero emission propulsion technologies calculated? Are the costs retroactive? • **Comment 12 to Art. 3gaa, paragraph 9:** Please explain how the aid percentages in paragraph 9 have been established, the methodology used and the results that led to this regulatory proposal. • **Comment 13 to Art. 3gaa, paragraph 9:** How different is the support for the fuel-price differential under points 9(a) and (b) compared with point 9(d)? • **Comment 14 to Art. 3gaa, paragraph 9:** What is the rationale for the 90 % rate for zero-emission propulsion technologies? • **Comment 15 to Art. 3gaa, paragraph 11:** Why is it not possible to allocate with more flexibility the number allowances for SMAP? • **Comment 16 to Art. 3gaa, paragraph 12:** What support can be provided to SMAP allowances at national or international level?

Building blocks / elements	Comments / questions
	• **Comment 17 to Art. 3gaa, paragraph 14**: in some presentations provided by the Commission, a calendar is shown on how to apply this during the year. However, it seems to assume that shipping companies submit their emission reports timely. In the development of the delegated acts, the Commission should take into account how to allocate the allowances considering modifications or submissions of the CER after 31 March (if allowed, or would a company lose the opportunity to receive these allowances if reports change after that date?). • **Comment 18 to Art. 3gaa, paragraph 16, and 3gg**: the evaluation of application of the SMAP only starts after 4 years of application. Considering the novelty of the initiative, an earlier evaluation after e.g. 2 years would be advisable, in particular to make any needed adjustments to the delegated regulations. Why is the start of the evaluation established to 2032 onwards?
Evasion	• **Comment 1 to Art. 3ga, paragraph 2**: under the proposed new definition, which ports would be included based on the current available data? • **Comment 2 to Art. 12 (3-g):** regarding the proposal to surrender less allowances for certain voyages and vessels above 10 000 TEU, how will the containers unloaded be demonstrated? Will the number of containers unloaded be included in the MRV report? • **Comment 3 to Art. 12 (3-g):** Why is the number of auctioned allowances reduced when applying this measure? • **Comment 4 to Art. 12 (3-g):** Additionally, how does this measure consisting of transshipment of containers coming from deep-sea routes at a non-EU port to smaller vessels that deliver to EU ports (feeders) address the carbon leakage risk? • **Comment 5 to Art. 12 (3-g):** Could the COM clarify why the time limit of this measure is extended to 2035 and not any other date? • **Comment 6 to Art. 12 (3-g):** Please explain the reasons underlying this proposed discount and why it applies only to containers discharged for transhipment.
Derogations	• **Comment 1 to Art. 12 (3-e) to (3-b):** the extension of derogations to 2035 is appreciated. However, these derogations under EU ETS are still not applicable to ports of Ceuta and Melilla, which are land regions belonging to Spain, but located

Building blocks / elements	Comments / questions
	in Africa and without land connection to Spain. Other legislation such as FuelEU already considers these two territories as small islands, and we have largely discussed in the past why we request a similar treatment. The last exchanges on the matter referred to the revision of the EU ETS Directive to include them as small islands. Therefore, we request clarification on whether Ceuta and Melilla will be treated as small islands in the revision of the EU ETS Directive.
IMO alignment	• **Comment 1:** We understand that double payment is not possible. Could the COM clarify why this is not clearly stated in current drafting?
MRV / Fuel EU	• **Comment 1 to Art.2.1d:** the proposed scope for vessels between 400 and 5 000 GT defines several categories that would fall under MRV, and then under EU ETS. However, these categories 2.1d(a)-(f), and the previous existing ones (general cargo, offshore), do not cover container ships or bulk carriers. Considering in particular the risk of carbon leakage using feeders from non-EU hubs, and that if below 5000 GT would therefore also be out of scope of MRV and ETS, what is the rationale for leaving container ships out of scope ? • **Comment 2 to Art. 4a**: Regarding MS responsible authority for FuelEU, MRV and ETS. Could the COM confirm that there is flexibility for MMSS to have different responsible authorities for ETS, MRV and fuel EU? • **Comment 3 to Art. 6:** regarding the approval of monitoring plans, dates are established in 2029 for their approval. Does it mean that, since the entry into force of this Regulation, no monitoring plans must be submitted covering both MRV and FuelEU? • **Comment 4 to Art.6 paragraph 8**: regarding the ships with monitoring plans that have been already revised and approved by AA, is such approval maintained in any way? • **Comment 5 to Art. 11 paragraph 1**: two dates are defined that seem to refer to the same obligation of submitting a MRV report: 31 March and 30 April. Could you clarify the differences between the two subparagraphs? **Regulation (EU) 2023/1805**

Building blocks / elements	Comments / questions
	• **Comment 6 to Art. 3(40):** Regarding MS responsible authority for FuelEU, MRV and ETS. Could the COM confirm that there is flexibility for MMSS to have different responsible authorities for ETS, MRV and fuel EU?
Other	• **Comment 1 to Article 25b**: regarding the use of revenues from allowances of third countries using ‚ETS as a service', how is the usage of these revenues monitored?
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	**Comment 1 Article 30(7):** According to Art 30(7), by 31 July 2026, the Commission should have presented a report to the European Parliament and to the Council in which it shall assess the feasibility of including municipal waste incineration installations in the EU ETS. Has this report been published? Is it available for MMSS? Art 30 (7) second subpara said that, in the report referred to in the first subpara (due by 31st July 2026), the Commission should "assess the possibility of including in the EU ETS other waste management processes, in particular landfills which create methane and nitrous oxide emissions in the Union." Has this assessment been undertaken? Is it published?
Scope	**Comment 1 – Article 3:** Is there a possibility to include definitions for waste incineration and waste co-incineration installations in Art. 3? It would provide legal certainty, as there is no definition either in the ETS directive or in the IED. Until now, competent authorities have been relying on the Guidance for the interpretation of Annex I, but it is not legally binding.
Volume	**Comment 1:** are data on the number of MWI installations, amount of emissions, how many allowances could they receive for heat production, etc. available? Can the COM share this information with MMSS?
Phase-in	
Opt-out	

Building blocks / elements	Comments / questions
Review/Other	**Comment 1, Annex I:** there is still a reference to the exclusion of MWI in annex I, is this a mistake or are we misunderstanding anything? "*Combustion of fuels in installations with a total rated thermal input exceeding 20 MW (except in installations for the incineration of hazardous or municipal waste)*"
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	• **Comment General:** The proposal throughout refers to the need to provide a decarbonisation pathway for sectors with **hard-to-abate emissions**. However, this concept does not appear to be defined in the Directive. Could the Commission clarify which sectors and emission sources are considered hard to abate for the purposes of this proposal, or whether consideration should be given to including a definition or objective criteria in order to ensure legal certainty and consistent implementation? • **Comment 1: Article 3(al):** Is this definition intended to apply only to stationary installations? (Highlighted in yellow in the consolidated version) If so, this should be explicitly stated, as the Directive also covers aviation and maritime transport, which are subject to similar or equivalent definitions under FuelEU Maritime and ReFuelEU Aviation. If the definition is intended to apply across all sectors covered by the Directive, this should be clarified. • **Comment 2: Article 4:** Is the reference to "resulting in emissions" (second line) necessary? Given the inclusion of hydrogen production installations and the increasing electrification of industrial processes, would a reference to the activities listed in Annex I not be sufficient? • **Comment 3: Articles 5 and 6:** As the number of emission-free units participating in industrial production processes is increasing significantly, should this not be reflected in the permitting framework and in the information contained in permits? For example, where four natural gas boilers have been replaced by four electric boilers that are part of the production process, should this information not be captured in the permit? (This could potentially be linked to the new Article 6(3).) • **Comment 4: Article 6(3):** What is the rationale for this new provision? Has the Commission identified a need for greater harmonization in the granting, amendment or withdrawal of permits across Member States?

Building blocks / elements	Comments / questions
	• **Comment 5: Article 6(4):** We would appreciate further clarification regarding the inclusion of this provision. Does it not risk creating an uneven playing field between new entrants and existing installations? Why does it apply to one category and not the other? We think this provision reduces administrative burden considerably (for installations and competent authorities) but it is discriminatory and could incentivize having permits into force for installations without activity to avoid the application of this provision. • **Comment 6: Article 6bis(2):** should the competent authorities of the Member State where the transport is originated be reflected here? Or is it considered in the "transit" member state? • **Comment 7. Article 6a:** The proposal establishes the designation of the competent authority of the Member State where the CO_2 is captured as the lead authority for CO_2 transport infrastructure and requires information exchange between the authorities of origin, transit and destination Member States. Could the Commission clarify disagreements between competent authorities would be solved, how cross-border monitoring and verification will be coordinated in practice, and how liability for potential losses or leakages during transport will be addressed? • **Comment 8. Article 12(3a):** Current wording establishes that no obligation to surrender allowances shall arise in respect of emissions "verified as captured and transported for permanent storage". However, it is not entirely clear how the provision ensures that only the quantity of CO_2 that is effectively and permanently stored benefits from the exemption, particularly where discrepancies arise between the quantities captured, transported and ultimately stored, or where leakages occur along the transport and storage chain. Could the Commission clarify whether the exemption applies only to the quantity of CO_2 that can be demonstrated, through the applicable monitoring, reporting and verification requirements, to have been permanently stored in accordance with Directive 2009/31/EC, and how leakages, losses or other discrepancies are accounted for under the EU ETS, including which operator bears the corresponding surrender obligation where permanent storage is not achieved? • **Comment 9. Article 12(3b):** The proposed amendment extends the exemption from the obligation to surrender allowances for captured and utilised CO_2 beyond the concept of permanently chemically bound CO_2, currently addressed under

Building blocks / elements	Comments / questions
	Delegated Regulation (EU) 2024/2620, to include CO_2 that is chemically bound and expected to be emitted at a later stage in ETS-covered activities. Could the Commission clarify how the traceability of such CO_2 and avoid double counting or gaps in ETS coverage will be guaranteed, particularly where the subsequent emission does not ultimately occur within an ETS-regulated activity or jurisdiction? • **Comment 10 Article 21(1):** could the COM commit to provide the Article 21 report template at least 3 months before the date of submission? The report is quite complex, a lot of information from different actors needs to be compiled, and "as early as possible before the deadline for submission" is vague and uncertain, it could mean the day before the submission. • **Comment 11 Article 21(4):** Is the reference to para 2 of article 21 in the last line correct (in the consolidated version)? This consolidated version shows that article 21(2) has been deleted.
CSU-S	
Installations less than 20MW	• **Comment 1:** has the Commission information on how many installations that fell below the threshold have chosen to stay in the ETS? Is that provision being used at all? Now that biomass units are added to the calculation of thermal power, is this provision needed?
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics	

Building blocks / elements	Comments / questions
(Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	• **Comment 1:** The impact assessment for maritime transport assumes that 50 % of the revenues raised are channeled back to the sector. Could the Commission provide figures for the estimated reinvestment of EU ETS revenues in the maritime sector? • **Comment 2:** Could the Commission clarify how it reached its conclusions on competitiveness in the maritime sector? Could the COM provide the specific study or data supporting those conclusions?
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	**<u>Cap and level of ambition</u>** Looking at the figures - compared to an LRF of 4,4 %, the cap is now almost 300 Mt higher. The new elements of carbon removals and international credits only account for half of this. Will the rest have to be compensated for with action in the current ESR sectors and LULUCF leading to an 88% EU domestic reduction? The impact assessment discusses the level of 85 %, but this would make the remaining 3% of international credits compulsory, not as an optional flexibility for reaching national targets as previously discussed. **So what is the ambition level that we are now looking at domestically?** Actual ETS emissions are likely to be higher than the cap in 2040 due to oversupply. When looking at how to reach the 2040 target, **will the Commission be counting the ETS sector's share of efforts based on projected emissions under this ETS suggestion or the cap**?

Building blocks / elements	Comments / questions
International credits	The Paris Agreement Article 6 market is still nascent, and there is no certainty that the market will produce credits that fulfil the requirements set out in the European Climate Law. We believe it makes sense to require that the development of a high-quality and high-integrity international credits market is assessed, and that the LRF reflects the outcome of the report. Has the Commission considered whether it would make more sense to only take international credits into account in LRF **only** if the outcome of the 2033 report shows that high-quality and high-integrity, cost-effective international credits are available, ie to start with a higher LRF for 2036-2040 and lower it if the outcome of the report is positive? What will be the process for considering the LRF? Will the report be accompanied by a legislative proposal? Is it possible that as an outcome to the 2033 report, international credits would be purchased a volume that is between 0-260 Mt, and LRF would be adjusted by a corresponding figure?
Removals	Can the Commission confirm that ETS installations may choose to sell those CRCF-credited bioCCS units that exceed their own emissions to other market actors, such as the Commisison purchasing facility? Also, can the Commission confirm that CRCF bioCCS units produced outside ETS scope can be sold to the Commission purchasing facility and used towards ETS target?
Other	The proposal includes flexibilities, most significantly the integration of permanent removals (250 Mt) and the use of international credits (260 Mt), that are financed by sales of EUAs. The proposal also includes other EUA set-asides. How will the proposal impact the **Member States' share of the auctionable allowances**?
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	

Building blocks / elements	Comments / questions
Benchmarks	How would the proposed changes to methodology on setting the benchmarks affect expected level of free allocation in 2031-40? What are the sectoral fallback benchmarks the Commission foresees to be established? What implications would the changes have on sectoral balance of free allocation? Can the Commission confirm that our reading on How does the proposal ensure that CSCF would not need to be activated?
Conditionality	In recital 48 of the ETS-proposal, the Commission refers to a number of operators expected to benefit from support under IDB, IF and IB and hence be exempted from the conditionality of the free allocation. What is the expected number and is there any more information on these assumptions? New article 10(a) paragraph 3c and the timeline for implementation of investments, does by that time in subparagraph a refer to the five year free allocation period or does it refer to the to the period + 2 years? How will the proposal ensure that installations which have implemented decarbonisation investments prior to the free allocation period starting in 2031/2029 are not in a disadvantageous position under the proposed conditionality? How will the proposed conditionality regime ensure the fait treatment of new entrants? Will the requirements for significant emission reductions apply also to new entrants?
Exports/CBAM	Can the Commission confirm that the changes made to the free allocation phase-out timetable in article 10(1) mean that free allocation adjustment of CBAM phase-in will mirror these changes in accordance with the article 31(1) of the CBAM Regulation? Does the ETS package include a permanent solution to the EU exports issue discussed in the context of CBAM? In the document “ETS Review: Cap distribution flow chart” that was distributed to Member States via Delegates Portal, there is a box called “CBAM remaining carbon leakage solution (114 Mt)”? Could you provide more background to the box, the given volume, and what is the “CBAM remaining carbon leakage solution”?

Building blocks / elements	Comments / questions
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	We seek to understand the proposed para 10(3) second subparagraph. If the MS **may** use the remainder of revenues referred to in the first subparagraph to purposes a)-k), should the MS report on the use of those revenues in the event that it elects to use those revenues to purposes outside a)-k)? COM proposal foresees that the use of standardized EU labels will be a mandatory tool to achieve better visibility on how Member States use EU ETS revenues. In the case where equivalent in financial value of ETS revenues (art 10.3) are reported, it appears conceptually challenging to link ETS-revenues at the national budget level to EU labeling at project level, as the ETS revenues mix up with all the other (unearmarked) general-purpose revenues that accrue to the national budget. Therefore, it would be challenging to say how much EU ETS revenues are used for what project and how much other revenues. What would be a working solution for "funded by EU ETS" label in a Member State that uses an equivalent amount of state revenues to purposes laid out in ETS Directive? EU labeling from the national budget perspective appears to necessitate project planning before budgetary planning, which would challenge a Member State with an annual budget cycle and no earmarking of revenues. Could the Commission elaborate what is meant by the point where it states that the use of revenues under the first and second paragraph shall not prolong reliance on fossil fuels in power generation and shall be consistent with the transition to a safe and sustainable low-carbon economy, the objectives of the Union's 2040 climate and energy policy framework, and the climate-neutrality objective set out in Regulation (EU) 2021/1119)? What does this requirement mean and how is its consistency assessed? Does this preclude

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Building blocks / elements	Comments / questions
	public support for fossil fuel -based investments that replace more dirtier/less energy efficient production? Is there evidence that demonstrates that the proposed mandatory allocation of auction revenues to the prescribed purposes provides greater climate benefits than allowing Member States to determine the most cost-effective mix of national measures for achieving the same objectives? It seems that both the list of acceptable purposes and the set of acceptable policy instruments (through which "equivalent sum" can be demonstrated) is narrower than in current directive and thus might lead to more restrictions in terms of the efficient use of public funds.
Modernisation Fund	What is the rationale behind allocating the emission allowances in IDB not used by 2031 to Modernisation Fund?
10% redistribution	
Innovation Fund	
Investment Booster	
Decarbonisation Bank	
ETS DNSH	
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	

Building blocks / elements	Comments / questions
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	Could the Commission explain whether the EU ETS applies 2029-2032 to flights to aerodromes that are less than 5 000 km from the aerodrome of Frankfurt, are located in States outside the EEA and have less than 10 000 tonnes annual emissions from flights from the EEA to them, please? It is not clear to us what is "this point" mentioned in Article 28a(1(e)) Art 28a(1) (e) all emissions from flights to aerodromes that are more than 5 000 km from the aerodrome of Frankfurt and located in States outside the EEA in each calendar year from 1 January 2029 to 31 December 2032, except for aircraft operators operating flights between two different States with total annual emissions lower than 10 000 tonnes calculated in accordance with Annex I. This point shall also apply in respect of aerodromes that are less than 5 000 km from the aerodrome of Frankfurt, are located in States outside the EEA and have less than 15 000 tonnes annual emissions from flights from the EEA to them. Small AOs According **to proposed Art. 28a(1)d**, *all emissions from flights to and from aerodromes located in States outside the EEA, with the exception of flights to aerodromes located in the United Kingdom or Switzerland and to and from Gibraltar, in each calendar year from 1 January 2027 to 31 December 2028, except for aircraft operators operating*

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Building blocks / elements	Comments / questions
	flights between two different States with total annual emissions lower than 10 000 tonnes calculated in accordance with Annex I, for whom in each calendar ***year from 1 January 2027 to 31 December [2027/ the year before the entry into force of this Directive****].* In addition, **according the proposed amendment to Annex I, twenty-ninth row on Aviation**, " ***from 1 January 2029****, flights which depart from an aerodrome situated in the territory of a Member State to which the Treaty applies, except for aircraft operators operating flights between two different States with total annual emissions lower than 10 000 tonnes calculated in accordance with this Annex."* Could Commission explain what does this mean for the so-called small AOs (with total annual emissions lower than 10 000 tonnes)? Are the emissions included into the ETS already from 1 January 2027 or possibly earlier or later ("the year before the entry into force of this Directive") or from 1 January 2029? --- The flights to aerodromes that are more than 5 000 km from the aerodrome of Frankfurt (**Art. 28a(1)e**). We could not find assessments for this proposal in the IA. -Therefore, could the Commission explain the reasoning behind this proposal? -What are its implications to the CO2 reductions as well as the aviation market and the administrative burden for the Member States and AOs? - How is the 5 000 kms distance being measured - as straight-line distances or as road distances? - From the airport's reference point or from the airport boundary? --- The continuity of the stop-the-clock -mechanism

Building blocks / elements	Comments / questions
	According to proposed **Art. 25a(4),** *in respect of emissions released until 31 December 2035 from flights to or from States that are listed in the implementing act adopted pursuant to para-graph 3 of this Article, aircraft operators shall not be required to surrender allowances in ac-cordance with Article 12(3) in respect of those emissions.* However, the Commission slides from WPE 20 July states: "In support of multilateralism, the Commission proposes to extend the 'stop the clock' again **until 2032**, giving CORSIA a chance to improve (proposal: Article 25a(4))." -Could the Commission confirm whether this means that the so called "Stop the clock" -decision would be extended until the end of **2032** or **2035**?
Corsia: implementation for 2026-2035 & deduction mechanism	For flights to countries outside the EEA falling within the scope of the new proposal, the AO would be required to surrender allowances corresponding to the verified emissions of the preceding calendar year. The proposal, however, includes so called CORSIA deduction mechanism (**Art 12(3)b&f)** to avoid double carbon pricing. In EU ETS surrender of allowances must be done yearly by 30 September whereas the CORSIA offsetting obligations are determined yearly by 30 November and the actual offsetting only takes place every third year. -Could the Commission clarify how this mechanism would operate in practice given the different compliance timelines under the EU ETS and CORSIA? -How would the adjustment be made in situations where ETS allowances must be surrendered before the corresponding CORSIA offsetting obligation has been determined and the offset credits cancelled?
Support mechanisms	<u>Free allowances</u>

Building blocks / elements	Comments / questions
	-Could the Commission explain what is the analytical basis for setting the number of free allowances at 110 million allowances for aviation? - Given that the ReFuelEUAviation Regulation is expected to increase demand for sustainable fuels and clean technologies, how does the Commission assess that this volume of allowances will be sufficient to meet the resulting support needs? -Are the further 110 million allowances conditional to the changes in the geographical scope of the EU ETS? -Could the Commission explain why the aid intensity for alternative fuels is higher in maritime transport than in aviation?
Inclusion of private & business jets	
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	Could the Commission explain the rationale for extending the ETS scope specifically to oil tankers, chemical tankers, gas carriers, LNG carriers, below 5,000 GT, while other vessel categories of a similar size remain outside the scope, please? We would be particularly interested in understanding why vessel categories other than Ro-Pax and passenger ships were excluded while those categories are covered by the ETS when operating above the 5,000 GT threshold. Has the Commission assessed the potential risks that the selective inclusion of certain vessel types may pose to a level playing field?

Building blocks / elements	Comments / questions
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	Could the Commission explain what is the analytical basis for setting the amount of free allowances at 110 million allowances for maritime transport, please? Given that the FuelEU Maritime Regulation is expected to increase demand for sustainable fuels and clean technologies, how does the Commission assess that this volume of allowances will be sufficient to meet the resulting support needs? Under the EU ETS Directive, are mechanical sails (wind-assisted propulsion technologies) considered a zero-emission technology for which the deployment of such technology would qualify for the allocation of additional/free allowances?
Evasion	
Derogations	Could the Commission quantify how many tonnes of CO_2 emissions, or alternatively how many EU allowances, are expected to fall under the proposed adjusted surrender mechanism for large container ships, please? Furthermore, what share of 1) total maritime ETS emissions and 2) emissions of large container ships would this represent, please?
IMO alignment	
MRV / Fuel EU	The ships in the 400-5000 GT size range are not included in the scope of the FuelEU Maritime Regulation. Could the Commission explain the rationale for extending the reporting requirements related to the FuelEU Maritime Regulation (reporting of energy used) to ships in the 400-5000 GT size range, please?
Other	
2.C Inclusion of waste	

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Building blocks / elements	Comments / questions
(Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	In Annex I it is stated "*excluding chemical recycling*" meaning that chemical recycling is not included in ETS. However, in Recital 72 it reads: "*The recovery of waste through chemical recycling activities, including thermal treatment processes such as pyrolysis or gasification, is not covered by the extension of the scope of the EU ETS to the extent that the substances resulting from the treatment are not subsequently incinerated*." We find it difficult to understand the meaning of the recital, as it might leave room for misunderstanding. Does it mean that if substances resulting from chemical recycling are incinerated, chemical recycling is included in ETS? In our understanding chemical recycling always results with some "final gas" which is incinerated, so in that sense would all chemical recycling be waste inceration? Would it be posible to clarify the meaning of the recital? We would also welcome clarification on the meaning of incineration plants *predominantly* treating hazardous waste that are excluded from the scope. Does this refer to plants where hazardous waste constitutes more than 50% of the total quantity of waste incinerated? Or how should the term "predominantly" be interpreted? Could a MS opt-in municipal waste incineration plants in ETS pricing already before 2031? As part of the broader inclusion of non-permanent CCU the Commission has proposed to include the distribution of synthetic fuels that incorporate carbon from CO_2 captured from ETS installations into the ETS1. How does the Commission assess the consistency and compatibility of the proposal with ETS2? Can the Comission confirm whether the examination process based on 95 % biomass rule would be carried out again in 2031?
Volume	

Building blocks / elements	Comments / questions
Phase-in	
Opt-out	
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	What are the implications for MS's without geological storage capacity of the proposed new article 6a (competent authority in respect of CO_2 transport infrastructure) in terms of transport of CO_2 across borders by rail, road or ships? The proposed amendment to 12(3b) and the broader inclusion of non-permanent CCU is based on the premise of inclusion of the point of release of CO_2 within the EU ETS. How will the gradual and pro-longed inclusion of waste incineration under a new articl 12a impact the implementation of the proposed article 12(3b) for installations capturing CO_2?
Installations less than 20MW	
ETS as a service	
Registry funding	Can the Commission provide an analysis and reasoning behind the proposed amount of 5.5M allowances?
Other	
PART 2: IMPACT ASSESSMENT	

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Building blocks / elements	Comments / questions
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

PUBLIC

FRANCE

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	The French authorities thank the European Commission for presenting its proposal to revise the ETS Directive. They maintain a general scrutiny reservation regarding the proposal. The French authorities reiterate the relevance and value of the EU Emissions Trading System (EU ETS), which is the main market-based instrument for achieving Europe's climate neutrality goal by 2050. Indeed, an appropriate carbon price sends a decisive signal to mobilize capital toward net-zero and low-carbon technologies and to support the transformation of production processes. It is therefore essential to preserve the ambition and integrity of the ETS to achieve climate goals while ensuring Europe's competitiveness. In line with the conditions conducive to achieving the 2040 target agreed upon in the European Climate Law, this review - as well as subsequent ones - must ensure the continuity and sustainability of the ETS market through targeted adjustments and must contribute to strengthening the EU's competitiveness and industrial base. This principle applies to the ETS, in particular to free-allocation allowances, as well as to the ETS benchmarks, where greater account must be taken of our industry's actual decarbonization capabilities.
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	The French authorities emphasize the importance of a comprehensive vision regarding the distribution of efforts among ETS 1, ETS 2, and ESR emissions, as well as the LULUCF contribution by 2040. This vision is absent from the impact assessment that was shared regarding the revision of the directive.

Building blocks / elements	Comments / questions
Adjustment of LRF	1) How can the revision of the Directive ensure a coherent and cost-effective distribution of efforts across ETS 1, ETS 2, ESR and LULUCF towards 2040, in the absence of a comprehensive assessment of their respective contributions? 2) What assumptions underpin the proposed ETS revision regarding the respective contributions of ETS 2, ESR and LULUCF towards the 2040 climate target?
International credits	1) In article 9b paragraphs 3 and 4, the Commission proposes to assess the development of international credits by January 2033 and eventually adjust the LRF based on this assessment. Would the Commission start engaging in purchase agreements for international credits before 2033? If so, how would these agreements be accounted for if the LRF is reverted back to 2,7%? 2) If the Commission assesses in 2033 that less than 260 million international credits can be purchased, would the LRF automatically revert back to 2,7% in 2036? Did the Commission evaluate more gradual scenarios to account for part of 260 MtCO2?
Removals	1) If the revenues from 260 million allowances (250 + 10) are not high enough to purchase 250 MtCO2 of removals, how will the Commission ensure that enough removals are purchased to achieve the set goal? 2) If, according to the assessment by the Commission by 2034, the progress regarding the purchase of removals is not sufficient, how will the ETS ambition be adjusted? 3) Can the Commission clarify whether the full potential of carbon removals in 2040 has been allocated to the ETS? 4) Can the Commission clarify why the newly created 250 MtCO2 (art. 9c paragraph 1) allowances would be returned to the Union-wide quantity of allowances (art. 9c paragraph 3) rather than simply cancelled? 5) According to article 14 paragraph 1a, operators, aircraft operators and shipping companies would have the opportunity to compensate their emissions with removals. Why is this possibility added to the facility created by the Commission in article 9c? Could you clarify how this compensation would be checked and accounting for? 6) What is the estimated ramp-up volume of removals over the period 2031 - 2040?
Other	1) The proposal represents a significant change to allowance flows compared with Phase IV. In order to inform the co-legislators, can the Commission provide an

Building blocks / elements	Comments / questions
	estimate of the various allowance flows over the period, distinguishing between those auctioned, those earmarked for free allocation, and those allocated to other uses?
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	The French authorities reiterate the need for a lasting solution to the issue of carbon leakage for exports. Following the discussions on this issue in the context of the revision of CBAM, and the commitments made by the Commission in this regard, the French authorities expected the ETS revision to address this matter. They stress that addressing export-related carbon leakage is an essential component of strengthening CBAM. The French authorities question the absence of provisions aimed at improving the gradualness and predictability of benchmark reductions for the 2031–2035 and 2036–2040 periods. They also recall that, should the conditionality of free allowances be adopted, it should remain simple to implement and aim to limit the administrative burden. On Cross Sectoral Correction Factor: 1) In particular, once these different flows have been clarified, it would be useful to present projected CSCF values over the 2031–2040 period on the assumption that the 57% share of allowances to be auctioned on behalf of Member States remains unchanged, and on the assumption of a change of this share of allowances to be auctioned on behalf of Member States to better reflect the evolutions of the ETS since this 57% parameter was defined. 2) Can the Commission confirm whether this 57% share does include the free allowances removed through the CBAM factor? 3) Can the Commission confirm that the special provision applying to the hot metal benchmark for the 2026–2030 period, which excludes DRP from its scope, is not carried over for 2031–2040?
Benchmarks	1) Did the Commission evaluate options to increase the predictability and gradualness of benchmark reductions that are not presented in the proposal or impact assessment, apart from the partial surrendering of allowances (e.g., linear reduction on an annual basis, increase of minimum update rate)?

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Building blocks / elements	Comments / questions
Conditionality	1) In 10a(3c), it is mentioned that if an installation "has then relocated or otherwise, directly or indirectly, transferred, in whole or in part, its relevant production capacity or the associated economic activity outside the Union, the Member State shall require the operator to reimburse the received allowances for the relevant allocation period". How could the Member State be able to make such an assessment? If the production is reduced there is already a reduction of allocation with the activity level change provisions, but how could the Member States make a link with an increased production outside the EU? How much of the allocation would be reduced, the share of production that has been transferred? 2) How would the competitive level playing field be maintained with imports, in particular for CBAM sectors? Did the Commission consider symmetrical mechanisms?
Exports/CBAM	1) Did the Commission explore the possibility of differentiating CBAM factors across sectors? 2) For additional goods added to the Annex I of CBAM regulation; what is the rationale to have 97.9% and 95.8% for the first two years instead of 97.5% and 95%? 3) Recital 58 states that CBAM free allocations will be phase-out by the end of 2037 while article 10a(1a) states that a CBAM factor of zero applies from 2038, is this an error? 4) The 4th paragraph of 10a(1a) (*With the exception of the allowances reserved for Articles 10cb **and 10ce** pursuant to Article 10cc, and of allowances set aside for new entrants pursuant to paragraph 7, first subparagraph, of this Article, allowances resulting from the reduction of free allocation shall be auctioned in accordance with Article 10(1)*); implies that there is a link between the volume of allowances resulting from the CBAM phaseout of free allocation and the Industrial Decarbonisation Bank part 2; which one is it? The article mentions 400 million ***allowances from Union-wide quantity of allowances referred to Article 9*** which is the general pool of allowances. The other earmarkings are explicit (200 million for Innovation Fund 10cb and 50 million for New Entrant Reserve 10a(7)).
Other	In article 10a(5a), are article 3ga(4) (*up to a maximum of 0.5 million allowances from the Union-wide quantity of allowances referred to in Article 9 to cover the financing of the*

Building blocks / elements	Comments / questions
	implementation of the system in relation to maritime transport activities) and article 9b (*Up to 260 million allowances from the Union-wide quantity of allowances referred to in Article 9 shall be made available to the facility for the purchase of up to 260 Mt of high quality and high integrity international credits*) missing from the list "Articles 9, 3gaa, 3gab, 9c, 10cc and 19 of this Directive" on purpose or it is an error? Those allowances are not earmarked for the Member States and the rest of the sentence mentions « shall be auctioned by the Member States ».
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	In their contribution for the preparation of a simplification package dedicated to outermost regions, the French Authorities have called for the introduction of a specific provision in order to encourage funding for decarbonisation of the maritime sector in these territories. This does not appear to have been included here. Can the Commission clarify its position on this point?
Use of revenues	
Modernisation Fund	
10% redistribution	
Innovation Fund	1) According to 10cb(2), if the separate benchmark proposal is adopted and uses all the 3% buffer, 50 million allowances from auctions would be earmarked to the Innovation Fund in 2028 (*To the extent that fewer than 50 million allowances remain available following the increase of the maximum amount under Article 10a(5) in accordance with Article 10a(5b), the difference shall be made available to the Innovation Fund from the quantity which could otherwise be auctioned pursuant to Article 10 in 2028*). Would those allowances come from phase IV and then reduced planned state auction in 2028, or come from phase V? 2) The following indication "up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emission" is not mentioned anymore. Does the Commission plan to provide support based on different rules? 3) Why is the special attention for CBAM sectors removed from the Innovation Fund?

Building blocks / elements	Comments / questions
Investment Booster	1) Why set such important parameters such as premium rates with Terms and Conditions and not a delegated act mentioned on article 7 (with an overlapping habilitation)?
Decarbonisation Bank	1) How will the Commission ensure that the Decarbonization Bank reaches a total budget of 100 Mds? Can you confirm that these 100 B€ will be exclusively composed of subsidies (as opposed to loans, guarantees, etc)? Can you provide an estimated budget for each support scheme (Innovation Fund, Investment Booster, Phase 2 of IdB), as well as details on the breakdown of the financing mechanisms that would be used to grant aid to the projects (CAPEX only vs whole funding gap incl. CAPEX and OPEX, CCfDs vs aid independent of carbon price, etc)?
ETS DNSH	
Other	1) Why does the rule of law provisions only apply to the Modernisation Fund?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	
Dynamic adjustment	1) How was the yearly decreasing rate of 4 % of the dynamic MSR parameters chosen?
Other	1) Will the Investment Booster and/or negative emissions be accounted for in the TNAC? 2) Can the Commission provide the co-legislators with an estimate of MSR activation over the 2031–2040 period, setting out the volumes of allowances released depending on whether or not the reform of the invalidation mechanism is carried through? 3) What is the Commission view concerning the opportunity of implementing price triggers in the MSR to improve price stability and predictability (e.g., through price corridor, stability mandate)?

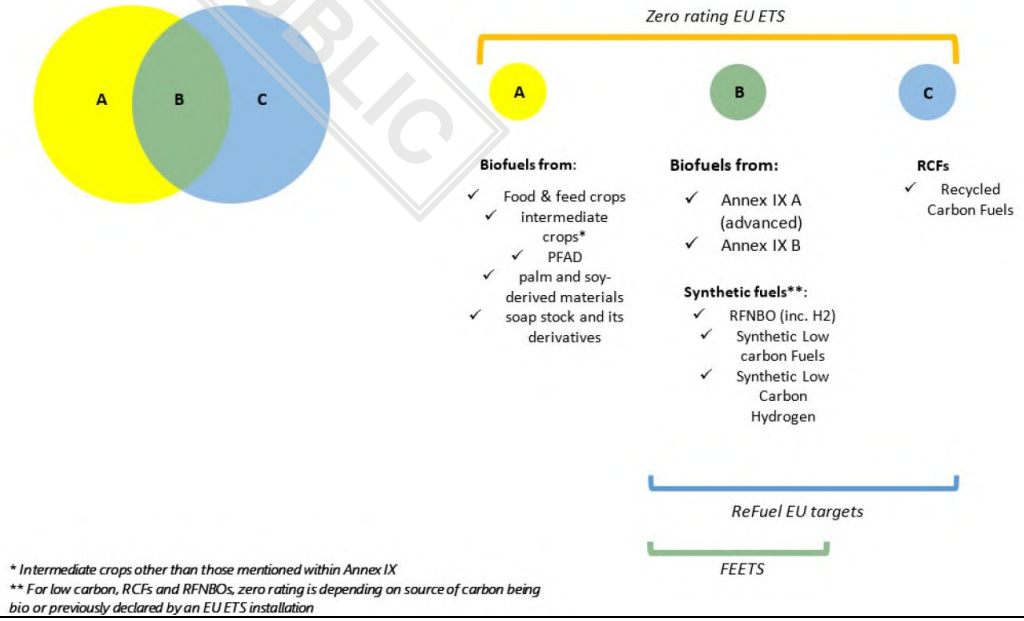
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Building blocks / elements	Comments / questions
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	The French authorities call for simplifying and strengthening the implementation of the aviation ETS, while ensuring that the only global framework for the decarbonisation of international civil aviation established by ICAO is preserved.
Corsia: geographical scope – depart flights	1) What is the purpose of article 25a(4) 'In respect of emissions released until 31 December 2035 from flights to or from States that are listed in the implementing act adopted pursuant to paragraph 3 of this Article, aircraft operators shall not be required to surrender allowances in accordance with Article 12(3) in respect of those emissions.'; ? Shouldn't it be removed otherwise flights to countries applying CORSIA (even under 5000km) would be exempted from surrendering allowances? The French authorities wonder whether there might be mistakes in article 25a(4) wording and in the Annex I sentence about 2029. These proposals seem contradictory to other ones in the text (28a). 2) The aviation cap adjustment described in article 28a(1) directly takes into account the reduction of allowances resulting from the ETS/CORSIA overlap and respective prices of allowances and the average price of credits eligible under Article 11a. Does it mean the cap can only be calculated ex post and updated every year? How would it work in practice? 3) What is the estimated volume of emissions covered by the proposed extension (geographical scope and private and business jets), that would be added to the cap? 4) As written, under Article 25a(4), flights to countries that apply CORSIA would remain exempt until 2035, and flights to and from airports more than 5,000 km from the center of the Union in countries that do not apply CORSIA would be included until 2032. Does the Commission confirm this meaning?
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	1) Regarding support for reduction of contrail impacts (article 3c paragraph 6), a maximum support of 420 000 M per year is proposed. Are these allowances part of the total of 3 million allowances dedicated to the reduction of climate impacts of

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Building blocks / elements	Comments / questions
	contrails or additional? If these allowances are additional, what is their funding source? 2) Regarding the extension of FEETS from 2024 to 2040: is this provision only applicable to flights within the EEA, but with a suppressed % factor? So how to compute the FEETS incorporation when massified? Should we refer to the secondary regulations? 3) Regarding non-CO2 allowances, are they attributed on full scope when written „verified emissions"? 4) How is „zero rating" supposed to be treated after 2030?
Inclusion of private & business jets	
Derogations	The French authorities take note of the proposal to extend the derogations and exemptions applicable to the outermost regions. However, given the particular political and economic sensitivity of these territories, as well as their strategic importance to the European Union, the French authorities are firmly convinced that these derogations should be extended as follows: (i) an extension of the current measures until 2040; (ii) the introduction of a derogation, also until 2040, for transoceanic air routes between any Member State and the outermost regions. A longer-term framework is needed to provide operators and public authorities with the visibility and regulatory certainty required to plan and secure investment in these regions.
Other	Why were the SAFs eligible for FEETS and zero-rating not aligned with the RefuelEU Aviation regulation? The French authorities highlight the risk of implementation

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Building blocks / elements	Comments / questions
	complexity. 
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	Why are bulk carriers not included among the categories of ships of between 400 and 5 000 GT that will be brought within the European carbon market from 2031?
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	Whilst the French authorities take a positive view of the introduction of this system, several points still need to be clarified:

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Building blocks / elements	Comments / questions
	• The mechanism operates on the basis of annual applications, whereas e-fuel supply contracts and investments in new vessels are generally entered into on a multiannual basis. **The absence of a multiannual guarantee therefore limits the level of predictability required for long-term investments and supply agreements**. Is there a reason why the Commission didn't propose a similar mechanism as proposed for aviation in article 3c(6) ? • In principle, fuels and technologies should be produced or manufactured in the Union, in a country whose emissions trading system is linked to the EU ETS, or in certain countries benefiting from EU support for carbon pricing. How would this criteria be implemented by competent authorities operationally? Did the Commission assess the potential of available supply in Europe compared to the expected demand? • For electric, wind-assisted or other zero-emission propulsion technologies, the level of support will depend on the additional costs incurred and the emission reductions achieved. **Could you clarify the methods for calculating emissions reductions for electric, wind-assisted or other zero-emission propulsion technologies?** • The allocation may take into account support granted under other national, European or international schemes. **Could you clarify which forms of aid may be deducted and the methodologies to be applied?**
Evasion	• The Commission's proposal would strengthen measures aimed at preventing carbon leakage. In particular, the revision of the relevant annex and the reinforcement of Implementing Regulation (EU) 2023/2297 could allow the **list of neighbouring container transhipment ports** to be expanded, thereby helping to reduce risks of carbon leakage and evasive port calls. • However, France considers that the rationale for introducing an **exemption for container ships of at least 10,000 TEU calling at EU ports** should be further assessed and substantiated, both from an economic and environmental perspective. The Commission should demonstrate that vessels of this size are in an objectively

Building blocks / elements	Comments / questions
	different situation from smaller container ships in light of the objective pursued, namely preserving the competitiveness of the most exposed intercontinental services while limiting potential windfall effects. If this justification proves insufficient, the measure could be challenged as creating unjustified discrimination between operators. The French authorities are therefore not opposed in principle to such an exemption, provided that it is supported by a robust and objective justification.
Derogations	• The French authorities wonder why the Commission did not retain the request to align the exemption regime under the EU ETS Directive with that provided for under FuelEU Maritime by extending to routes operated under a **national public service** delegation the exemption from the obligation to surrender allowances currently applicable to emissions from passenger ships and ro-pax ships performing voyages under a transnational public service contract or obligation. • The French authorities take note of the proposed extension of the derogations and exemptions applicable to the **outermost regions**. However, given the particular political and economic sensitivity of these territories, as well as their strategic importance for the European Union, the French authorities strongly consider that these derogations should be **extended until 2040** and extend to cover all journeys to and from the outermost regions. A longer-term framework is necessary to provide operators and public authorities with the visibility and regulatory certainty required to plan and secure investments in these regions. What reasons justify extending the derogatory regime benefiting the outermost regions only until 2035?
IMO alignment	• Could you be more precise as regards the interaction between the maritime ETS and the future IMO mechanism, particularly with regard to the respective scope of emissions covered by the two regimes, the conditions for applying the deduction mechanism, and the measures aimed at preventing carbon leakage? • On the so-called „deduction mechanism“, whilst France views the amendment proposed by the Commission and the reference to the risk of double payment favourably, the proposal does not provide precise safeguards against carbon leakage and distortions of competition, or guarantee that the deduction would apply automatically. Several questions therefore remain open, particularly regarding the respective scope of emissions covered by the two schemes, the conversion of the

Building blocks / elements	Comments / questions
	contribution paid under the IMO mechanism into an equivalent amount of EU ETS allowances, and the practical arrangements for calculating and applying the deduction.
MRV / Fuel EU	
Other	• [Offshore vessels] In the context of the proposed **change to the definition of a port of call for offshore vessels**, greater clarity is needed on the regime that will apply to such vessels between 2027 and 2031. This transitional period is particularly important for certain strategically sensitive sectors, such as **cable-laying vessels**, whose operations could be significantly affected by the revised framework. Operators need sufficient legal and regulatory certainty to plan their activities, conclude long-term contracts and make the necessary investment decisions. France should therefore continue to firmly advocate for their temporary exclusion from the scheme, pending the introduction of the revised "virtual port of call" mechanism.
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	The French authorities are opposed to the inclusion of **municipal and/or hazardous** waste incineration in the EU-ETS, and to the inclusion of landfills in the EU ETS. Indeed, unlike other sectors already included in the EU ETS, the main purpose of those activities is to process residual waste, meaning they are unable to choose the type or quantity of waste they accept, and cannot use measures such as fuel substitution or energy efficiency to significantly reduce their greenhouse gas emissions. In short, the French authorities wish to maintain the status quo regarding the inclusion of incineration and co-incineration in the EU ETS and of landfills in the EU ETS, meaning notably that: - incineration of non-municipal non-hazardous waste and co-incineration would remain included (with the current threshold of 20 MW), - incineration of municipal waste would remain excluded.

Building blocks / elements	Comments / questions
Scope	In addition to the fact that the French authorities are opposed to the inclusion of **municipal** waste incineration in the EU-ETS, they welcome the fact that incineration of hazardous waste is excluded from the scope of the proposal, as it is a critical sector for the treatment of waste for which there are no better options, such as waste containing persistent organic pollutants. Could the Commission explain why the capacity threshold of 3 tonnes per hour was chosen for co-incineration? For a SRF (Solid Recovered Fuel) facility, a capacity threshold of 3 tonnes per hour roughly corresponds to 12 or 13 MW, meaning that the threshold for SRF facilities would become lower than the threshold for combustion plants (20 MW).
Volume	
Phase-in	The French authorities are opposed to the inclusion of municipal waste incineration in the EU ETS, and therefore support the suppression of Article 12a.
Opt-out	• The French authorities are opposed to the inclusion of municipal waste incineration in the EU ETS, and therefore support the suppression of Article 12b. • In case of opt-out, shouldn't the cancellation of allowances correspond to verified emissions in the reference year adjusted by the phase-in factor in 12a(1)? The text only mentions „The Member State concerned shall cancel an amount of allowances from the total quantity of allowances to be auctioned by it, referred to in Article 10, for each reference year, which is equal to the verified emissions of the relevant installations for the reference year."
Review/Other	• The French authorities are opposed to the inclusion of landfills in the EU-ETS. • In annex I, it is stated that the greenhouse gas to be eventually monitored in landfills is carbon dioxide and not methane, which is surprising as landfills mainly produce methane. • Would the free allocation for district heating for municipal waste installations be reduced according to the phase-in of surrendering requirements between 2031 and 2035 or would they receive the same amount as other ETS installations?

Building blocks / elements	Comments / questions
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	1) Do you have target countries for the ETS as a service? 2) If ETS as a service only covers the part of aviation or maritime emissions between the EEA and the third country that are not covered by the EU ETS (ex the other 50% for maritime); what would be the interest of the third country to have a system that only covers a part of its emissions? How would they tackle the other emissions if they would like to include them as well but wouldn't have the administrative capabilities?
CSU-S	For carbon captures embedded in synthetic fuels, the point of accounting would be midstream, when the fuels are distributed. How would this change be implemented operationnally?
Installations less than 20MW	
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	1) Did the Commission evaluate the price impact of the different cap options?
Removals (Annex 8, part (II))	

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Building blocks / elements	Comments / questions
Market Stability Reserve (Annex 8, part (III))	1) Could the Commission share the prices underpinning figure 31 in part 3 presenting the price impact of the MSR changes?
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	1) Did the Commission evaluate the impact of an increased buffer (from 3% to 4%) on the CSCF for different options?
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

PUBLIC

ITALY

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	IT comments and questions
General comments	**1)** A study carried out in Italy on 11,293 ETS installations across all Member States finds that the 23 per cent reduction in manufacturing emissions between 2013 and 2024 is accompanied by a 14.6 per cent decline in the number of active installations and a reduction in the utilisation rates of the remaining installations. In its ex-post assessment, did the Commission distinguish between the proportion of the emissions reduction attributable to the loss of production capacity and that attributable to technological change? **2)** Has an assessment been carried out of the cumulative impact, on the same power station, of the price of allowances, the phasing out of free allocation, the investment obligation referred to in Article 10a(3b), and the indirect costs passed on to electricity prices? If not, how is the absence of a cumulative analysis justified, given that these measures affect the same entity and apply during the same period? **3)** The econometric estimates set out in the CESISP report for the period 2021–2026 indicate that the price of near-term EUAs is determined primarily by the slope of the futures curve, with a high level of significance, whilst the net position of obligated parties is not statistically significant. Does the Commission consider that the price thus formed reflects the scarcity relevant for compliance purposes, or rather expectations regarding the future regulatory trajectory? **4)** A comparison of the emission factors set out in EU legislation with the pass-through actually observed on electricity markets during the period 2021–2024 reveals significant differences between Member States. Furthermore, in Italy, the cap on the amount payable means that the actual support does not reach the maximum permitted level and remains below the indirect costs incurred by businesses, a situation which does not appear to occur in other Member States. What assessment has the Commission carried out regarding the

Building blocks / elements	Comments / questions
	impact of these differences on competition between undertakings in the same sector operating in different Member States? **5)** The price formed on the electricity market takes account of the price of emission allowances, even for plants that generate energy from renewable sources. Solutions aimed at applying the cost of carbon exclusively to producers using fossil fuels would benefit all consumers, making electricity a more competitive energy source. Has the Commission considered this possibility? **6)** Italy notes that certain provisions envisage a more direct role at Union level, notably as regards the Terms and Conditions for the Investment Booster under Article 10cd, the centralised purchase of removal units under Article 9c and the harmonisation of GHG permitting procedures under Article 6. We would welcome further information on the subsidiarity and proportionality considerations underpinning these choices, including any alternatives assessed to preserve an appropriate degree of Member State involvement and implementation flexibility.
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	**1)** The linear reduction factor remains set at 4.4 per cent for the three-year period 2028–2030. Given that the easing of the reduction trajectory begins in 2031, what relief does the proposal provide during the period when innovative technologies are not yet available at competitive costs? **2)** What is the resulting Union-wide quantity of allowances in 2040, and in which year would the cap reach zero, under the 1.7% factor and under the 2.7% factor respectively? **3)** What carbon price level over the period 2031-2040 is expected under the proposed factors?

Building blocks / elements	Comments / questions
	4) Following the report due by 31 January 2033, through which procedure and on which criteria would the reversion of the factor to 2.7% from 2036 be decided, and how much advance notice would operators have before it applies? Article 9b appears to provide for a binary outcome: how would a partial result be treated, that is a situation in which credits are available but for a quantity lower than the maximum of 260 Mt envisaged — would the factor be adjusted in proportion to the credits actually secured, or would the full reversion apply?
International credits	**1)** Why was it decided not to make full use of the 5 per cent margin, which would have allowed for a greater reduction in the LRF? **2)** Article 9b refers to a facility for the purchase of international credits without setting out its establishment or governance. Through which act and under what institutional arrangements will the facility be established, and what role will Member States have in defining purchase criteria and overseeing its operation? **3)** Is any use of international credits envisaged before 2036, and would it have any effect on the EU ETS cap?
Removals	**1)** The purchase of 250 Mt of removal units is financed by auctioning 250 million allowances, with a margin of a further 10 million. What happens if the price of removal units is significantly higher than the allowance price and that margin proves insufficient: would fewer removal units be purchased, while the cap has already been increased by 250 million allowances? **2)** Will the selection of projects rest on cost-effectiveness alone, or are safeguards envisaged for a balanced distribution of the purchases across Member States, given that access to CO2 storage differs considerably between them?
Other	**1)** With reference to Article 27 of the EU ETS Directive, has the Commission considered raising the threshold to 50 $ktCO_2e$? This would help to reduce the administrative burden on operators – who are, in any case, small emitters – whilst preserving the environmental integrity of the EU ETS system, given the limited volume of emissions concerned.

Building blocks / elements	Comments / questions
	Furthermore, such a change would help to reduce the pressure on demand for allowances (EUAs) in the market.
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	**1)** It is considered appropriate to support, for the period 2026–2030, a multi-faceted approach that allows for a rapid review of the fallback benchmarks on the basis of Commission proposal (2026) 619 final, possibly reinforced in line with the French proposal, whilst at the same time paying specific attention to the technological characteristics of the ceramic tiles sector (NACE 23.31) through the introduction of a targeted sectoral adjustment. For the period after 2030, however, it is considered that the more fundamental issue of the benchmark methodology should be addressed as part of the review of the ETS Directive, including an assessment of the introduction of the principle of technological attainability, in order to ensure greater consistency between the benchmark trajectory and the actual maturity and availability of decarbonisation technologies. As part of this review, it would also be appropriate to examine in greater depth the relationship between the functioning of the MSR, market structure and the financialisation of EUAs. In this context, the Commission is asked to clarify whether: - the introduction, under the 2026–2030 fast track, of a sector-specific adjustment for the ceramic tiles sector (NACE 23.31) can be implemented within the current regulatory framework and under proposal COM (2026) 619 final, or whether it would entail a change to the fallback benchmark methodology such that a revision of Delegated Regulation (EU) 2019/331 (FAR) or other implementing acts of the EU ETS would be required. **2)** Along with the extra buffers already provided for (such as the 3% or 4% flexibility referred to in Article 10a), are there any other compensatory mechanisms or additional resources available to mitigate the impact of the Cross-Sectoral Correction Factor (CSCF) on free allocation in Phase V? For example, is it possible to use residual or unallocated allowances carried over from previous periods to avoid a reduction in allocation levels? **3)** With regard to the phased inclusion of municipal waste incineration plants (Municipal Waste Incineration – MWI) into the EU ETS from 2031, could the Commission clarify

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Building blocks / elements	Comments / questions
	whether the introduction of a new product benchmark (for example, based on tonnes of waste treated or on total energy recovered) has been assessed, or whether it is envisaged that free allocation will be based exclusively on existing fallback benchmarks or on specific sectoral fallback benchmarks? **4)** The 'top 10 per cent' method is applied uniformly across Member States with vastly different energy systems, infrastructure and geographical conditions. How does the Commission justify a criterion that reflects the availability of a decarbonised electricity mix, biomass or CO_2 transport and storage infrastructure – conditions over which the operator has no control?
Conditionality	**1)** With regard to the new conditions attached to the allocation of free allowances, how does the Commission intend to reconcile this new measure with the original principles of a cap-and-trade system? How is the transformation and distortion of free allocation – from a tool for mitigating carbon leakage to a mechanism for investing in decarbonisation – justified? Does this not risk undermining the effectiveness of protection against the risk of carbon leakage at precisely the moment when pressure on European industrial sectors is at its highest? **2)** It should be noted that the conditions set out for the allocation of the remaining 20 per cent of free allowances are particularly challenging. In order to achieve significant reductions in emissions by the end of the five-year period in question (2031–2035), investments in decarbonisation would, in fact, need to be launched very quickly. Many of these investments, particularly in sectors where decarbonisation is difficult, nevertheless require significant time in technical, financial and regulatory terms, with particular reference to achieving financial close and the subsequent commencement of operations (see, for comparison, the Innovation Fund projects). This raises the question: - How does the Commission assess the compatibility between the conditions set out in Article 10a(3b) and (3c) for the allocation of the remaining 20 per cent of free allowances and the time actually required to develop and implement decarbonisation investments, particularly in hard-to-abate sectors? Can the Commission clarify whether the current provisions take adequate account of the technical, financial and authorisation lead times

Building blocks / elements	Comments / questions
	required for such investments to deliver measurable reductions in emissions by the 2031–2035 reference period? **3)** We would welcome clarification as to why the gradual phase-in of the conditional share considered at the impact assessment stage was not retained, the conditionality applying instead in full from 2031. **4)** Recital 49 refers to exempting small installations remaining voluntarily under the EU ETS from the investment conditionality, whereas the corresponding provision in Article 10a(3c), sixth subparagraph, appears to cover the 10% most efficient installations, zero-emissions and low-carbon installations, and installations remaining within the scope of the EU ETS following a change in their production processes. Is the exemption for small installations intended to be included, and what thresholds or simplifications have been considered to ensure proportionality for smaller operators, in view of the concerns recorded in the impact assessment regarding the administrative impact on SMEs? **5)** The only express reimbursement obligation in Article 10a(3c) concerns relocation or transfer of activities outside the Union. Where the final verification finds that the investments or the emissions reductions were not achieved, is the consequence limited to withholding the remaining 20%, or is the general recovery provision in Article 10a(3f) intended to apply to the 80% already allocated?
Exports/CBAM	**1)** Given that the actual effectiveness of the CBAM in mitigating the risk of carbon leakage has yet to be verified, and that there is still no structural solution for European exports to third countries – particularly in light of the gradual reduction in free allocation – the following questions arise: - What measures does the Commission intend to consider in order to mitigate the risk of carbon leakage associated with exports and safeguard the competitiveness of European products on international markets? - Could a mechanism – to be regarded as structural – be introduced, such as the retention, in whole or in part, of free quotas for those sectors that export to third countries?

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Building blocks / elements	Comments / questions
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	**1)** Under Article 5(3)(a), the amendments to Article 10(3) apply from 1 January 2029, so that revenues generated in 2029 would have to be disbursed by 2032. The term "disburse" appears to require actual payment rather than programming or the legal commitment of the funds. Industrial projects, electricity grids and CO2 infrastructure are, however, subject to permitting and construction timelines that frequently exceed three years. We would therefore welcome clarification as to: a) whether the legal commitment of the resources within the deadline is sufficient; b) how delays not attributable to the Member State are to be treated; c) what happens to amounts not disbursed within the deadline; d) whether the rule also applies to revenues accumulated before its date of application. **2)** The current Article 10(3) allows Member States to fulfil their revenue-use obligations through fiscal, financial or domestic regulatory policies that leverage an equivalent amount of financial support. This provision is not retained, although the proposed text continues to refer to the "equivalent in financial value" of auctioning revenues. Are such policies still intended to be eligible, including for the purpose of meeting the 50% requirement, and how will their equivalent financial value be assessed? **3)** Article 30m(3) as amended requires Member States to ensure the visibility of the source of funding for actions financed from auctioning revenues whose use they determine. What will compliance require in practice, and what additional administrative burden is expected for national schemes?
Modernisation Fund	

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Building blocks / elements	Comments / questions
10% redistribution	
Innovation Fund	**1)** The Commission is asked to clarify the total amount of emission allowances available to finance the Innovation Fund's calls up to 2030, specifying in particular the impact of the provisions set out in Article 10a(1) (conditionality of free allocations) and Article 5b, as well as any other mechanism that may affect the actual availability of resources (including the 50 million referred to in the new Article 10cb). **2)** Please clarify the total allocation for the Innovation Fund from 2031 onwards, the time frame to which this allocation relates, and the assumptions underlying its calculation. **3)** With regard to bid bonds and completion bonds, please clarify whether the Commission intends to introduce arrangements that are proportionate to the size of the undertaking, the type of project or the amount requested, in order to ensure that these instruments do not act as a barrier to the participation of SMEs and highly innovative projects. **4)** With regard to the objective of ensuring quality-based geographical coverage of funded projects, please clarify which criteria and indicators the Commission intends to use to assess whether this objective has been achieved. It is also suggested that it should be made clear that the assessment of geographical distribution should take into account not only the number of projects selected in the various Member States, but also the total value of the funding allocated and the sectoral distribution of investments. This would help to promote a broader geographical distribution of the projects supported, strengthen the participation of energy-intensive industries across all Member States, and consolidate the role of the Innovation Fund as a genuine European instrument supporting industrial decarbonisation, whilst upholding the principle of competitive selection based on the quality of the projects.
Investment Booster	**1)** Access to the reserved share of allowances under Article 10cc rests on a single indicator, namely GDP per capita at market prices below 75% of the Union average in the period 2022 to 2024. Which other indicators were assessed as a basis for access,

Building blocks / elements	Comments / questions
	including indicators reflecting national circumstances such as the energy mix, and was the possibility of combining several indicators considered? We would welcome clarification of the rationale for retaining GDP per capita as the sole criterion. **2)** The same question arises in respect of the Modernisation Fund, whose access threshold of 75% of average GDP per capita is confirmed with an updated reference period. Was the possibility of complementing that criterion with other indicators evaluated, given the similar approach adopted for the two mechanisms?
Decarbonisation Bank	
ETS DNSH	The current rules provide for a general exclusion from access to EU funds for standard investments in sectors covered by the ETS if such investments result in significant greenhouse gas emissions—that is, if it cannot be demonstrated that the projected CO_2 equivalent emissions are significantly lower than the benchmarks established for the free allocation of allowances. Given that emission levels depend not only on the characteristics of the facilities but also on structural and geographic factors beyond the control of businesses, has the Commission considered the possibility of allowing funding for investments that, while not resulting in emissions significantly lower than the benchmarks, nonetheless lead to a substantial reduction in emissions compared to current processes? Has an assessment been conducted regarding the effectiveness of such measures in reducing CO_2 emissions and preventing carbon leakage?
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	

Building blocks / elements	Comments / questions
Release	In the event of exceptional pressure on the EUA market, it might be useful to have a temporary mechanism capable of increasing the supply of allowances without altering the overall cap. This raises the question: Has the Commission considered the possibility of introducing a temporary front-loading mechanism, by bringing forward allowances intended for auctions in subsequent years, to be activated in the event of exceptional situations involving a shortage of supply or excessive price volatility?
Dynamic adjustment	**1)** The planned gradual adjustment of the MSR thresholds could affect the quantity of allowances available on the market and, consequently, the dynamics of EUA prices, particularly in situations of market stress. This raises the following question: - Has the Commission considered the possibility of keeping the MSR thresholds more stable over time, in order to avoid excessive absorption of allowances and to limit any pressure on the supply and prices of EUAs? **2)** As highlighted in the Impact Assessment, a more dynamic and adaptive MSR could help to strengthen market stability, although there remain limitations in the current mechanism's ability to respond to higher-frequency price volatility. With this in mind, consideration could be given to introducing safeguard measures that would complement the quantitative parameters of the MSR with indicators linked to the trend in EUA prices. This raises the following question: - Has the Commission considered the possibility of introducing a safeguard mechanism into ETS1 linked to the price of EUAs – possibly modelled on that provided for in ETS2 –

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Building blocks / elements	Comments / questions
	or of linking the release of additional allowances onto the market to the deviation of the EUA price from a reference 'switching price' at European level? **3)** Article 29a of the ETS Directive, which is designed to enable intervention in the event of excessive increases in the price of EUAs, has not yet been applied. The reference to a moving average of prices over the previous two years could reduce its effectiveness in the event of persistent increases, as a rise in the reference average leads to a gradual increase in the trigger threshold. This raises the following question: - Has the Commission assessed the actual effectiveness of Article 29a in addressing persistent increases in EUA prices and, in particular, whether its trigger mechanism and the relevant benchmark should be reviewed? If so, why does the proposed revision not address this provision?
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	**1)** According to the new wording of Annex I, which will apply from 2029, only flights departing from aerodromes situated within the territory of a Member State to which the Treaty applies will fall within the scope of the Regulation. In this context, could the Commission clarify whether an amendment to Commission Delegated Regulation (EU) 2025/927 is envisaged, in order to ensure that MRV obligations continue to apply to flights arriving in the EEA from third countries?
Corsia: implementation for 2026-2035 & deduction mechanism	**1) Article 12(3)(f)**:

Building blocks / elements	Comments / questions
	With reference to Article 12(3)(f), clarification is sought on how the time lag should be managed between the publication by ICAO of the Sectoral Growth Factor (SGF) – which takes place annually at the end of October and is required for the calculation of CORSIA offset obligations – and the 30 September deadline for the surrender of ETS allowances. Confirmation is also requested that the reduction in the ETS surrender obligation should be calculated using the following formula: **ETS reduction = CORSIA obligation × proportion of the route covered by the ETS × (ETS price / price of CORSIA credits)**, as can be inferred from the wording of Article 12(3)(f). In light of the above, it is noted that the mechanism appears to be extremely complex, both for aircraft operators and for the competent authorities responsible for its implementation and verification, with potential operational challenges and risks of inconsistency between the two systems (ETS and CORSIA).
Support mechanisms	**1) Article 3c(6).** With regard to the proportionality factor, please confirm that the proposal introduces a single proportionality factor for each air operator, to be applied uniformly to all aerodromes from which the operator operates flights (i.e. calculated at operator level rather than at aerodrome level). **2)** With reference to **Article 28a(6)** ('From 1 January 2029, the amount shall be available for all flights departing from an aerodrome situated in the EEA, subject to the restrictions on business flights set out in Article 3c(6). From that date, the last two sentences of Article 3c(6), first subparagraph, shall not apply to the allocation of allowances pursuant to that Article.'), clarification is sought regarding the geographical scope of flights covered by the ETS, including for the purposes of determining the proportionality factor. We also request confirmation that, with effect from 1 January 2029, the proportionality factor will be abolished and will therefore always be set at 1, both for the calculation of the FEETS and for the calculation of fuel volumes considered to be zero-emission. **3) Article 3c(6), letter (d):**

Building blocks / elements	Comments / questions
	Clarification is sought regarding the level of support envisaged for biofuels other than advanced biofuels after 31 December 2029. The exclusion of support for these categories of biofuels after that date raises concerns about the sustainability of the industrial plans currently being developed for their production. **4) Article 3c:** In the text: 'The fuels referred to in the third paragraph, points (a), (b) and (d), may benefit from a 10 percentage point increase in coverage if they are produced using raw materials originating in the Union, from a third country that has an emissions trading scheme linked to the EU ETS, or from a third country to which the Union provides support pursuant to Article 25b', clarification is sought as to whether the term 'sourced' refers to a specific point in the raw materials supply chain.
Inclusion of private & business jets	**1) Extension of the scope of the ETS to business aviation** Based on experience gained in recent years, many of these operators prove difficult to identify and contact. Numerous small issuers, particularly those based in non-EEA countries, are often untraceable and fail to comply with the applicable obligations, leading to an increase in enforcement cases and sanctioning procedures, which in most cases are unsuccessful. Has the Commission assessed the additional administrative and enforcement burden that extending the scope of the ETS to business aviation would place on the relevant national authorities?
Derogations	**1) Art. 28a(1):** Point (d) – Could the meaning of the final part of Article 28a(d) be clarified? In particular, could it be confirmed whether the derogation provided for in Article 28a(d) applies to aircraft operators with international emissions of less than 10,000 tonnes of CO_2 from 1 January 2027 until the year preceding the entry into force of the Directive?

Building blocks / elements	Comments / questions
	What will happen to airlines that emit less than 10,000 tonnes of CO_2 on international routes once the directive comes into force? Point (e) – Does the 15,000 t CO_2 threshold refer to emissions from airports or to emissions from operators? In other words: are international routes of less than 5,000 km excluded when they connect an airport with annual emissions of less than 15,000 tonnes of CO_2, or does the exclusion apply to air operators whose emissions to aerodromes located within 5,000 km are below that threshold? Point (e) – Article 25a(4) provides that, until 2035, there shall be no obligation to surrender ETS allowances for flights to and from the States listed in the implementing act (Member States applying CORSIA). How does this provision relate to the derogations introduced under Article 28a(1)(e)? **2) Annex I:** Point (j) – With regard to the new point (j) of Annex I, clarification is sought on how the competent authorities in the EU can properly verify the application of the 1,000-tonne CO_2 threshold for operators falling within the scope of the UK ETS.
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	**1)** Could the Commission provide a more detailed breakdown of the extension to vessels between 400 and 5,000 GT, specifying, by Member State and vessel category, the estimated number of vessels and shipping companies affected, the additional emissions actually covered by the scheme, and the associated administrative and compliance costs for operators, verifiers and authorities?

Building blocks / elements	Comments / questions
	2) In particular, has the proportionality of the extension been assessed in relation to SMEs, local and regional maritime services, and operators with large fleets but relatively low per-unit emission levels? **3)** If it were to emerge that the environmental benefits are out of proportion to the administrative burden, might a more gradual implementation be considered, or the retention of the 5,000 GT threshold for certain categories, or the introduction of genuinely simplified MRV requirements for small operators? **4)** Annex I: From 2031, the EU ETS would be extended to selected cargo, tanker, and offshore vessels between 400 and 5,000 GT, while smaller Ro-Pax and passenger ships would remain outside the surrender obligation pending a dedicated Commission assessment. We support maintaining this exclusion for small passenger and Ro-Pax vessels and making any future proposal to extend the surrender obligation subject to a thorough impact assessment, carried out in close consultation with Member States. Particular attention should be given to Member States and territories that rely on smaller vessels to ensure essential connectivity for small islands and coastal communities.
Top-up of allowances mechanism	**1)** Finally, with regard to the top-up of allowances, has the Commission assessed whether the single parameter of the number of shipping companies per million inhabitants adequately reflects the actual exposure of the various Member States to the impacts of the maritime ETS? Could criteria such as traffic volume, the importance of the port system, insularity, territorial continuity services and the administrative burdens borne by the competent authorities also be taken into account?
Support mechanisms for clean fuels and propulsion	**1)** With regard to the SMAP, on the basis of which assumptions was the adequacy of the allocation of 110 million allowances assessed in relation to the expected cost differential of sustainable fuels and zero-emission technologies? Is there a review mechanism in place should the allocation or the terms of access prove to be insufficient, particularly for SMEs? **2)** Despite the introduction, for the first time, of a direct mechanism to channel EU ETS revenues back into the maritime sector without establishing a dedicated fund — an

Building blocks / elements	Comments / questions
	approach that has proven overly complex and difficult to implement — key elements of proposed Article 3gaa remain unclear. In particular, the provisions on propulsion technologies are less developed than those governing clean fuels, leaving the Commission broad discretion to define eligible technologies and potentially limiting access to fuel-related funding. The final text should provide a credible investment signal to ship operators and fuel producers, allowing the industry to recover part of the premium paid for clean fuels in Europe one year before potentially receiving free allowances.
Evasion	**1)** With regard to the new anti-avoidance measures, could the Commission clarify how their effectiveness in preventing the diversion of traffic to non-EU ports will be assessed, and whether there are plans for specific monitoring of the areas most exposed to this risk, with particular reference to Mediterranean ports?
Derogations	**1)** Could the Commission clarify whether, as part of the impact assessment, the economic and social effects of the EU ETS on transport links between the mainland and Sicily and Sardinia were specifically analysed and quantified, with particular reference to the costs of passenger and freight transport, supplies and territorial continuity? **2)** In this context, what justification is given for maintaining the threshold of 200,000 residents as the criterion for eligibility for the exemption, given that this threshold results in the exclusion of precisely the two largest Italian islands, both of which lack a fixed link to the mainland? The proposed extension until 2035 of the derogation under Article 12(3-d) for maritime connections involving islands is considered essential to support vulnerable island territories, in line with the EU Strategy for Islands and the protection of disadvantaged regions enshrined in the EU Treaties. However, population alone does not fully capture territorial vulnerability. Article 12(3-d) should therefore include a socioeconomic criterion as an alternative where the population threshold does not adequately reflect an island region's vulnerability. This criterion should be aligned with the EU cohesion policy framework and based on verified data, such as GDP per capita in purchasing power standards at or below 75% of the EU average.

Building blocks / elements	Comments / questions
	3) Has consideration also been given to introducing a specific, temporary exemption – at least until 2035 – for essential connections with the major islands and for ro-ro cargo services forming part of the Motorways of the Sea, not least to prevent any potential modal shift towards road transport? **4)** The threshold of 200,000 permanent residents set for the exemption relating to island routes excludes larger islands that have no road or rail links to the mainland. What correlation has the Commission identified between an island's population size and its dependence on maritime transport? **5)** The new Article 12(3-g) introduces a targeted and temporary incentive-based measure for containerships of at least 10,000 TEU performing inbound voyages, with the level of support determined by the share of containers unloaded solely for onward transshipment to non-EU ports. While this represents a first recognition of the need to address the specific challenges faced by deep-sea transshipment activities at EU ports, which are already experiencing a relocation of traffic and investment toward competing non-EU hubs, the proposed measure remains insufficient to address the underlying competitive imbalance. Further adjustments are therefore necessary. The only effective way to preserve the competitiveness of EU transshipment hubs is to ensure treatment equivalent to that available at competing non-EU ports. Under Article 12(3-g), deep-sea vessels carrying out transshipment activities at EU ports should therefore give rise to no obligation to surrender EU ETS allowances in respect of both inbound and outbound extra-EU voyages, as well as emissions generated during the related port stays. Partial discounts cannot, on their own, correct the structural cost differential. A full and targeted derogation for qualifying deep-sea transshipment activities is therefore necessary to restore a level playing field between EU and non-EU hubs. **6)** Why would the proposed discount mechanism (Article 12(3-g)) apply only to inbound voyages when third-country ports impose no equivalent ETS cost on either leg of the voyage?

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Building blocks / elements	Comments / questions
IMO alignment	**1)** Could the Commission clarify which solution it considers preferable to ensure that, once the future IMO framework is operational, the same emissions and the same compliance period are not subject to a double economic burden under both the IMO and the EU ETS at the same time? In particular, does the Commission consider that a principle of genuine alternative choice between the two instruments should be ensured for the overlapping emissions component, or what other mechanism does it intend to consider to ensure that there is no double payment?
MRV / Fuel EU	**1)** With regard to the integration of MRV and FuelEU, could you also clarify how the 'report once' principle will be implemented in practice to ensure a single information flow and a single verification process for shipping companies, thereby ensuring full interoperability between the THETIS-MRV and FuelEU databases and avoiding duplication of data, checks and compliance obligations?
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	**1)** Assess the advisability of harmonising terminology to clearly limit the full scope to the incineration and co-incineration of municipal waste only.
Scope	**1)** The inclusion of municipal waste incineration means that a price is attached to emissions from energy-from-waste treatment, but not to those from landfill, which the waste hierarchy set out in Directive 2008/98/EC ranks last. How can one justify an asymmetry that distorts the relative cost of the two options in favour of disposal?
Volume	

Building blocks / elements	Comments / questions
Phase-in	
Opt-out	
Review/Other	**1)** It is noted that the inclusion of landfills for the purposes of monitoring, reporting and verification obligations is subject to two enabling conditions set out in Annex I, namely the establishment of a system of registers in accordance with the forthcoming Circular Economy Act and the adoption, with publication in the Official Journal, of the conclusions on best available techniques for landfills. The Commission's report, due by 31 July 2029, will determine whether these requirements have been met, with predetermined effects on the date from which the obligations take effect: 1 January 2031 in the event of a positive outcome, and 1 January 2034 otherwise. It should be noted that the reference document on best available techniques for landfill sites is a new document and does not constitute a revision of a pre-existing document. We therefore request that you set out the planned timetable for the subsequent stages of the exchange of information and for the adoption of the relevant conclusions, and specify whether this timetable has been taken into account in setting the deadline of 31 July 2029.
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	
Other	

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Building blocks / elements	Comments / questions
PART 2: IMPACT ASSESSMENT	
General comments	**1)** The gradual reduction in the cap structurally leads to a growing scarcity of EUAs and a consequent upward pressure on the price of carbon. In this context, the increasing influence of financial demand and speculative strategies could amplify this dynamic, resulting in price levels or rates of growth that cannot be fully attributed to the fundamentals of the ETS market and operators' compliance requirements. This raises the following question: - Has the Commission assessed the extent to which the participation of financial operators may be contributing to the upward trend in EUA prices and, also in light of the market's gradual contraction, whether it might be appropriate to introduce limits on the trading activities of entities not directly linked to the compliance and hedging requirements of the EU ETS?
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	

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Building blocks / elements	Comments / questions
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	**1)** Appendix 3 of Annex 13 to the impact assessment sets out the monitoring, reporting and verification methodologies applicable to incinerators and landfills, distinguishing between measurement-based and calculation-based approaches. With regard to the latter, the document expressly acknowledges that the composition of municipal waste varies from facility to facility and recommends, when calculations are made using predefined factors, an approach based on the individual facility or Member State rather than a generic EU-wide value, given that the breakdown between the fossil and biogenic fractions depends on the collection schemes and pre-sorting stages adopted at national level. Section 1.3 of Annex 13, on the other hand, assumes a uniform factor of fifty per cent for fossil emissions per tonne of incinerated municipal waste, from which both the estimated carbon cost of between 38.5 and 66 euros per tonne and the corresponding percentage increase in the waste disposal charge are derived. By contrast, the 2024 monitoring data show an actual average value of around 47 per cent within the European Economic Area. The question therefore arises as to whether the use of a uniform factor in estimating economic impacts has been assessed in the light of the recommendation set out in Appendix 3, and whether a sensitivity analysis of the results has been carried out with regard to emission factors differentiated by Member State. A modest deviation in average terms does not, in fact, rule out significant differences between systems with very different levels of organic fraction and packaging recovery, in which the residual waste has a structurally higher fossil content per unit of mass, resulting in a different cost per tonne treated. It is noted that the expected reduction in overall costs for the most efficient systems stems from the reduction in the volumes sent for incineration as a result of pre-treatment, a conclusion consistent with a higher unit cost per tonne. However, the assessment should make clear the distinction between aggregate system costs and unit costs, and specify to what extent that reduction in volumes is actually achievable in countries that have already reached high levels of separate collection and pre-sorting: in such cases, the remaining

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Building blocks / elements	Comments / questions
	scope for improvement is more limited and the higher unit cost is borne without proportional compensation.
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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LITHUANIA

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	Use of international credits brings uncertainty to stakeholders with regards to LRF. We would like to note that for large and long-term investments the stability of ETS is essential. Projects such as CCS or CCU take a lot of time and investment to be viable and if the situation in 2033 changes the LRF from 1,7% to 2,7% this may lead to financial instability in companies that are implementing such huge projects. We are discussing with stakeholders this potential change and whether fixed LRF is more preferable.
International credits	The use of international credits in ETS sectors brings additional uncertainty. Please see comments in the “Adjustment to LRF” section.
Removals	
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	

Building blocks / elements	Comments / questions
Conditionality	1. **Clarification on the scope of conditionality** – Article 10a(3c) refers to exemptions for "zero-emission or low-carbon installations". What types of installations are considered "low-carbon" for the purposes of this provision? Would this include installations emitting, for example, less than 25,000 tonnes of CO_2 or 5,000 tonnes of CO_2 per year? 2. **Adjustment of free allocation based on implementation of the InvestEU plan** – Will free allocation be adjusted if an InvestEU plan is not implemented in full, but, for example, reaches 90% implementation? In other words, would an installation lose 20% of its free allocation regardless of whether the plan is implemented at 85%, 90%, or 95%? 3. **Joint InvestEU plan** – It is stated that, once a joint plan has been submitted, additional operators may not be added during the five-year period. How would situations be handled in which a new operator is willing to join the joint plan in place of an operator that ceases operations or goes out of business? Similarly, would it be possible for operators to "switch places" within a joint plan? 4. **Valuation of investments under Article 10a(3b)** – Article 10a(3b) states that the value of investments should amount to the value of the allowances allocated for free. How will the value of these investments be determined? In particular, what ETS allowance price will be used to calculate the value of the free allowances?
Exports/CBAM	
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	It was mentioned by the Commission that the requirement to use revenues within three years means that revenues received by Member States should be incorporated into their financial plans within this three-year period. What happens if a Member State does not use the revenues within the three-year period, or if a redistribution of the planned expenditure becomes necessary?

Building blocks / elements	Comments / questions
	In Lithuania, we have four-year plans for the use of revenues generated from the EU ETS.
Modernisation Fund	We have noted a significant decrease in the proposed size of the Modernisation Fund. Compared with the current Modernisation Fund allocation available to Lithuania, the proposed size would be approximately five times smaller. This would significantly limit both the scope and the scale of projects that could be supported through the instrument. Moreover, together with the upcoming EU ETS as an EU Own Resource, this could have a financial impact on Lithuania of almost EUR 2 billion over the next decade. In this context, Lithuania calls for an increase in the size of the Modernisation Fund to ensure that sufficient funding remains available for investments supporting the decarbonisation and modernisation of the energy system.
10% redistribution	We note that the proposed provision would make the use of the 10% redistribution for contributions to the Modernisation Fund mandatory, whereas under the current framework this is optional ("may use" would become "shall use"). Could the Commission clarify the rationale for making this transfer mandatory?
Innovation Fund	In the event that a funded project fails to be implemented or is terminated, how would the funds that are returned or recovered be redistributed?
Investment Booster	1. **Redistribution of funds in case of project failure** – In the event that a project fails to be implemented and the allocated funds are returned, how will these funds be redistributed? Will they be offered to projects on the reserve list? For example, if EUR 100 million worth of allowances is allocated to several Member States and funds subsequently become available due to project failure, would the returned funds be redirected to the Modernisation Fund or used to finance other eligible projects on the reserve list? 2. **Geographical balance in project selection** –What criteria or mechanisms will be used to ensure an appropriate geographical distribution of funding? 3. **Consideration of GHG reduction impact** – While the selection of projects according to chronological order is understandable, we are concerned that this approach could result in projects with a lower GHG reduction impact being selected before projects with greater decarbonisation potential. Will the expected GHG reduction impact of projects be considered as an additional key criterion in the project selection process?

Building blocks / elements	Comments / questions
Decarbonisation Bank	Will geographical balance among Member States be taken into account when selecting projects for funding? If so, what criteria or mechanisms will be used to ensure an appropriate geographical distribution of funding?
ETS DNSH	
Other	Is it known when the Commission intends to formally launch the revision of the ETS State Aid Guidelines concerning compensation for indirect carbon costs for energy-intensive industries?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	

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Building blocks / elements	Comments / questions
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	
Evasion	
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	

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Building blocks / elements	Comments / questions
Volume	
Phase-in	How will existing municipal waste incineration installations be treated during the proposed phase-in period? Will the 25%/50%/75%/100% surrender obligation apply only to new entrants from 2031, or will it also apply to existing installations? If existing installations are excluded, will they be required to surrender allowances for 100% of their emissions from the outset?
Opt-out	
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	Article 20(3), which requires the Central Administrator to notify Member States when irregularities in transactions are identified, has been deleted. Could the Commission clarify the rationale for removing this function of the Central Administrator?
Other	
PART 2: IMPACT ASSESSMENT	
General comments	

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Building blocks / elements	Comments / questions
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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LUXEMBOURG

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	
International credits	How does the Commission intend to ensure the environmental integrity and actual availability of the 260 Mt of international credits on which the proposed LRF trajectory depends? How sensitive is the projected ETS price trajectory to the availability of international credits and to the fallback LRF of 2.7% applicable from 2036 onwards? Has ~~this~~ an assessment been ~~made~~carried out? What is the expected impact of the 260 Mt international credit mechanism on the EUA price between 2036 and 2040? Why ~~invest~~ rely on~~in~~ international credits ~~and not in~~rather than directly investing in the CAPEX of decarbonisation project~~'s CAPEX directly~~?

Building blocks / elements	Comments / questions
Removals	Would future ETS recognition ~~should~~ remain limited to BioCCS and DACCS, or be gradually ~~open~~ extended to other forms of certified carbon removals under the CRCF framework? Will industrial point-source CCS projects have access to comparable support mechanisms? How will cross-border CO_2 transport infrastructure be funded ~~where~~ when capture, transport and storage occur in different Member States? *"Will the future removals framework provide fair access and economic opportunities for industrial MSs that do not possess large natural storage resources?"* • Can removals generated in another MS benefit Luxembourg industries? ~~y~~? • How will cross-border CO_2 transport be sufficiently supported? • Will industrial CCUS projects receive a level of support comparable to that provided to BioCCS and DACCS? • Could future CRCF-certified removals gradually enter the ETS?
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	What is the estimated impact of the revised benchmark methodology on steel EAF installations compared with BF-BOF installations? Can the Commission provide preliminary estimates of the benchmark reductions expected for steel, cement and lime production under the proposed 2031-2035 and 2036-2040 methodologies~~y~~? ~~Implementing act to follow for 2031-2035 and 2036-2040? When?~~ When does the Commission expect to adopt the implementing acts for the 2031 to 2035 and 2036 to 2040 benchmark periods

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Building blocks / elements	Comments / questions
Conditionality	~~Invest in EU decarbonization plans: what is the rationale of choosing a 5 year period? What criteria define whether a plan is credible? Whom is going to insure this?~~ Regarding the requirement to invest in EU decarbonisation plans, what is the rationale for choosing a five-year period? What criteria will be used to assess whether a plan is credible? Which authority will be responsible for verifying compliance? What consequences follow if planned investments are only partially delivered? ~~How the decarbonization investments will be defined, are they only covering CAPEX or also including OPEX (corresponding for example to the price gap H2 vs natural gaz)?~~ How will decarbonisation investments be defined? Will they be limited to CAPEX, or will they also include OPEX, such as the he price gap H2 vs natural gaz? ~~Exemption for IF projects, unclear what are the eligible costs.~~ Regarding the exemption for Innovation Fund (IF) projects, what categories of costs will be considered eligible? How will the economic value of free allocation be calculated, ~~-~~given EUA price volatility over a five-year period? ~~Pooling cross-boarder to the authority of which MS they shall apply?~~ In the case of cross-border pooling arrangements, which Member State's competent authority will be responsible for receiving and assessing applications?? ~~Details remain unclear as they will be fixed in an DA 10 3e~~Many of the details appear to be deferred to the Delegated Act under Article 10(3e). When does the Commission expect to adopt this Delegated Act, and what key elements will it cover?
Exports/CBAM	Why has no general export solution been included in the proposal? Why does Article 10a(6) place the responsibility on Member?~~The option 10a 6 puts the responsibility and financial pressure on MS.~~ ~~Will guideline for State Aid compatible measures be worked out?~~ ~~-~~Will the Commission provide guidance to Member States on designing State aid measures compatible with the proposed framework? How was the 25% limit on the use of revenues ~~disbursement~~ for such measures ~~was~~ defined? What is the rationale for this threshold? Does the Commission intend to present a separate ~~export-related~~ CBAM proposal addressing exports during ~~this~~ the current legislative cycle?

Building blocks / elements	Comments / questions
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	*Member States shall use at least 50% of those revenues,* ***with the exception*** *of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6) of this Directive, or the equivalent in financial value of those revenues, to support the decarbonisation of ETS sectors.* How should this exception ~~is to~~ be understood? Should ~~has the~~ spending for indirect cost compensation be ~~subtracted~~ deducted from the revenues before applying the 50% treshold, or from the amount resulting ~~s~~ after ~~applying~~ the 50% threshold has been applied? Will investments financed through national hydrogen, CCUS and industrial electrification programmes automatically qualify under the new 50% requirement? What about NZIA projects?
Modernisation Fund	How will the Commission ensure complementarity and overlap between Innovation Fund grants and support provided by the Industrial Decarbonisation Bank ~~support~~?
10% redistribution	
Innovation Fund	How will the Commission ensure complementarity and overlap between Innovation Fund grants and support provided by the Industrial Decarbonisation Bank~~How will the Commission ensure complementarity between Innovation Fund grants and Industrial Decarbonisation Bank support~~?
Investment Booster	What is the rationale behind the first-come, first-served approach and the use of a fixed premium? Could funded projects also receive ~~get in~~ additional ~~-~~national support? How will the Commission ensure equitable access ~~be ensured~~ for smaller Member States and SMEs?

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Building blocks / elements	Comments / questions
	How will the proposed ETS Investment Booster interact with the existing Innovation Fund? Penalities/Clawback provisions: What happens if a company receives support but does not implement the planned investments?
Decarbonisation Bank	Will all ETS sectors have equal access to support, or will some industries be prioritised? ~~How will access be ensured for smaller Member States and SMEs?~~ How will the Commission ensure equitable access for smaller Member States and SMEs? How will smaller MSs gain access to this funding? The proposed criteria are mainly: competitive calls for proposals, auctions, and project maturity. There is a risk that DE, FR~~r~~ and NL could capture a very large proportion of the funds. How will a country without geological storage facilities and storage ~~possibilities~~ capacities benefit? Could funded projects also receive ~~get in~~ additional national support? How ~~is~~ will it ensured that there is no overlap with the Innovation ~~f~~Fund? Would the support received be a subsidy or a loan ~~money lent~~? What proportion of support is expected to target operational expenditure versus capital expenditure? Will EAF-based steel decarbonisation projects using hydrogen be explicitly eligible? How will cross-border CCUS projects be evaluated where capture, transport and storage occur in different ~~jurisdictions~~MS?
ETS DNSH	Could DNSH requirements unintentionally exclude transitional industrial decarbonisation technologies such as blue hydrogen or certain CCUS pathways?
Other	

Building blocks / elements	Comments / questions
1.D MSR (Decision 1814/2015, Article 1, Annex)	What is the projected effect of the revised MSR design on EUA price volatility? How does the Commission assess the interaction between MSR releases and the new international credit mechanism?
Volume – intake	
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I)	

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Building blocks / elements	Comments / questions
Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	
Evasion	How will the Commission assess the risk of cargo diversion and carbon leakage through neighbouring non-EU ports?
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	Does the Commission have estimates of the ~~-~~impact~~s~~ on municipal waste fees? How will cross-border waste movements be ~~considered in evaluating~~ taken into account when assessing potential market distortions?
Scope	
Volume	
Phase-in	
Opt-out	

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Building blocks / elements	Comments / questions
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	

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Building blocks / elements	Comments / questions
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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LATVIA

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	Latvia supports the European Union's climate ambitions and recognises the EU ETS as a key instrument for achieving the Union's decarbonisation objectives. At the same time, we believe that climate measures should be implemented in a way that minimises adverse impacts on the competitiveness of European businesses, while ensuring a fair and balanced transition across sectors and Member States. We therefore welcome the Commission's objective of combining effective climate action with measures that strengthen Europe's competitiveness. General comments 1. The Commission's impact assessment does not sufficiently assess the macroeconomic, social, regional and competitiveness impacts of the proposed ETS scope extension on geographically peripheral and eastern-border Member States, including the effects of airspace restrictions, structurally longer flight routes and limited alternatives to aviation. 2. The proposal should better reflect differences between Member States, including geographical location, infrastructure gaps, geopolitical risks and administrative capacity. 3. The impacts should be assessed at both: - macroeconomic level (regional connectivity, socioeconomic impacts and resilience), and - sectoral level (operator costs and competitiveness). Principles to address regional and competitiveness impacts - ETS implementation should take into account regional connectivity, geopolitical risks, infrastructure gaps and socioeconomic impacts. - Support for eligible aviation fuels should be predictable, practically usable and of sufficient intensity to support compliance with ReFuelEU Aviation requirements.

Building blocks / elements	Comments / questions
	Support intensity should not be linked to the extension of the EU ETS geographical scope to international flights.
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	Could the Commission provide annual figures at least until 2045, separately identifying the effects of scope extensions, international credits, permanent removals and any other additions to or deductions from the cap? How would the LRF be adjusted if high-quality international credits are available only partly, rather than in either the full assumed amount or not at all? Would the Commission consider a proportional and legally automatic adjustment mechanism?
International credits	How will compliance with Article 6 of the Paris Agreement, corresponding adjustments, additionality, permanence, independent verification and the exclusion of double counting be guaranteed in law and in practice?
Removals	
Other	Could the Commission explain how the proposed cap trajectory changes the effort-sharing balance between the EU ETS, Effort Sharing Regulation and land-use sectors, and provide the expected impact on each Member State?
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	
Conditionality	Could the Commission clarify how the 100% investment requirement and the 80/20 compliance approach would operate in practice, including the treatment of partial

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Building blocks / elements	Comments / questions
	implementation, project delays outside the operator's control and changes in technology or costs? Will a simplified and proportionate regime be available for smaller installations, and how will double reporting under different EU funding and ETS requirements be avoided?
Exports/CBAM	What safeguard would apply if CBAM does not provide equivalent carbon-leakage protection in practice?
Other	Could the Commission explain the intended changes to the definition and treatment of a 'new entrant', including the implications for capacity extensions, replacement of production units, access to the New Entrants' Reserve and installations falling below the 20 MW threshold? Practical examples would be helpful. Latvia considers that compensation for indirect carbon costs should remain targeted and should not result in double compensation. How will the Commission address competitive distortions caused by Member States' different fiscal capacity to grant such compensation, and will a more harmonised or EU-level financing approach be considered?
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	Given the significant differences in the volume of emissions generated by ETS sectors across Member States, including the fact that such emissions may represent a relatively limited share of a Member State's overall GHG emissions, Latvia has concerns regarding the appropriateness of establishing a uniform requirement to allocate 50% of revenues from the auctioning of emission allowances to the decarbonisation of ETS sectors. Latvia supports the need to implement decarbonisation measures also in ETS sectors, at the same time, taking into account Latvia's overall GHG emissions profile, we consider that a uniform 50% requirement would be disproportionate and would significantly constrain Latvia's ability to ensure the implementation of appropriate and effective decarbonisation measures in sectors not covered by the ETS. Latvia could consider introducing the previously mentioned requirement, while revising the required amount to ensure that it is proportionate to the national circumstances and emissions profile of each Member State.

Building blocks / elements	Comments / questions
Use of revenues	Could the Commission confirm whether the district heating sector is included among the EU ETS sectors for whose decarbonisation at least 50% of auction revenues must be used? Instead of applying a uniform 50% requirement to all Member States, would the Commission consider setting the required share in proportion to the share of EU ETS emissions in each Member State's total greenhouse gas emissions?
Modernisation Fund	Latvia supports the continuation of the Modernisation Fund in 2031 - 2040 and Latvia's continued eligibility, while maintaining a broad scope of eligible activities, allowing aligned them with national needs and priorities. The Fund should preserve Member States' role in setting priorities consistent with their National energy and climate plans. Could the Commission clarify whether the proposed 0.5% contribution to the Industrial Decarbonisation Bank is additional to, or deducted from, the national Modernisation Fund envelopes, and provide the Member State-level financial effect?
10% redistribution	
Innovation Fund	Innovation Fund – is it provided that access to the fund is geographically balanced and practical for smaller projects and Member States with limited project-development capacity? While these requirements were theoretically applicable also under the previous framework, they were not effectively implemented in practice.
Investment Booster	Could the Commission clarify the legal and operational arrangements for the 100 million allowance reserve for lower-income Member States during the initial 18-month window, including the subsequent 60 million allowance reserve, the conditions for release to the common pool and whether the reservation period could be extended where project preparation objectively takes longer? Latvia requests a dedicated window or differentiated carbon-premium levels and eligibility criteria that take account of technology, sector, project size, Member State starting point, remaining abatement cost, infrastructure constraints and the cost of obtaining a completion guarantee. Would the Commission consider such an approach?

Building blocks / elements	Comments / questions
	Which of the implementation options assessed in Annex 9 will be used in the first phase? In particular, how will projects be assessed, who will perform the assessment, what minimum readiness and emissions-reduction evidence will be required, and how will any first-come, first-served rule operate in relation to the completion bond? Please provide a detailed description of the role and responsibilities of Member States in the implementation of this instrument.
Decarbonisation Bank	Annex 9 finds that pure EU-level price competition could concentrate support in a limited number of Member States and sectors and favour locations with lower electricity prices, but does not select a preferred geographic-balance mechanism. Which option will the Commission implement from 2031 onwards to account for geographic balance, Member State starting points, higher marginal abatement costs, infrastructure constraints and the needs of smaller projects? Please provide a detailed description of the role and responsibilities of Member States in the implementation of this instrument.
ETS DNSH	Could the Commission clarify the applicable taxonomy, assessment method, evidence requirements and treatment of enabling and transitional infrastructure? How will the principle be applied consistently across the Innovation Fund, Modernisation Fund, Investment Booster and Industrial Decarbonisation Bank without creating parallel or duplicative assessments?
Other	Latvia notes that the proposal uses several very similar terms - notably the *Invest in EU decarbonisation plan*, the *InvestEU Instrument* and the *ETS Investment Booster* - although they refer to fundamentally different obligations and financing mechanisms. This terminology is confusing and creates a tangible risk of misinterpretation, particularly for operators and other stakeholders with limited familiarity with the EU financial architecture. Latvia therefore invites the Commission to reconsider the terminology or, at a minimum, to provide clear and consistent definitions, explanatory cross-references and a concise overview distinguishing the purpose, legal basis and functioning of each concept throughout the proposal.

Building blocks / elements	Comments / questions
	Could the Commission provide a single legal and financial map showing how these instruments interact, including the responsible implementing bodies, permitted combinations of support and rules preventing double funding?
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	Article 2 of the proposal refers to an Annex setting out the annual threshold values. However, the submitted text of COM(2026) 616 does not clearly identify the Annex containing the complete table of values that is to be added to Decision (EU) 2015/1814. The Commission should be requested to provide a legally complete table and clarify where it is to be inserted in the act being amended.
Release	
Dynamic adjustment	Would the Commission consider an early review of the 4% parameter if market liquidity or price volatility develops differently from the impact-assessment assumptions?
Other	Could the Commission publish the annual numerical series underlying the MSR figures and appendices in Annex 8, Part III, in a reusable format, including TNAC, intake, release, cancellation, auction volumes and the assumptions used for the Investment Booster allowances?
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	Overall comment: We kindly ask the Commission to provide a clear and legally unambiguous representation of the interaction between the proposed geographical scope and CORSIA for 2029–2035, including Article 25a(4), Annex I and Article 28a, clearly identifying which flights are subject to CORSIA only, EU ETS only, or EU ETS with the CORSIA cost-deduction mechanism.
Corsia: geographical scope – depart flights	Regarding the proposed extension of the EU ETS surrender obligation to additional flights departing from the EEA to third countries, we have concerns that the proposed extension may increase costs for EU aircraft operators and passengers and create

Building blocks / elements	Comments / questions
	competitive advantages for third-country carriers that are not subject to equivalent carbon pricing requirements. The proposed 5 000 km limitation reduces some of these competition risks but does not remove the additional cost impact. . The combination of the amendment to the "Aviation" activity in Annex I and Article 28a(1)(e) would, from 2029 to 2032, bring within the EU ETS departures to third-country aerodromes situated within 5 000 km of Frankfurt where annual emissions from EEA departures amount to at least 15 000 tonnes of CO_2. CORSIA should be strengthened as a global market-based mechanism for international aviation emissions. It is needed to: o Extend CORSIA beyond 2035. o Amend progressively thresholds and baselines. o Develop robust sustainability criteria for offsets. o Implement mandatory enforcement and universal country participation. o Introduce requirements on SAF usage for countries without a SAF mandate. Protect the integrity of the ETS and CORSIA: no unequal treatment for operators on equal routes.
Corsia: implementation for 2026-2035 & deduction mechanism	Question: We kindly ask the Commission to clarify the interaction between the EU ETS and CORSIA during 2029–2035, including the relationship between Article 25a(4), Annex I and Article 28a, and to identify which flights are subject to CORSIA only, EU ETS only, or EU ETS with the CORSIA cost-deduction mechanism.
Support mechanisms	We welcome the continuation and strengthening of the support mechanism for eligible aviation fuels and electricity under Article 3c(6), as well as the additional reserve of up to 110 million allowances until 2040 under Article 28a(6). Latvia considers that the support for sustainable aviation fuels should be retained and legally decoupled from the extension of the geographical scope. The support could

Building blocks / elements	Comments / questions
	instead be financed from the existing aviation auction volume or another Union-level source. Question: Please clarify the transition from the existing 20 million allowance reserve to the new reserve of up to 110 million allowances, including the applicable proportionality rules. Comment 1: There must be continuity between the existing 20 million pot and the new 110 million pot, to avoid a support gap. Comment 2: Most current $SAF_{(HEFA)}$ is produced from used cooking oil or animal fats, and proposal reduces the support from 50% to 30%. $SAF_{(HEFA)}$ loses support entirely after 31 December 2029. Any lowering of the support rate $SAF_{(HEFA)}$ should be considered carefully. Comment 3: Restricting eligibility of SAF allowances to "made-in-EU" or "feedstock sourced in EU" risks inflating EU SAF prices — to the benefit of a small number of producers — while making SAF support ineffective in practice, given a material share of SAF volumes today are imported.
Inclusion of private & business jets	The inclusion should be administratively proportionate so that the inclusion of additional operators does not create a disproportionate burden for competent authorities and operators.
Derogations	Latvia notes that the EU ETS Directive already recognises specific geographical and connectivity constraints through Article 3c(8), Article 28a(1)(a), (c) and (e), and the enhanced support rate under Article 3c(6) for certain island and outermost-region airports. Latvia considers it a high priority to identify a solution for geographically peripheral and security-exposed eastern-border Member States where aviation is essential for international connectivity and where there are no adequate alternative land transport connections to the rest of the Union.

Building blocks / elements	Comments / questions
	Following Russia's aggression against Ukraine, airspace restrictions and the security situation can increase flight distances, fuel consumption, CO_2 emissions and related EU ETS costs, while high-capacity rail connectivity with the rest of the Union remains incomplete. Latvia considers that the Commission's impact assessment does not sufficiently assess the macroeconomic, social, regional and competitiveness impacts on geographically peripheral and eastern-border Member States, including the effects of airspace restrictions, structurally longer flight routes and limited alternatives to aviation. The Regulatory Scrutiny Board has also called for fuller assessment of distributional effects, cost pass-through, competitiveness and economic security. Latvia therefore invites the Commission to assess a targeted and time-limited support mechanism for connectivity-critical routes serving geographically peripheral and security-exposed eastern-border Member States lacking adequate alternative land transport connections, based on objective, transparent and non-discriminatory criteria.
Other	Latvia considers that targeted and time-limited support measures should be assessed for connectivity-critical routes serving geographically peripheral and security-exposed eastern-border Member States. Such measures could include: • a targeted financial support mechanism or reserved allowances for connectivity-critical routes, including the possibility of higher aviation decarbonisation support intensity; • temporary support for connectivity-critical routes while adequate alternative land transport connections remain unavailable; • other Union-level financial instruments, based on objective, transparent and non-discriminatory criteria.

Building blocks / elements	Comments / questions
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	Question: Will there be simplified procedures and a proportionate approach for the inclusion of smaller ships in the the EU ETS?
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	This mechanism should be accessible to small and medium-sized shipping companies and vessels operating in the Baltic Sea, with simple and transparent application and verification procedures. Origin requirements should promote European production while considering the actual availability of eligible fuels and propulsion technologies in smaller regional markets. Application and verification procedures should remain simple, transparent and proportionate.
Evasion	The list of neighboring container transshipment ports should be regularly updated based on actual changes in traffic flows.
Derogations	The derogation for ice-class ships should be capable of further extension if suitable low- and zero-emission technologies, fuels and infrastructure remain unavailable at the necessary scale.
IMO alignment	The EU ETS should be aligned with the future IMO global measure to avoid double payment or a significant double regulatory burden for the same emissions. Any adjustment should preserve the environmental integrity of the EU ETS.
MRV / Fuel EU	We welcome the work carried out towards proposed alignment and simplification of regulatory framework in harmonizing the MRV and the FuelEU Regulations with the ETS Directive. One monitoring plan, one ship report and one verification cycle should ensure that the same data are submitted only once and reused for all relevant obligations. Specific comments on draft amendments to MRV and FuelEU Maritime:

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Building blocks / elements	Comments / questions
	MRV **Article 2(1aa); (1ba)** For the sake of clarity and readability, it may be appropriate to assess whether paragraphs 1aa and 1ba could be merged, as their wording differs only with regard to gross tonnage. Proposal: *[..] (ships of 400 gross tonnage and above* **Article 4a(1)** *a shipping company* – please delete a word *shipping*. There is a definition within this Regulation for the term '*company'* – Article 3(d) **Article 6(3)(l) and Article 9(1)(k)** 6(3)(l) *for the purpose of calculating the energy used by ice-class vessels, where the company requests to exclude the additional energy used due to sailing in ice conditions from the calculation of the compliance balance* 9(1)(k) *the ship's ice class, if the company requests to exclude the additional energy used due to ship's ice class from the calculation of the compliance balance* The wording of Article 6(3)(l) (Content and submission of the monitoring plan) refers to the exclusion of additional energy used due to *sailing in ice conditions*, whereas Article 9(1)(k) (Monitoring on a per-voyage basis) refers to the exclusion of additional energy used due to the *ship's ice class*. It is not entirely clear whether these provisions are intended to refer to the same matter. "*Sailing in ice conditions*" relates to actual operating conditions for all ships, while "*ship's ice class*" refers to the technical classification of the vessel. These concepts are not identical. For the sake of legal clarity and consistent implementation, it would be helpful to clarify whether the exclusion is meant to apply: • only where a vessel is actually operating in ice conditions,

Building blocks / elements	Comments / questions
	• only to vessels having an ice class, • or subject to both conditions. Further clarification would help avoid divergent interpretations in practice. **FuelEU Maritime** **Article 23(1)** *Before 1 May of the verification period, on the basis of the verification undertaken pursuant to Article 16 and after possible application of Articles 20 and 21, the verifier shall record in the FuelEU database the verified compliance balances of the ship* **Article 16(5) (new)** *By 31 March of the verification period, the verifier shall record in the FuelEU database the Compliance Balance report found to be in compliance with this Regulation.* Further clarification would be appreciated as regards the relationship between these provisions. It is not entirely clear whether they introduce overlapping requirements. Clarification in particular is needed on how the verifier is expected to record the potential additional or adjusted compliance balances after the verified Compliance Balance report is already recorded in the database (i.e., after 31 March) Therefore, it would be necessary to clarify on how the consistency between these entries is ensured.
Other	The new support mechanism in Article 3gab related to EU ETS funding of third countries should primarily support decarbonisation of the EU maritime sector, including shipping companies, ports, sustainable fuels and clean technologies.
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	Latvia considers that any inclusion of municipal waste incineration and landfills in the EU ETS must be preceded by reliable, comparable monitoring data, mature methodologies and an assessment of affordability and waste-management impacts in each Member State.
Inclusion of waste	

Building blocks / elements	Comments / questions
Scope	Annex 13 considers the risk of diversion to landfills, exports and smaller non-covered installations. What binding monitoring indicators, reporting arrangements and corrective measures would be triggered if such diversion occurs?
Volume	
Phase-in	Latvia considers a gradual phase-in preferable to immediate full surrender obligations, but the timetable must allow sufficient time to establish registries, monitoring systems and contractual arrangements. Could the Commission explain the proposed phase-in percentages and dates and demonstrate that Member States and operators will have several years of comparable verified data before full inclusion?
Opt-out	Latvia considers that the possibility to opt out until 2035 should remain practical and based on transparent criteria. Could the Commission clarify what qualifies as an equivalent national carbon price, how compliance with waste-policy targets will be assessed, what evidence must be submitted by 2029 and how circumstances outside a Member State's control will be treated?
Review/Other	Could the Commission confirm that a future decision on including landfills will require a separate legislative assessment and will not follow automatically from the 2034 review? What minimum monitoring period, methodology for methane emissions and fossil/biogenic CO2 shares, and administrative-readiness criteria will apply before any extension of scope? Could the Commission clarify the exact eligibility conditions and any dedicated call windows for waste-sector projects under the Innovation Fund, Modernisation Fund and Industrial Decarbonisation Bank, including projects linked to district heating and carbon capture?
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	

Building blocks / elements	Comments / questions
CSU-S	For permanent storage in a third country, how will reciprocity, equivalent safety and liability standards, linked-ETS requirements and the exclusion of double counting be ensured?
Installations less than 20MW	allowing installations whose rated thermal input falls below 20 MW as a result of decarbonisation to remain voluntarily in the EU ETS for up to two subsequent five-year periods. Could the Commission clarify the installation's legal status during this period, including monitoring, free allocation, eligibility for EU ETS financing, exit rules and the prevention of double carbon pricing under the EU ETS and ETS2? Could the Commission confirm that such installations will not be required to prepare an Invest in EU investment plan solely because their capacity reduction is the result of successful decarbonisation?
ETS as a service	
Registry funding	Annex 15 estimates current Union Registry costs at EUR 8 million per year and a future operating model at EUR 30 - 40 million per year. How does the use of up to 5 million allowances until the end of 2040 correspond to this estimate? Could the Commission provide the annual monetisation schedule, allowance-price assumptions, eligible-cost categories, governance and reporting arrangements and the expected effect on Member State auction volumes? Does this effectively mean that the revenues available to Member States from the auctioning of emission allowances will decrease?
Other	
PART 2: IMPACT ASSESSMENT	
General comments	Comment 1: Latvia considers that the impact assessment underpinning the proposed ETS scope extension does not sufficiently assess the macroeconomic, social, regional and competitiveness impacts on geographically peripheral and eastern-border Member States, including the effects of airspace restrictions, structurally longer flight routes and limited alternatives to aviation. This concern is consistent with the Regulatory Scrutiny

Building blocks / elements	Comments / questions
	Board's call for fuller assessment of distributional effects, cost pass-through, competitiveness and economic security. Comment 2: Latvia notes that the current ETS framework recognises specific geographical and connectivity constraints for certain regions. Geographically peripheral and security-exposed eastern-border Member States are additionally affected by airspace restrictions, incomplete high-capacity rail connectivity and limited alternative transport connections. These factors should be taken into account when assessing regional connectivity impacts. Comment 3: Latvia considers that the impact on connectivity, route availability, ticket prices and the competitiveness of EU carriers compared with non-EU carriers and hubs should be further assessed. Airspace restrictions can structurally increase flight distances and related EU ETS costs for operators in eastern-border Member States.
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	The impact assessment should more fully quantify the macroeconomic, social, regional and competitiveness impacts of the proposed aviation ETS amendments on geographically peripheral and eastern-border Member States, including the effects of airspace restrictions, structurally longer flight routes and limited alternatives to aviation.

Building blocks / elements	Comments / questions
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

PUBLIC

NETHERLANDS

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	- When does the Commission intend to review the ETS-1 again?
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	- Is a revision of the ETS directive required to revert the LRF to 2.7% from 2036 in case insufficient high-quality, high-integrity international credits are available?
International credits	- How will the auctioning of allowances for the purchasing of international credits be organised? When will these auctions take place? - The proposal states that ETS allowances will be set aside to finance the purchase of 260 million tonnes of international credits. Could the Commission clarify the underlying assumption regarding the price at which these international credits would be purchased? Is it assumed that the credits would be purchased at a price equivalent to the ETS allowance price? If so, could the Commission explain what would be the economic incentive to purchase international credits rather than use ETS allowances, given that both would have a comparable cost? - The proposal foresees an assessment in 2033 of the use and impact of international credits in the ETS and how to safeguard their environmental integrity. Given that the forthcoming legislation on international credits is expected to establish the necessary conditions for their environmental integrity and quality, could the Commission confirm that this is indeed already presented in the proposal for international credits end of 2026?

Building blocks / elements	Comments / questions
	- Furthermore, the assessment in 2033 is said to analyse the potential implications of credits for the functioning and integrity of the EU ETS system and the implications for ETS sectors, including impacts for competitiveness. This seems crucial information before deciding on the inclusion of article 6 credits in the EU-ETS. Could the Commission explain the reasoning behind this timing? Could the Commission clarify how implications on the ETS are included in the Impact Assessment accompanying the proposal on international credits expected by the end of 2026?
Removals	- How does the Commission envision the carbon removals purchasing programme? How does the Commission ensure that it offers sufficient certainty and speed in purchasing to stimulate investment decisions by companies? - How does the Commission intend to cover the price gap between removals and EUA price for the 250 million removals to be purchased? What happens to the 250 million EUA cap increase if the 10 million additional EUA do not cover the full difference? - When does the purchasing facility for CDR start with buying CDR? - What is the rationale behind the BioCCS compensation clause for ETS compliance?
Other	- ETS-sectors often mention the need for an ETS price projection, in relation to investment certainty. Does the Commission have a price projection for the ETS price that can be shared?
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	- How does the Commission plan to establish new sectoral heat and fuel benchmarks? What role will member states play? Is the Commission considering different options, besides sectoral, to enhance the fallback benchmarks, such as differentiation based on temperature or leakage risks? How will the Commission weigh the different options before deciding on an outcome?
Conditionality	- In Article 10a (3b) it is stated: *By way of derogation from the second subparagraph of this paragraph, the Invest in EU decarbonisation plan may be submitted at a later date, together with activity-level change reports submitted in accordance with the implementing acts adopted pursuant to paragraph 21.* What is the rationale behind

Building blocks / elements	Comments / questions
	this derogation? Does this affect the requirement that free allocation is only granted once a plan has been submitted? - Could the Commission explain the rationale for requiring investments corresponding to 100% of the financial value of the free allocation? Did the Commission also assess alternative approaches to conditionality, and if so, what were the main reasons for preferring the proposed approach?
Exports/CBAM	- We would appreciate some clarification on how the proposal addresses the announced permanent export solution for CBAM sectors. Could the Commission indicate where this is reflected in the legal text?
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	- Article 10(3) states that 50% oft he revenues **shall** be used for priority purposes, and the remaining 50% **may be** used for additional purposes. Is this not a weakening of the current obligation in the directive which requires that 100% **shall** be used for national spending on climate policy? - How will the Commission ensure that the 50%-obligation is uniformly complied with, as to prevent circumvention and thus lowering the effectiveness of the obligation? Will the Commission provide the member states with unambiguous rules, e.g. on the netting of auction procedures and the valuation of multi-year guarantees (such as CCfD's)?
Modernisation Fund	- Could the Commission clarify the relationship between the 2% of the cap allocated to the Modernisation Fund and the additional 0.5% allocated to support investments through the IDB? Article 10d appears to allocate 2% of the cap to the Modernisation Fund, and a separate 0.5% is earmarked for IDB investments for the same group of beneficiary MS . However, the explanatory memorandum refers to the Modernisation Fund channelling revenues from 2.5% of cap. -

Building blocks / elements	Comments / questions
10% redistribution	
Innovation Fund	- Why does the directive no longer state that the Innovation Fund should select projects "on the basis of objective and transparant criteria, taking into account the extent to which projects provide a significant contribution to the Union's climate and energy targets while contributing to the zero pollution and circularity objectives"? Will these criteria now only be part of the delegated acts? - Where does the dividing line lie between projects eligible for the Innovation Fund and the IDB? An example is the IF Heat Auction: its scope is limited incremental innovation, but it is more applied (heat pumps, electric boilers). Would this auction then fall under the IDB from now on?
Investment Booster	- Will there be different calls within the IB? And will a ceiling be set per technology, so that no single technology or project can theoretically consume all emission allowances? - How much time does the Commission expect projects to need to register for the IB, and how does this relate to the timeline for the publication of the ETS revision and the opening of the IB? - Does the Commission have an overview of projects eligible under the "first in, first served" basis under the IB? What type of projects does the Commission envision and how large are those projects? - How does the Commission intend to ensure that support provided under the IDB in the form of ETS allowances is additional to existing free allocation and does not result in overcompensation?
Decarbonisation Bank	- Given the payout in emission allowances during phase 1 (IB) and the use of auction proceeds in phase 2 (IDB), can we assume that only issuers falling under ETS1 are eligible for support from the IDB? - Why is the IDB €100 billion and the IB €30 billion in size, while they both have 400 million allowances per phase? - The Commission mentions blended finance instruments in phase 2 of the IDB. Does the Commission have an idea of how these instruments will be structured? - What will be the expected distribution of the budget in phase 2 of the IDB, considering the ratio of potential CCfD vs. blended finance instruments.

Building blocks / elements	Comments / questions
	- Will the calls for phase 2 of the IDB open from 2031, or earlier, regarding final investment decisions (FIDs)?
ETS DNSH	
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	- Can the Commission elaborate on the rationale behind halting the cancellation mechanism of the MSR, compared to other variants such as dynamic parameters or a higher limit?
Volume – intake	
Release	
Dynamic adjustment	
Other	- What is the rationale behind canceling the cancellation mechanism if the total MSR output until 2040 is expected to be lower than 300 mln? What does the Commission intend to do with rights within the MSR after 2040? Will these be permanently or temporarily suspended?
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	- In relation to point (e) of Article 28a: *(e) all emissions from flights to aerodromes that are more than 5 000 km from the aerodrome of Frankfurt and located in States outside the EEA in each calendar year from 1 January 2029 to 31 December 2032, except for aircraft operators operating flights between two different States with total annual emissions lower than 10 000 tonnes calculated in accordance with Annex I. This point shall also apply in respect of aerodromes that are less than 5 000 km from the aerodrome of Frankfurt, are located in States outside the EEA and have less than 15 000 tonnes annual emissions from flights from the EEA to them.* Could you clarify the 15,000 t threshold? Does it refer to the aircraft operator or to the airport? In other words, are international routes below 5,000 km excluded when they connect to an airport with emissions below 15,000 t CO_2, or is the reporting

Building blocks / elements	Comments / questions
	obligation excluded for aircraft operators whose emissions to aerodromes located within 5,000 km are below 15,000 t CO_2? - Article 25a(4) provides: *In respect of emissions released until 31 December 2035 from flights to or from States that are listed in the implementing act adopted pursuant to paragraph 3 of this Article, aircraft operators shall not be required to surrender allowances in accordance with Article 12(3) in respect of those emissions.* How does this article relate to the new scope proposed under the revised wording of Article 28a(1)(e)? In the case of a route of less than 5,000 km to a State participating in CORSIA (Turkey, for example), should Article 25a(4) apply, or should Article 12(3)(f) be applied instead, requiring the surrender of allowances while deducting offsetting obligations that have already been fulfilled?
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	1. Does the Commission envisage an annual provisional deduction applied at each year's surrender deadline — calculated on the basis of estimated or self-reported CORSIA-relevant emissions or costs — subject to ex-post reconciliation once the relevant three-year CORSIA compliance period closes and the sector-wide growth factor is published? Or is application of the deduction deferred until an operator's actual CORSIA offsetting obligation for the relevant period has been determined, with no interim adjustment to annual EUA surrender in the intervening years? 2. If an annual provisional approach is intended, what mechanism is foreseen for reconciling any over- or under-deduction once actual CORSIA figures become available, and in which subsequent compliance year would a correction be applied to an operator's EUA surrender obligation? 3. Will the fixed deduction benchmark and its underlying published price ratios be set and updated annually, or fixed for the duration of each three-year CORSIA compliance period? 4. Is it intended that the detailed operational and timing rules for the Article 12(3)(b) deduction mechanism be set out in an implementing or delegated act — as was

Building blocks / elements	Comments / questions
	done for the Article 3c(6) sustainable aviation fuel price-gap mechanism under Commission Delegated Regulation (EU) 2025/723 — and if so, what is the indicative timeline for adoption of such an act relative to the 31 December 2028 transposition deadline? 5. What role, if any, is envisaged for competent authorities in verifying the CORSIA-side evidence (unit cancellation records, application of the sector-wide growth factor) underpinning an operator's claimed deduction, given that this evidence originates outside the EU ETS registry and MRV framework and is held in ICAO or national CORSIA records?
Support mechanisms	- Could you clarify what is meant by: the two last sentences of Article 3c(6), first subparagraph? Our interpretation is that these are the following sentences: Where eligible aviation fuel cannot be physically attributed to a specific flight, the allowances reserved under this subparagraph shall be available for eligible aviation fuels uplifted in the EEA proportionate to the emissions from flights, except business flights, of the aircraft operator for which allowances have to be surrendered in accordance with Article 12(3) of this Directive and the fulfilment of that obligation is not considered to be satisfied pursuant to Article 28a(1) of this Directive. The same principle shall apply to defining the volume of fuels to which zero emission factor applies. This would imply that, from 2029 onwards, no proportionality factor would be applied for claiming free allowances related to SAF use, although the aircraft-operator proportionality factor would remain applicable for zero-rating purposes. Could you confirm whether this interpretation is correct? - Art. 3c (6) regarding long-term fuel supply contracts for SAF-allowances: The proposal states*: '...the allowances covering the price difference for each year of the duration of the contract, for a maximum of five years, shall be reserved for that aircraft operator'.* How can such a reservation of allowances be determined if the prices used as the basis for the calculation are unknown for future years? - Art. 3c (6) Regarding contrail avoidance, CAs are expected to evaluate rerouting claims, define acceptable scientific models with verifiers, and coordinate atmospheric data with EASA and EUROCONTROL. Do CAs currently possess the atmospheric science expertise required to perform these technical evaluations effectively?

Building blocks / elements	Comments / questions
Inclusion of private & business jets	Art. 3(ao): The definition refers to a list to be adopted by the Commission pursuant to the paragraph included in Article 3c(6): The Commission shall adopt implementing acts listing business aircraft(s), the flights performed by which aircraft are considered business flights. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2). 1. Will this list be drawn up according to aircraft type, aircraft registration, or aircraft operators considered to be business operators? 2. Will non-commercial operators belonging to a Member State and currently attributed to another Member State be reassigned? 3. The last sentence of the new Article 28a(4) still refers to non-commercial operators, whereas the proposal states that such distinction no longer exists: *"Member States may implement simplified procedures for non-commercial aircraft operators as long as such procedures provide no less accuracy than the small emitters tool provides.* Could the Commission clarify this point?
Derogations	
Other	Art. 3c (6): 1. Regarding the 'Made in Europe' requirement: Is the requirement defined at feedstock level, at conversion technology level, or only at the location of refining/synthesis? 2. Does this apply to the entire mechanism, or only to (part of) the eSAF segment? 3. Is the 10% bonus for European feedstock also applicable to feedstock from Annex IX-B? 4. Regarding electric and H2 propolsion and SAF allowances: what price difference is covered, and how is this price calculated? 5. Is a specific budget reserved for other H2 and electricity, or is it on a first-come, first-served basis?

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Building blocks / elements	Comments / questions
	6. Verifying the origin of production and feedstock details within PoS represents a significant administrative burden for Competent Authorities. Expanding and fully operationalizing the UDB to include aviation data is essential for feedstock traceability. Furthermore, introducing a direct reference to the UDB within the ETS Directive is necessary to provide a solid basis for national implementation and alignment with the MRR.
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	- How will the additional emission to the cap from inclusion of small ships be calculated? - Could the Commission elaborate on the rationale for extending the scope to vessels between 400 and 5,000 GT only for a limited number of small ship categories? In particular, how did the Commission assess the potential implications for competition between ship types, including cases where vessels in different categories may compete in the same market? - How did the Commission assess the risk of distortion arising from the selective inclusion of ship categories between 400 and 5000 GT? In particular, did the Commission consider the potential for reclassification by classification societies and the fact that certain ship types with relatively high emissions remain outside the scope despite having emission profiles comparable to the included categories? - Could the Commission explain why the extension scope to vessels between 400 and 5000 GT is not done sooner than 31 December 2030? Particularly given the implementation challenges already identified for the offshore sector.
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	
Evasion	

Building blocks / elements	Comments / questions
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	- Annex 1 only states CO2 for landfills, isn't methane/N2O supposed to be part of this? -
Inclusion of waste	
Scope	
Volume	
Phase-in	
Opt-out	
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	
Installations less than 20MW	

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Building blocks / elements	Comments / questions
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	- Does the Commission intend to indicate the impact of the PO that was chosen in the proposal? Since the different PO's in the Impact Assessment do not give a clear view on the effects.
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	- How is the benchmark and baseline established for the Industrial Decarbonisation Bank, and how are green assets viewed/assessed?
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	

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Building blocks / elements	Comments / questions
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

PUBLIC

POLAND

PUBLIC

Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	**Comment**: According to our information, the Commission cited the lack of full operability (and the related lack of data) and the planned separate revision of ETS2 as the only reason for not including ETS2 in the current revision. Were there any other reasons for not including ETS2 in the revision? In our opinion, already at this stage, a number of doubts conditioned, e.g. by a significantly different geopolitical situation, require a discussion on the shape of the legislation related to the ETS2 legislation. **Comment**: The Commission's practice to date in the design and implementation of directives and regulations raises concerns that, once the main act is adopted, delegated acts specifying detailed issues will be presented to Member States with very long delays and inability to analyse them in detail. Without at least the main assumptions of delegated acts, it is impossible to fully assess the proposed provisions of the Directive. **Comment:** proposals to impose additional spending prescriptions, expand reporting requirements, and introduce new obligations related to the identification and labelling of investments supported by ETS revenues would create unnecessary administrative and financial burdens while failing to demonstrate a clear policy benefit. **Question:** Could the Commission provide a Member State-by-Member State assessment of the net impact of the proposal on auction revenues and access to ETS-funded instruments over 2031–2040, including different EUA price scenarios? **Comment:** The post-2030 EU ETS framework should recognise the specific situation of energy-intensive and hard-to-abate industries, including ferroalloy production, where a significant share of greenhouse gas emissions results directly from the production process and cannot currently be fully eliminated using commercially available technologies. The

Building blocks / elements	Comments / questions
	future ETS framework should therefore ensure predictable and adequate carbon leakage protection; continued protection for unavoidable and hard-to-abate process emissions; sector-specific and technologically realistic decarbonisation requirements; effective protection of EU exports; access to competitive renewable electricity and adequate decarbonisation funding; and recognition of long investment cycles in energy-intensive industries. The transition should incentivise real emission reductions and investments in EU industrial production rather than lead to relocation of production and emissions outside the Union. **Question:** Did the EC analysed additional solutions that would reduce the impact of EU ETS on the electricity prices for the industry? **Question:** What is the reason why the proposal contains no reform of Article 29a? Such reform could make an effective instrument for preventing price volatility. **Question:** we request clarification on which specific measures included in the proposal are expected to reduce the impact of EU ETS costs on electricity and district-heating prices. The Commission should explain the relevant transmission mechanisms and quantify the expected effects at Member State level, particularly for electricity systems with a carbon-intensive generation mix. **Question:** How does the EC assess the impact of the proposed revision of the EU ETS on fertiliser prices and, consequently, on the costs and competitiveness of EU agricultural production in relation to imports from third countries? What protective measures does the EC envisage in order to reduce these impacts on farmers and the agri-food sector? What simplifications does the EC envisage to increase the energy consumption biomass of agricultural origin produced in the area of EU? Whether and how to change the emission reduction path in the EU ETS sectors after 2030, including the use of international fixed capital will affect future commitments in the sectors covered by the ESR and LULUCF?

Building blocks / elements	Comments / questions
Group 1: Overall ambition and funding	**Comment:** There is a threefold drop in the value of just transition funding though the Modernisation Fund and the solidarity distribution, which are disproportionately lower than the increased level of ambition.
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	**Comment:** From the perspective of the number of allowances available, the emissions resulting from the expanded scope of the directive may exceed the additional allowance allocation from increased cap. This will lead to higher demand for allowances and higher allowance prices as a consequence of the extension. Did the EC analysed this issue and its impacts on ETS participants? **Question:** Article 9/12a: The cap addition appears calibrated on municipal waste data alone, while the surrender obligation covers all non-hazardous waste incineration >3t/h (Commission estimate ~18.7 Mt CO_2, ~9.3 Mt currently outside ETS). Clarification would be welcome on whether recalibration is envisaged, given the market-wide EUA price effect of a structural shortfall in this sector.
Adjustment of LRF	**Question:** Even the adjusted values still determine a trajectory in line with which the ETS sectors will need to achieve full climate neutrality significantly ahead of the accepted 2050 target year. Moreover, the adjustment of LRF is provisioned for 2031-2040, with no change proposed until 2030 – the change will have no effect in the period which matters most to the survival of the EU industry. Did the EC consider solution to slower the decline of cap immediately, and enforce stricter emission reductions at later stages – when the necessary technological solution could be more available? **Question:** the LRF trajectory proposed in the Directive was not analysed in IA. Does the Commission have additional analysis on the trajectory finally chosen? **Comment:** The conditionality of the LRF on the purchase of offsets during the second five-year period does not provide the market or installations with certainty regarding the number of allowances available from 2036 onwards.

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Building blocks / elements	Comments / questions
	Question: How does the Commission intend to prevent eventual price volatility and speculation in the EUA market in the period between the publication of the report (January 2033) and the actual entry into force of the new LRF (January 2036)? **Question:** Why a meaningful lowering of the LRF should be postponed until mid-2030s (and made conditional upon the introduction of international credits)? Given the urgent investment needs and the fact that ETS revenue shall be reinvested into climate-related projects, wouldn't it be preferable to maintain an auctioning pool capable of contributing to clean transition early on (from 2028)? **Question:** Please clarify how the LRF of 3.7% for 2031–2035 and 1.7% from 2036 will be applied in determining the annual Union-wide quantity of allowances, including the relevant reference quantity and the treatment of changes in the scope of the EU ETS. Please also indicate the resulting annual auction volumes after accounting for free allocation, dedicated allowance reserves and other adjustments to allowance supply. Furthermore, at what point, and based on which data, will operators know the definitive LRF applicable from 2036?
International credits	***Pilot phase*** **Comment:** Lack of any concrete provisions for the pilot phase, starting in 2031, is a clear shortcoming of the Commission's proposal. The pilot phase should test practical operations rather than only see a preparation of reports. It should test a number of elements, including: authorisations, purchase agreements, registry transfers, corresponding adjustments, potential project failures and reconciliation with reporting under Article 6 of the Paris Agreement. In this way, the pilot phase could reveal the operational risks that the fully fledged mechanism could face. An early roll out of a controlled pilot phase should build institutional readiness. It could also build an investable supply pipeline and allow the EU to actively influence the development of a high-integrity market. **Question:** Article 11i of the European Climate Law provides Member States with an additional flexibility to use high-quality international credits to contribute towards the

Building blocks / elements	Comments / questions
	achievement of the EU's post-2030 climate objectives. Given that this flexibility is explicitly recognised in the European Climate Law, alongside the separate flexibility allowing the use of high-quality international credits for up to 5% of the effort towards achieving the EU's 2040 climate target, why does the ETS revision contain no provisions to operationalise these mechanisms? ***LRF correction*** **Comment:** The mechanism for correcting the LRF factor due to use of international credits should be further clarified. It is not clear whether in a situation of identifying a shortage of only a portion of credits meeting the necessary criteria, the LRF could be proportionally adjusted. It should not be the case when a small shortage of credits causes an automatic fallback to the sharpest level of LRF. **Question:** What specific quantitative and price thresholds will determine whether credits are "affordable" and "cost-effective"? If, for example, only 50 million tonnes of credits are available on the market instead of the 260 million needed, or their price exceeds the forecasted EUA price, will the Commission consider them "unavailable" and launch a hard revert to the LRF of 2.7% ***Facility*** **Comment:** There is a lack of detail on the shape of the facility envisaged for the purchasing of international credits. The proposal does not define the term “facility”, nor does it otherwise clarify its legal nature, governance or role. The creation of that facility should be an opportunity to set up a possible foundation for an independent carbon market entity. In the long term, such an independent entity should not only be concerned with management of international credits, but also permanent removals, the MSR and financing of industrial decarbonisation. The current legislation could already hold provisions enabling review of the facility’s functions and its transformation into such and independent institution. ***Volume of credits***

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	Comment: Up to 260 million EUAs would be sold to finance the purchase of up to 260 million credits. It is not clear, however, whether this is intended to operate on a 1:1 basis. Allowance prices may differ significantly from the prices of credits perceived as high-quality. If credit prices are substantially lower than EUA prices, this would result in a significant surplus of funds, as the same amount of EUA sales revenue could finance the purchase of a much larger volume of credits. **Comment:** There is no analysis or indication of how the 260 million figure relates to the 5% level agreed in the amendments to the ECL, calculated against 1990 net emissions. It should be noted that the most literal interpretation of the 5% threshold would correspond to approximately 230 million credits. Linear utilisation starting from 2036 could, in aggregate, amount to approximately 699 million credits. It may be assumed that some portion of international credits could ultimately be authorised for use outside the EU ETS, but the proposal contains no information on this issue. ***Article 9b (2)*** **Comment:** The proposal contains reference to the regulation 2018/1046, which is no longer in force. ***Article 9b (4)*** **Comment:** From a legal perspective, the phrase "available" is not clearly defined and leaves a wide margin of discretion. The provision does not establish a specific reference levels or criteria for assessing availability. **Question:** The provision does not specify which authority is responsible for determining that international credits are not available, nor the legal basis through which such determination would trigger the reversion to a 2.7% LRF. It seems that the legal basis could be the EU Commission report. How does Article 9b(4) relate to Article 4(5)(a) of Regulation 2021/1119 (European Climate Law), which provides that *"(...) the origin, quality criteria and other conditions concerning the acquisition and use of any such credits shall be regulated in Union law (...)"*? Will the findings of the report be incorporated into that Union law?

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	Article 9b (1), (3) and (4) **Comment:** The "cost-effective" criterion appears only in par. 4. It is therefore unclear whether cost-effectiveness is also a criterion for the purchase of international credits under par. 1 and whether it should form part of the EU Commission's assessment under par. 3.
Removals	**Comment:** It appears that the issue of how the procurement programme for carbon removals will be established and how removal unit prices will be determined will constitute a parallel, independent market. Determining the volume of removals to be procured will be of critical importance. It would be appropriate to establish clear eligibility and project-selection criteria for projects qualifying for the guaranteed-demand mechanism, particularly in terms of cost-effectiveness, emissions-reduction potential, permanence of CO_2 removals, and technological maturity. It is also important to assess how the system could affect EUA prices and whether it could generate potential benefits for CCS, BECCS and DACCS projects in various MS. **Comment:** A potentially problematic issue could arise if the cost of carbon removals is significantly higher than the EUA price. This could create a gap between allowances issued and the volume effectively covered by removals. **Comment:** In its proposal, the EC does not provide for DACCS to be used by operators for the purpose of offsetting their own emissions, but allows only BECCS, without providing a clear justification for this distinction. **Question:** Please clarify the relationship between the 250 million allowances intended to finance the purchase of permanent removals and the additional 10 million allowances referred to in the proposal. Under which conditions would the additional volume be mobilised, and how would it be accounted for in the EU ETS cap?
Other	

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1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	**Question:** Could the Commission clarify why it has proposed extending the application of the existing Carbon Leakage List established by Delegated Decision (EU) 2019/708 until 2040 without providing for a review of the list during that period? In particular, has the Commission considered introducing a review clause, ~~for example before 2036,~~ to assess whether the list continues to accurately reflect the actual risk of carbon leakage, taking into account developments in the EU ETS, the impact of CBAM, and changes in international trade and the competitiveness of EU industry? **Question:** Article 10a(3b), fifth subparagraph: It is unclear whether the *"economic value of 100% of the amount of free allocation"* refers to the calculated allocation (before CSCF) or the final allocation granted (after CSCF). The proposal does not specify the valuation methodology, including whether EUA auction prices are to be used and for which averaging period. It is also unclear how this value should be reflected following ex-post allocation adjustments. **Question:** Art. 10a(3b)-(3d): It is unclear how the verification requirements related to the final 20% tranche of free allocation are intended to apply to investments that have reached Final Investment Decision (FID) and are under implementation, and whether such requirements may be assessed in the context of pooling arrangements. Further clarification would be welcome **Question:** Art. 10a(3d)-(3e): Further clarification would be welcome regarding the detailed rules for pooling arrangements to be established through the delegated act, in particular concerning the possibility of cross-border pooling, the timing of the conclusion of the joint decarbonisation investment agreement in relation to the application for free allocation, and the allocation of responsibilities and liabilities among pool participants. **Question:** Art. 10a(5a): It is unclear whether the proposed increase of the free allocation buffer to 4% is intended to be the only mechanism addressing the risk of CSCF application. If so, further clarification would be welcome regarding the expected CSCF trajectory under the final proposal and the assumptions underpinning this assessment.

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	Question: Art. 10a(5a): Further clarification would be welcome regarding when and on the basis of which data the Commission expects to assess the projected CSCF, given that benchmark values and National Implementation Measures for the 2031-2035 allocation period will only be finalised at a later stage. It would also be useful to understand whether an indicative CSCF projection is envisaged before these elements become available. **Question:** Art. 10b(4) and 10a(3a): It is unclear whether the specific free allocation regime applicable to district heating, including the additional level of free allocation introduced in the previous ETS revision, remains unaffected from 2031 onwards. It would also be useful to understand whether support for district heating decarbonisation through the Modernisation Fund, the Industrial Decarbonisation Bank and other ETS instruments is expected to be available at a pace commensurate with the gradual phase-out of free allocation to zero by 2040 **Comment:** The EU ETS revision should ensure the continuation of free allocation for district heating after 2030, without its automatic phase-out to zero by 2040. After 2030, the mechanism of additional allocations for investments should be continued for lower-income Member States that also have a significant share of district heating. The instrument should complement the basic allocation and mobilise additional resources for modernisation. The requirement to demonstrate the „significant reduction“ is questionable, since, from the technical point of view, this will be impossible in practice to demonstrate „significant reduction“ of the emissions each five years.
Benchmarks	**Question:** Could the Commission clarify the methodology envisaged for establishing sector-specific heat and fuel benchmarks after 2030, in particular how the technical decarbonisation potential of individual sectors, the availability and maturity of low-carbon technologies, and access to the necessary infrastructure will be taken into account? **Question:** Furthermore, how does the Commission intend to ensure that the same decarbonisation potential is not effectively taken into account twice – first when setting a

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	more stringent sector-specific heat or fuel benchmark, and subsequently when assessing the "significant emissions reduction" required under the new conditionality rules for free allocation? **Comment:** Installations that, as a result of investments, have achieved very low emission levels while remaining within the EU ETS may influence the data used to determine benchmarks and, consequently, increase the pressure on other installations within the same sector or subsector. On the one hand, it is appropriate that benchmark values reflect the deployment of new technologies and emission levels that have actually been achieved in practice. On the other hand, it should be ensured that small installations with relatively low production volumes do not have a disproportionate impact on the benchmark that is subsequently applied to the entire sector or subsector. The proposal leaves unchanged the methodology for determining the benchmarks, which is based on the 10% most efficient installations. It would be worth considering a more objective methodology, also taking into account production volumes or the share of individual installations in total sectoral production. **Question:** Who will set the rules/criteria for including data from installations from third countries in setting the benchmark? In which cases will data from these installations not be taken into account in setting the benchmark? **Question:** Calculation method and the criteria used to select the 10% of installations with the highest efficiency within each sector should be publicly available. We also request information regarding the types of installations that are setting the benchmark. **Question:** COM(2026) 619, Art. 10a(2b): The rationale for excluding NACE 19.20 from the proposed increase in free allocation determined by heat and fuel benchmarks is not fully explained. Further information would be welcome as to whether alternative approaches were assessed, including limiting the exclusion to NACE 06.10 and 06.20 activities or applying it at sub-installation level, and how the preferred option was justified from the perspective of carbon leakage protection.

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	Question: Transparency and accessibility of benchmark data: Neither COM(2026) 616 nor COM(2026) 619 appear to address the issue of transparency and accessibility of the data used for the determination and update of benchmark values for free allocation. Given the increasing importance of benchmark values for free allocation levels, conditionality and carbon leakage protection, it would be useful to understand whether the Commission envisages measures to improve stakeholders' access to the underlying datasets, assumptions and methodologies used in the benchmark-setting process, while ensuring the protection of commercially sensitive information?
Conditionality	**Comment:** The introduced conditionality mechanism seems to be illogical and counterproductive, as the implementation of decarbonization projects requiring significant CAPEX creates a need for financial resources prior to their implementation. Allocating a portion of allowances only after the investment has been completed restricts the availability of funds precisely when they are most needed for the new, required decarbonization projects. **Comment:** Free allowance allocation is not an investment support scheme or a state-aid measure, which could justify the notion of conditionality. Free allocation is meant to simply level the playing field between EU producers bearing the ETS cost and non-EU producers, and to help avoid the "carbon leakage". Therefore, there is no systemic reason for the free allocation to be based on conditionality. **Question:** Could the Commission clarify how Articles 10a(3b) and 10a(3c) are intended to apply to large, multi-year decarbonisation projects? In particular, how will the requirement to invest an amount corresponding to the "economic value of 100% of the free allocation" be calculated, including the EUA price to be used for that purpose? **Question:** How will investments that start in one five-year allocation period but are completed, and deliver their emissions reduction effect, only in the following allocation period be treated? In such cases, will installations remain eligible for the remaining 20%

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	of free allocation where the investment has been implemented but the significant emissions reduction occurs only after the end of the relevant five-year period? **Question:** Given the volatility of EUA prices in the market over a 5-year horizon, on what date or on the basis of what methodology does the Commission intend to value the "economic value of the allocation" for the purposes of clearing investment conditionality? If the valuation is based on historical prices, then a sudden increase in the market prices of the EUA during the settlement period will force operators to drastically and unplanned increase in capital expenditure in order to regain the remaining 20% of allowances. How does the Commission intend to prevent this planning uncertainty? **Question:** Has the Commission considered allowing longer implementation periods for large-scale decarbonisation projects, as well as recognising both CAPEX and OPEX as eligible investment costs? **Question:** How does the Commission intend to define “significant emissions reduction”? Will this criterion be differentiated by sector in order to reflect different technical abatement potentials and decarbonisation pathways? **Question:** Will investments initiated before 2031 be eligible to count towards the investment requirement where they continue to generate decarbonisation effects during the 2031–2035 allocation period? **Question:** Could the Commission clarify how pooling arrangements will operate in practice and whether the methodology for sector-specific heat and fuel benchmarks will take into account the actual technical decarbonisation potential of individual sectors? **Question:** Could the Commission clarify what should be understood by an installation having “relocated or otherwise, directly or indirectly, transferred, in whole or in part, its relevant production capacity or the associated economic activity outside the Union”? In particular, how should competent authorities distinguish an actual relocation from a

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	reduction in production resulting from market conditions, changes in demand, restructuring or other economic circumstances? **Question:** Where only part of the relevant production capacity or associated economic activity is transferred outside the Union, could the Commission clarify whether the reimbursement obligation will be proportionate to the share of production capacity or economic activity transferred? How should the number of allowances to be reimbursed be calculated in such cases? **Question:** How does the Commission intend to technically monitor and enforce this obligation, in particular in situations where relocation does not take place through a sudden, complete closure of a plant, but through a gradual, over years transfer of production lines and capital within international capital groups? **Question:** Could the Commission clarify the meaning of "the relevant allocation period" for the purpose of reimbursement? In particular, where relocation takes place during a five-year allocation period, will the operator be required to reimburse allowances received for the entire five-year period or only the allowances corresponding to the part of the period following the relocation? **Question:** Could the Commission clarify how the proposed reimbursement mechanism will interact with the existing rules on adjustments to free allocation following changes in activity levels? In particular, how will the Commission ensure that a reduction in production associated with relocation does not result both in a reduction of free allocation under the activity level adjustment rules and in the reimbursement of allowances in respect of the same reduction in production, thereby leading to a double adjustment? **Question:** Will installations that have a Climate Neutrality Plan in place be obliged to take this Plan into account when developing the Invest in EU decarbonisation plan?

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	Question: In the case of an installation for which the allocation is adjusted by a CBAM factor, how will 80% of the annual allocation be calculated for the installation with the submitted Invest in EU decarbonisation plan? **Question:** For sectors already covered by the CBAM, the CBAM factor will reach zero in 2038 according to the proposed new trajectory – how will the monitoring of the implementation of the Invest in EU decarbonisation plan until 2050 work? **Question:** Why such an important element of conditionality as the criteria for deeming emission reductions significant should be adopted by a delegated act of the European Commission? Why does the Directive not propose directional criteria in this regard? **Question:** Are there plans to develop different guidelines for each sector regarding the preparation of decarbonization plans, taking into account the significant differences between sectors? **Question:** What is the justification and what can be the effect of linking the investment value requirement to the economic value of 100% of the free allocation in the relevant five-year period? **Comment:** With reference to the principle of proportionality, the European Commission should not revoke free allowances for failure to implement an investment that was impossible for objective, documented reasons and/or would not have resulted in a net climate benefit. Burdening the European industry with additional costs for unavoidable process-related CO2 emissions will drastically reduce its competitiveness compared to global producers that are not subject to such stringent legal and financial requirements, especially in price-taker sectors such as copper. **Comment:** The proposed rigid five-year timeframe for project implementation is unfeasible for large-scale decarbonization projects requiring infrastructure adaptation, such as CCS. Obtaining the necessary permits and administrative decisions is a time-consuming process that would make it impossible to complete the investment within five

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	years. If a recipient fails to meet the schedule – even for reasons beyond its control, linked to market conditions – it will still lose part of its allocated allowances. Even assuming that fulfilling these requirements was feasible, it would nevertheless incur an enormous bureaucratic and financial burden. **Question:** Climate Neutrality Plans submitted by many heating companies covered long-term investments (by 2050). How would new Invest in the EU decarbonisation plans for district heating systems be related to already submitted Climate Neutrality Plans and investments planned for the years 2030-2050? Will Climate Neutrality Plans be replaced by decarbonisation investment plans? Is this a new and additional mechanism? Are there any additional free allocations planned for the transformation of district heating systems? Will free allocations of heat allowances be possible after 2031 under the existing rules, or will they be conditional solely on the implementation of investment plans? **Comment:** Article 10a(3e), points (a)-(c): Further clarification would be welcome regarding the delegated act to be adopted under this provision, in particular: (i) the list of requirements and eligible costs to qualify as decarbonisation investments, including whether operating expenditure (such as green fuel or green feedstock premiums) would be eligible alongside capital expenditure; and (ii) the methodology and criteria the Commission intends to apply for determining whether measures and investments included in an Invest in EU decarbonisation plan qualify as leading to "significant emissions reduction". As these elements will determine in practice which investments satisfy the conditionality requirement under Article 10a(3b), fifth subparagraph, it would be useful to understand the intended timeline for this delegated act and the scope of stakeholder consultation envisaged. **Comment:** The proposed conditionality framework does not provide legal certainty for the businesses. The eligible cost which are supposed to qualify as decarbonization investment and rules concerning "significant emission reduction" should not be determined by the Commission's delegated act – this creates great risk of arbitrary choice

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	of certain technologies and exclusion of some investment categories, outside of Member States and EP control.
Exports/CBAM	**Comment:** The proposed approach is directionally beneficial. However, it still entails a rapid phase-out of free allocation, thereby increasing the cost of the CBAM mechanism for importers and, consequently, for consumers. For existing CBAM goods, the sharp increase in costs would occur from 2030, when the CBAM factor falls from 81% to 59%, while for newly covered goods this would occur in 2035. Thus, the proposal amounts to a partial deferral of the increase in CBAM-related costs. **Comment:** There is a risk as to whether the sectors covered by the mechanism will have sufficiently adapted to the new requirements by that time. A quantitative assessment of the actual costs could only be carried out for selected illustrative goods. **Comment:** It should be borne in mind that the bulk of CBAM costs results from embedded emissions. The pace of the phase-out of free allocation is more significant for EU ETS installations/operators than for entities subject to CBAM, particularly where the importer uses actual emissions data when determining its CBAM liability, i.e. the number of CBAM certificates to be surrendered. **Question:** Given that CBAM sectors will face both the progressive phase-out of free allocation and, from 2031, the new investment conditionality requirements, how does the Commission intend to ensure that the cumulative effect of these measures does not undermine the competitiveness of EU producers, in particular on export markets? Has the Commission considered dedicated or automatic support mechanisms for CBAM sectors to address the residual risk of carbon leakage during the transition period? **Question:** *Article 10a paragraph 1a, new subparagraphs 3 and 4* The proposed changes regulate the new trajectory of the CBAM factor and the principle of determining the CBAM factor for goods added to Annex I to Regulation (EU) 2023/956 – What will be the rules of operation of the CBAM factor for goods removed

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	from Annex I to Regulation (EU) 2023/956 – will it be 100%? Will the rule as in subparagraph 4 apply to goods re-included in the CBAM? **Question:** How will the issue of conditionality be reflected in the context of CBAM goods imported into the EU? Will such facilities also be required to prepare a decarbonization plan? **Question:** Carbon leakage protection for exports: It would be useful to understand how the Commission envisages addressing export-related carbon leakage in the context of the assessment foreseen under Article 30(5) of the CBAM Regulation, including whether a permanent instrument is envisaged and on what timeline.
Other	**Question:** Installations that receive support from the Innovation Fund or the new Investment Booster/IDB platform will be automatically exempted from the obligation to submit an Invest in EU plan and their conditionality of 20% of the allocation will be considered fulfilled at the start of construction or disbursement of the first tranche. Doesn't such an approach create unjustified dualism and discrimination against smaller installations? Transformation leaders with large budgets gain the full security of free allocation without bureaucracy, while smaller operators who lose IDB tenders will be burdened with the full financial and administrative risk of proving investment equivalence on their own. **Comment:** Particular attention should be given to process-emissions sub-installations in the post-2030 free allocation framework. The rules should provide long-term regulatory predictability to enable investment decisions in technologies that may require long development and deployment periods. The allocation methodology should therefore better reflect the actual technical abatement potential of process emissions, particularly in sectors exposed to carbon leakage where commercially viable alternative technologies are not yet available at industrial scale.
1.C Funding	**Question:** Could the Commission provide a comprehensive overview of the interaction between the different funding instruments introduced or extended by the proposal?

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(Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	**Question:** Could the Commission quantify the expected impact of the proposed reservations of allowances for EU-level instruments on the auction revenues available to Member States?
Use of revenues	**Comment:** Imposing uniform spending priorities could constrain Member States' ability to allocate ETS revenues in line with their specific national needs, policy objectives, and industrial decarbonisation pathways. **Question:** Under the proposal, Member States will be required to physically release the auction proceeds by the third year following the year in which they were generated. How does the Commission intend to verify compliance with the 3-year ex-post revenue spending limit for complex, multi-year infrastructure projects (e.g. construction of offshore wind networks or CO_2 pipelines), where design, environmental and construction processes often take 5-8 years? Will administrative delays at national level result in sanctions or forfeiture of these funds? **Question:** As regards the use of Member States' ETS revenue, how does the proposed article 10 para 3 (f) on transport substantially differ from the version currently in force? **Question:** Could the Commission clarify its proposal to require alignment between the use of ETS revenues and the National Energy and Climate Plans (NECPs)? **Question:** How does the Commission intend to reconcile the ex-ante planning obligation for ETS expenditure under the NECP with the spike in the price volatility of EUA allowances?
Modernisation Fund	**Comment:** It is positive that the Modernisation Fund will continue after 2030. However, it is negative that its size has been reduced. The priority areas for support should be further clarified, including electrification, industrial decarbonisation, and CCS/CCU.

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	Question: While the 'Fit for 55' package successfully scaled up the Modernisation Fund to 4.5% of the overall EU ETS cap to address the acute investment gaps in lower-income Member States, the 2026 revision proposes to downsize this dedicated solidarity fund to just 2.0% for the 2031–2040 period, while simultaneously extending the Fund's scope to industrial decarbonisation, electrification, CCS, CCU, hydrogen and CO_2 infrastructure, and low-carbon fertilisers. Neither the explanatory memorandum nor the impact assessment appears to provide an analysis supporting this reduction in light of the expanded and more capital-intensive scope of tasks assigned to the Fund. In contrast, the Commission is significantly expanding centralized EU-level facilities, notably the Innovation Fund and the newly established Industrial Decarbonisation Bank (IDB). What is the socio-economic and distributional justification for reducing the direct financial resources available under the Modernisation Fund—which is specifically tailored to the local transition needs of lower-income countries—while simultaneously increasing funding for centralized EU instruments that operate on a highly competitive basis and historically favour technologically advanced projects in wealthier Member States? **Comment:** Further clarification would be welcome regarding the practical application of the newly introduced rule-of-law conditionality mechanism governing access to the Modernisation Fund, including the procedure and evidentiary threshold for establishing that a breach affects, or seriously risks affecting, the sound financial management of the Fund "in a sufficiently direct way". There is a significant risk that the European Commission could block the disbursement of funds based on its discretionary assessment of compliance with the rule of law (RoL). Possible measures include: (1) suspension of decisions authorising the disbursement of funds; (2) suspension of payments that have already been approved; and (3) lifting the suspension only once the identified breaches have been remedied, in accordance with the procedure laid down in Regulation (EU, Euratom) 2020/2092. The introduction of the RoL conditionality mechanism may infringe the principle of proportionality, given the potentially excessive restrictiveness of sanctions, which primarily affect not the Member State itself but businesses and citizens; exacerbate developmental disparities, as Member States may lose funding for the climate transition (a first paradox: the Member States most in need of support may receive less assistance); and rely on insufficiently clear

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	criteria for suspending support, resulting in substantial EC discretion, unpredictability, difficulties in investment planning, and increased risks for beneficiaries. A second paradox is that such conditionality may undermine the achievement of the objectives of the European Green Deal and EU climate targets by constraining investment, increasing the costs of the transition, and slowing down decarbonisation. The issue is currently under analysis in the context of the Common Provisions Regulation (CPR). **Question:** Could the Commission provide estimates of the size of the Modernisation Fund and expected allocation for 2031–2040 for Member States under different EUA price scenarios? **Question:** The proposal allocates an additional 0.5% of the ETS cap to beneficiary Member States, but mandates that these resources must be channelled exclusively through the Industrial Decarbonisation Bank (IDB). Why was this 0.5% allocation placed under the centralized governance of the IDB rather than being directly integrated into the existing and well-functioning national structures of the Modernisation Fund? How does the Commission plan to mitigate the administrative burden and high barriers to entry for local operators in lower-income Member States, who may struggle to compete under the complex tendering rules of the IDB (such as CCfDs and competitive auctions) compared to the more flexible grant-based schemes of the Modernisation Fund?
10% redistribution	**Comment**: The Modernisation Fund size should be increased e.g. using funds from the Market Stability Reserve or the Innovation Fund, and not by obligatory transfers of solidarity provision share from the national auctions. **Question:** Under the amended Article 10d, the 10% auction volume redistributed to lower-income Member States for reasons of solidarity (under Article 10(2)(b)) must now be obligatorily channelled through the Modernisation Fund. Why is the Commission stripping beneficiary Member States of their fiscal autonomy over these solidarity allowances—forcing them to undergo EBI vetting and comply with strict Modernisation

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	Fund spending criteria—while other, wealthier Member States that also benefit from the 10% solidarity redistribution are permitted to retain full sovereignty over their allocated shares? Does this dual approach not violate the principle of equal treatment among Member States and undermine the core spirit of solidarity?
Innovation Fund	**Question:** Article 10cb(2) assumes that in the event of an insufficient buffer of free allowances, the missing part for the Innovation Fund will be taken directly from the auction pool of the Member States. Why should the market risk associated with the activation of the CSCF be unilaterally transferred to the national budgets of the countries? Has the Commission estimated how much countries' auction revenues will decrease at that time and how such a sudden drop in supply will affect the price of EUAs in 2028? **Question:** Could the Commission clarify the practical division of labour between the Innovation Fund, the Industrial Decarbonisation Bank and the European Competitiveness Fund, in particular for projects moving from demonstration to commercial deployment? **Comment:** The Innovation Fund should provide stronger support for industrial-scale projects in hard-to-abate sectors. Eligible technologies should include substitution of fossil carbon reductants, sustainable biocarbon, energy efficiency, renewable electricity, process optimisation, waste heat recovery, process gas recovery, CCU/CCS and other technologies capable of reducing process emissions. Projects delivering significant partial emission reductions should also be eligible where full decarbonisation is not yet technically feasible. **Comment:** The Innovation Fund should ensure better geographical balance, including national envelopes or solidarity mechanism for the countries underrepresented among the beneficiaries such as the beneficiaries of the Modernisation Fund. So far, more than 50% of supported projects were concentrated in only 5 countries.
Investment Booster	**Question:** The allocation of allowances under the Investment Booster is to take place in chronological order based on the date and time of submission of the performance

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	guarantee (completion bond). Such a mechanism drastically favours large capital groups that have immediate creditworthiness and liquidity to block capital for bank guarantees. Smaller installations (SMEs) and entities with longer decision-making processes will be pushed out of the queue ex ante before they even secure financing. How does the Commission intend to prevent the monopolisation of the pool of 400 million allowances by a few of the largest market players? Are there plans for allocation limits per beneficiary (applicant caps) or dedicated technology baskets to protect smaller projects? **Comment:** The proposal assumes that 100 million allowances for the first 18 months will be allocated exclusively to projects from member states with a GDP below 75% of the EU average. After this period, unused entitlements return to the overall Booster pool. Taking into account the infrastructure delays in these countries (e.g. the lack of readiness of transmission networks and hydrogen infrastructure to power e-fuels or green steel projects), 18 months is an extremely short time to prepare projects and submit a 'completion bond'. Isn't the Commission afraid that this 'solidarity' will turn out to be illusory, and most of the 100 million allowances will be taken over by mature projects from richer Member States after 1.5 years? **Comment:** A “first come, first served” approach may favour Member States with existing H_2/CCS infrastructure. A sufficiently mature project pipeline should be prepared before the mechanism is launched, as the order in which support is granted will depend on how quickly applicants meet the eligibility requirements, including the submission of a completion bond (financial security). **Comment:** The 400 million EUAs will enter the market gradually as projects are implemented and premiums are paid. The Impact Assessment (IA) indicates that this is a significant volume that could increase the TNAC, improve market liquidity, exert downward pressure on EUA price increases, and delay the release of allowances from the MSR. The EC does not provide a quantitative estimate of the impact of the Industrial Decarbonisation Bank (IDB) on EUA prices.

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	Comment: The proposal introduces an ETS Investment Booster financed by a volume of 400 million allowances, with an estimated value of around EUR 30 billion. Based on our understanding, the proposal links the financing of the Investment Booster to Article 10a(5b) of the ETS Directive, under which unused allowances would be transferred to the Industrial Decarbonisation Bank, including the Investment Booster window. This would reduce the volume of allowances that, under current provisions of the ETS Directive, would otherwise be allocated to the Modernisation Fund. It also appears that, if the initial number of allowances is not sufficient to finance the Investment Booster, additional funding could come from the reserve for new installations under Article 10a(7) of the ETS Directive. We further note that this reserve is replenished through reductions in free allowances available to industrial installations. Taken together, these provisions suggest that the Investment Booster could be financed through volumes that would otherwise contribute to the Modernisation Fund as well as through free allowances that would otherwise remain available to industry. **Question:** We would welcome confirmation as to whether the sources described above are the only sources of financing envisaged for the ETS Investment Booster, or whether there are other funding sources. **Question:** We would also welcome clarification on how the proposed "first come, first served" approach would ensure fair and equitable access for Member States with less developed project pipelines and more limited administrative capacity. **Question:** Will the provision in Article 10ca(1) regarding the reservation of 100 million allowances to finance investments in Member States with a GDP per capita at market prices below 75% of the Union average during the period from 2022 to 2024 also apply under the Investment Booster?

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	Question: Could projects in district heating sector be supported by this instrument? If so, which types of investments in district heating would qualify to such financing? **Question:** Art. 10cd(3)-(4): The interaction between the provisions governing the start of physical construction and the completion bond mechanism is not entirely clear. In particular, it would be useful to understand how these provisions are intended to apply to projects that have already entered the construction phase prior to the decision awarding support under the Investment Booster. **Question:** Please clarify: (1) whether energy companies and distribution system operators may develop or aggregate projects for multiple industrial off-takers; (2) how the first-come, first-served procedure will interact with the ring-fenced volume for Modernisation Fund beneficiary Member States; (3) when support will be released relative to expenditure and verified emission reductions; and (4) how cumulation of funding, overcompensation, financial guarantees, project delays and non-completion will be treated. **Comment**: Technological neutrality principle should be clearly stated in the directive – otherwise, there is a high risk that "Terms and Conditions" to be created by the Commission, and a delegated act establishing eligibility criteria could exclude certain types of investment and technologies from the scope of funding, leaving some industries (in particular those requiring high-temperature and high-pressure steam in the production process, which makes direct electrification unfeasible) without any support on their path to emission reduction.
Decarbonisation Bank	**Comment:** The Industrial Decarbonisation Bank (IDB) is broadly intended to cover all energy-intensive industrial sectors, although individual calls for proposals will likely be limited to selected sectors, products, or technologies. **Comment:** The proposed financing of the Decarbonisation Bank is not entirely clear. While the proposal refers to a dedicated volume of 400 million allowances taken from the EU ETS cap, it remains difficult to understand what the overall financing architecture of

Building blocks / elements	Comments / questions
	the Industrial Decarbonisation Bank is intended to look like in practice, particularly in light of the approach outlined in the Clean Industrial Deal – "*The Commission will propose an Industrial Decarbonisation Bank aiming for EUR 100 billion in funding based on funds in the Innovation Fund, additional revenues resulting from parts of the ETS as well as the revision of InvestEU (…) It will use ETS allowances reserved for this purpose as part of the architecture of the EU ETS to support projects*". The proposal does not provide a comprehensive picture of how the different funding sources are expected to interact or how the resources allocated to the Bank will be mobilised over time. We take the view that the financing of the proposed new Bank should not come at the expense of ETS allowances allocated to Member States. **Question:** Could the Commission clarify the impact of reserving 400 million allowances for the IDB for 2031–2040 on Member States' auction revenues? **Question:** We would also welcome further clarification on the intended legal and institutional form of the Industrial Decarbonisation Bank. Is it envisaged as a financial instrument under the EU Financial Regulation, or as a separate structure with its own governance and administrative arrangements, and will this require a dedicated legislative proposal, or does the Commission envisage setting up the Bank through delegated or implementing acts? **Question:** Additionally, we would like to know if the Commission has assessed alternative implementation options, such as channelling the resources through the EIB under a dedicated mandate. What considerations led to the conclusion that the proposed model would be more effective and efficient than relying on existing institutions and structures? **Question:** How will the Commission ensure a fair geographical distribution of IDB support and prevent a concentration of funding in Member States with greater administrative and project-development capacity?

Building blocks / elements	Comments / questions
	Question: Will Member States be required to provide national budgetary contributions or co-financing for projects supported by the IDB? **Question:** IDB is to support the scaling of technologies that are mature but still require subsidies (e.g. direct reduction of iron, CCS in cement plants). As the experience of the Innovation Fund shows, even projects with approved financing fail due to market reasons (e.g. an increase in electricity prices). How will the IDB dynamically manage funds from projects that have not met the 30-month deadline for the start of construction and have lost their completion bond? Will these allowances immediately return to the auction market or will they be frozen in reserve, deepening the supply deficit **Question:** Under what rules will funds be set aside for Member States whose GDP per capita at market prices is below 75% of the Union average during the period from 2022 to 2024? Will all Member States meeting this criterion compete for funds from this pool? Will national envelopes be established? Are the calls for proposals under the Decarbonisation Bank planned to be broken down by industrial sector?
ETS DNSH	**Question:** Conducting a full analysis of DNSH according to taxonomy criteria requires costly, complex environmental expertise from applicants. The IDB and ETS funds are also intended to support smaller industrial installations and SMEs. Is the Commission planning to introduce simplified DNSH verification procedures (so-called DNSH-light) for small projects? Otherwise, the compliance costs associated with DNSH may nationalise the benefits of the public support obtained for smaller industries.
Other	***Article 10da(3)*** **Comment:** There is a reference to Article 10db which is not included in the proposal or in the applicable directive. Article 10db would conflict with Article 10da(4), which for adopting disciplinary measures, refers to the procedure set out in Article 6 of Regulation 2020/2092. Consideration should be given to making disciplinary measures more flexible as they are currently very limited and rigid (for instance there is no provision for the

Building blocks / elements	Comments / questions
	partial suspension of payments, such suspension should be proportionate to the nature and extension of the infringements.
1.D MSR (Decision 1814/2015, Article 1, Annex)	**Question:** Has the Commission analysed the possibility of fully or partially reversing the allowances that have been declared 'invalidated'?
Volume – intake	**Comment:** The most significant change in terms of allowance supply and transfers to the Market Stability Reserve (MSR) is the adjustment, from 2028 onwards, of the Total Number of Allowances in Circulation (TNAC) to account for historical data from the aviation sector, namely 173 million EUAs. To date, the TNAC calculation has not taken into account aviation-sector emissions or EUA supply for the years 2012–2023, despite the sector being covered by the EU ETS. This is an expected and fully justified correction that addresses a significant structural gap in the functioning of the MSR. As a result of excluding aviation data, the TNAC was artificially inflated, leading to the transfer to the MSR of a larger number of allowances than would have been warranted by actual market conditions, followed subsequently by their cancellation. **Comment:** It would also be justified for the EC to restore the 173 million EUAs that were cancelled as a result of the inflated TNAC calculation. If their return to the auctioning pool is not possible, they should at least be reinstated in the MSR. **Comment:** Due to the rapid decline in the TNAC, the reduction of the upper MSR threshold to 947 million allowances from 2028 onwards, together with the reduction of the intake rate from 24% to 12%, may in practice prove to be of limited significance.
Release	**Comment:** Lowering all MSR operating thresholds and gradually reducing the release rate (currently 100 million EUAs) should delay the point at which allowances are released and limit the volume of EUAs released from the MSR onto the market. **Comment:** It is significant that, from 2028 onwards, both the MSR thresholds and the release rate will be progressively reduced, while the decline in the TNAC may not keep pace with the rate at which these parameters are being lowered. As a result, fewer

Building blocks / elements	Comments / questions
	allowances would be released onto the market. Over the longer term (after 2035), this could translate into lower EUA supply at auctions and persistently higher allowance prices, due to the limited impact of additional supply from the MSR.
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	**Question:** Could the Commission clarify in detail how the costs incurred by aircraft operators under CORSIA will be converted into a reduction of the EU ETS surrender obligation under Article 12? In particular, which EUA price and which CORSIA unit price will be used for this calculation, and what reference period will apply? How will the CORSIA costs be determined where an aircraft operator has acquired eligible CORSIA units at different prices or in different years? Will the calculation be based on the actual acquisition cost, an average market price or another harmonised reference value? **Question:** Could the Commission clarify the respective responsibilities of aircraft operators, Member State competent authorities and the Commission in determining the reduction of the surrender obligation resulting from CORSIA costs and the corresponding cancellation of EU ETS allowances? **Question:** Could the Commission clarify which emissions should be taken into account for the purpose of determining the 10 000 tonnes annual emissions threshold introduced in Annex I from 2029? In particular, does the threshold refer to all flights operated by the aircraft operator, all international flights, or only flights falling within the geographical scope of the EU ETS? **Question:** The Impact Assessment refers to lowering the emissions threshold for aircraft operators to 500 tonnes of CO_2 in order to bring the majority of private and business aviation within the scope of carbon pricing. Could the Commission clarify how

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Building blocks / elements	Comments / questions
	this 500-tonne threshold interacts with the 1 000-tonne thresholds provided for in points (j) and (k) of the amended aviation activity in Annex I? **Question:** Could the Commission clarify how changes in the CORSIA participation or compliance status of a third country during a reporting period will affect the EU ETS obligations of aircraft operators? In particular, which reference date will determine whether a route is subject to the EU ETS surrender obligation? **Question:** Could the Commission clarify how and from which date changes in the status of a third country as a Least Developed Country or Small Island Developing State will affect the EU ETS obligations of aircraft operators, and whether an appropriate transitional period will be provided? **Question:** Could the Commission clarify whether the inclusion from 2031 of flights to, from and between the outermost regions will occur automatically or whether it will depend on the outcome of the review provided for in Article 28b? **Question:** Given that the current CORSIA framework is set to end in 2035, could the Commission clarify what carbon pricing regime is intended to apply from 2036 to extra-EEA flights departing from the EEA? Will those flights automatically become fully subject to the EU ETS, or will this depend on a further legislative review under Article 28b? **Question:** Could the Commission clarify which quantitative or qualitative criteria will be used to determine that a risk of hub carbon leakage is sufficiently significant to justify corrective measures, and what measures could be adopted in such circumstances? **Question:** Could the Commission clarify how competent authorities are expected to identify newly covered private and business aircraft operators and verify whether they remain below the applicable emissions or surrender obligation thresholds, in particular where simplified MRV requirements or verification exemptions apply?

Building blocks / elements	Comments / questions
Corsia: geographical scope – depart flights	**Comment:** Limiting the EU ETS solely to flights departing from the EEA to third countries can create logistical difficulties for aircraft operators, for example, regarding the use of SAF fuels, which will only qualify for support on the route to the third country (and not for a return). ***Article 28a(1)(e)*** **Question:** It's worth considering whether the introduction of a 5,000 km threshold for flights to third countries under the EU ETS is easily verifiable. How is this distance determined? Isn't there a risk that such a broadly defined threshold will leave room for broad interpretation (e.g., extending the flight route on purpose)? In addition, new thresholds have been established – 15,000 tCO_2 per destination airport and 10,000 tCO_2 per aircraft operator. The methodology for calculating compliance needs to be clarified – for example, whether operator emissions below 10,000 t are included in the airport threshold.
Corsia: implementation for 2026-2035 & deduction mechanism	***Article 12(3)(b) and (3-f)*** **Comment:** The proposal provides a mechanism to reduce the surrender obligation under the EU ETS by deducting costs incurred through CORSIA offsets. However, the proposal does not provide a detailed methodology for calculate this reduction, nor does it specify the procedure, i.e., the involvement of Member State authorities and the role of the European Commission. The procedure for surrender allowances in the EU ETS on some routes may become too complicated and over-regulated, especially for small operators. The justification for the overlap between the two systems, which leads to incomplete surrender of allowances from a given route under the EU ETS due to CORSIA offsets, should be considered.
Support mechanisms	***Article 3c(6) and 28a(6)*** **Comment:** Despite the significant increase in the number of allowances under the support mechanism from 2029, it should be noted that support at the individual aircraft operator level for the use of certain types of SAF fuel has been reduced (reduction in the percentage of support). Additionally, a requirement has been introduced to source SAF

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Building blocks / elements	Comments / questions
	fuel from countries where integrity with the RED directive can be clearly confirmed. This is, of course, desirable, but it may impact the availability of SAF fuels for operators and increase their prices. It should be examined whether this restriction will impact the ability to ensure an adequate supply of SAF fuels for European aircraft operators.
Inclusion of private & business jets	***Article 3(ao)*** **Comment:** It is worth considering whether the definition is too broad. A business flight is defined solely as a flight performed by a given aircraft, without reference to the characteristics of that flight. At the same time, the "flight" itself is not defined in the Directive, but Annex I specifies the conditions that a flight must meet to be covered by the scheme. As we understand it, a business flight must also meet these conditions to be covered by the EU ETS. Consideration should be given to linking the definition of "business flight" to the requirements of Annex I to the Directive. ***Article 3c(6)*** **Comment:** The delegation to adopt implementing acts listing business aircrafts is included in Article 3c(6), among the provisions on support for the use of SAF. It is worth considering whether this should be moved to a different or separate paragraph, as it is not entirely related to SAF support. ***General question*** **Question:** It was indicated that the Commission adopts "acts" in the plural. Will there be several such acts? Is there a plan to update the list periodically? When can we expect the first adoption of such an act?
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I)	

Building blocks / elements	Comments / questions
Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	**Comment:** The market analyses included in the Impact Assessment clearly indicate that the small vessel sector (400-5000 GT) is characterised by a huge share of SMEs (76% to 95% of enterprises) and a very small average fleet size (1.6 vessels per company). For many of them, entering the MRV/ETS compliance cycle will be their first contact with the EU climate bureaucracy. **Comment:** According to THETIS-MRV, 37 vessels in the 400–4 999 GT range are currently attributed to Poland and could potentially be affected by the future extension of the EU ETS. There is a risk that the resulting increase in the cost of maritime transport could reduce its competitiveness relative to road transport, potentially leading to modal shift from maritime to road transport and, consequently, to an increase in overall greenhouse gas emissions. **Question:** What criteria justify the selection of particular ship categories between 400 and 5 000 GT for inclusion in the EU ETS, and what criteria will be used in the 2031 review for possible further extension? **Question:** How should competent authorities distinguish activities "supporting offshore operations" from ordinary maritime transport, and which specific types of offshore support vessels and activities are intended to fall within the EU ETS?
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	**[MI] Comment:** It is crucial to provide financial support also for the existing fleet, while the proposed changes mainly concern new technologies and alternative fuels. Support should be provided to shipowners of existing ships currently in operation, e.g. for modernisation investments aimed at improving the energy efficiency of these vessels. Access to investment funds should be simplified to ensure a real return from the EU ETS to the maritime sector.

Building blocks / elements	Comments / questions
	Comment: SMAP is a support mechanism for the decarbonisation of maritime transport, modelled on the SAF support mechanism in aviation. The mechanism could support renewable or low-carbon ammonia as a maritime fuel, although the document does not specify a target share of ammonia in the fuel mix. **KOBiZE] Comment:** A potential regulatory concern relates to grey ammonia, which may have relatively low direct emissions from combustion on board a vessel, while being associated with high upstream greenhouse gas emissions during production, particularly where production takes place outside the EU. **Question:** What lifecycle emissions accounting and sustainability criteria should apply under SMAP? **Question:** How will support under Article 3gaa interact with mandatory FuelEU Maritime requirements and with the Innovation Fund, and how will double funding be avoided without excluding investments required by FuelEU from support? **Question:** What specific technical and audit criteria will be used to define a Union shipyard for the purpose of granting the 5 percentage point bonus? Will the installation of a technology that has been partially designed and prefabricated in a third country, but its physical installation and system integration took place in an EU shipyard, entitle to increased support? **Question:** According to Article 3gaa(5), in the absence of a representative market price for sustainable marine fuels, the Commission must set the benchmark prices itself. Since there are currently no liquid and transparent stock market indices for most advanced fuels such as RFNBOs (e.g. e-methanol or e-ammonia), what methodology will the Commission use to set these prices? **Question:** According to the draft (Article 3gaa(14), the distribution of allowances under SMAP must take into account the need to maintain effective competition and access for SMEs. How does the Commission intend to put this into practice? Is there any plans to

Building blocks / elements	Comments / questions
	set aside a dedicated pool or a simplified application path for smaller shipowners (especially from the newly included 400-5000 GT ship segment) in order to prevent a situation in which the entire budget of 110 million allowances will be taken over by the largest container lines with extensive legal and analytical departments?
Evasion	
Derogations	
IMO alignment	**Question:** How will the deduction from the EU ETS surrender obligation for emissions priced under future IMO measures be calculated, in particular where the EU ETS and IMO carbon prices or compliance costs differ? **Question:** How does the Commission plan to technically implement and dynamically calibrate the "price-corrected deduction" safeguard mechanism (Option 1b) under Article 3gg, given that a potential IMO market-based measure is expected to establish a fixed GHG levy expressed in USD, while the EU ETS relies on a highly volatile, market-driven carbon price denominated in EUR? How will the Commission address the currency exchange risk and prevent administrative arbitrage by shipping companies hedging between USD and EUR?
MRV / Fuel EU	**Question:** How will the single MRV framework maintain a clear distinction between data relevant for EU ETS and FuelEU Maritime compliance, particularly given the different Tank-to-Wake and Well-to-Wake system boundaries? **Question:** The proposed revision aims to fully implement the "monitoring-and-reporting-only-once" principle by merging the compliance cycles of the EU MRV/ETS and FuelEU Maritime under a unique template. However, Table 4 of the Impact Assessment highlights a persistent discrepancy: under EU MRV, ships performing more than 300 intra-EU voyages annually can benefit from an aggregate annual monitoring derogation, whereas FuelEU Maritime strictly mandates per-voyage monitoring for all vessels. How will the Commission reconcile this conflict without either stripping regional

Building blocks / elements	Comments / questions
	operators of their aggregate monitoring simplification or undermining the per-voyage compliance structure of FuelEU?
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	**Comment:** The adoption of a criterion based on a processing capacity of >3 tonnes/hour for including municipal waste incineration plants in the EU ETS will result in a larger number of such installations being covered by the system compared to the >20 MW criterion. Some municipal waste incineration plants meeting the >3 tonnes/hour capacity criterion do not currently participate in the EU ETS with regard to emissions monitoring and reporting because they do not meet the >20 MW threshold. These installations will enter the EU ETS from 2031 with the full set of obligations, including the surrender of allowances corresponding to their emissions. **Question:** Does the EU legislator truly intend to bring within the scope of the EU ETS a broader group of municipal waste incineration installations than the group that currently participates in the EU ETS solely for the purposes of emissions monitoring and reporting? Has the proposed amendment to the Directive secured an adequate number of free emission allowances for this broader group? The same issues remains relevant for other waste incineration installations (excluding hazardous waste) that currently do not participate in the EU ETS, even for the purposes of emissions monitoring and reporting. **Comment:** ***GHG inconsistencies*** There is an inconsistency concerning the greenhouse gas to be monitored. Annex I refers to CO_2, whereas the explanatory memorandum and recitals focus primarily on methane (CH_4) emissions from landfills. This issue should be clarified. **Comment:** ***Annex I*** Under the current Annex I, municipal waste incineration installations with a total rated thermal input exceeding 20 MW are included in the EU ETS for the purposes of Articles 14 and 15. The proposal deletes this specific provision, while the new activity “Waste incineration and waste co-incineration”, with a capacity threshold exceeding 3 tonnes per hour, is intended to apply from 2031.

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Building blocks / elements	Comments / questions
	Question: Does this mean that municipal waste incineration installations currently subject to MRV will no longer be required to monitor, report and verify their emissions under the EU ETS during the period 2028–2030? If this is not the Commission's intention, could the Commission indicate the legal basis ensuring the continuity of MRV obligations during this transitional period? **Question:** Will heat benchmarks be used also for waste incineration plants connected to the district heating systems? If yes, how would they be calculated in the years 2031-2034, given that waste incineration will be liable to surrender only the part of verified emissions? For instance, will benchmarks apply to 75% of verified emissions in 2031? If waste incineration plants could submit the Invest in the EU decarbonisation plans under the same conditions as district heating installations, how potential free allowances would be calculated?
Inclusion of waste	**Comment:** Inclusion of municipal waste incineration could seem to be an illogical and unjustified step, from the point of view of environment and societal concerns. Incineration of waste prevents landfilling, which, in line with the waste hierarchy, is the most environmentally harmful way of waste disposal, causing soil and groundwater pollution, as well as high methane emission to the atmosphere. Given the fact that municipal waste incinerators cannot control their input, and the cost of CO2 could be simply passed on residents through gate-fees, the inclusion of municipal waste incineration into ETS will have no effect on global emissions, while incur a price on society.
Scope	**Question:** Did EC considered, that inclusion of waste should be strictly correlated with extending ETS to emissions from landfilling? This could ensure the level-playing field and help avoid the preferential treatment of the more environmentally harmful method of waste disposal.
Volume	**Question:** Art.: 9/12a: The cap addition appears calibrated on municipal waste data alone, while the surrender obligation covers all non-hazardous waste incineration >3t/h

Building blocks / elements	Comments / questions
	(Commission estimate ~18.7 Mt CO_2, ~9.3 Mt currently outside ETS). Clarification would be welcome on whether recalibration is envisaged, given the market-wide EUA price effect of a structural shortfall in this sector.
Phase-in	
Opt-out	**Question:** Art. 12b: It is unclear how the opt-out mechanism, which requires that at least two of the three listed conditions be met, is intended to apply to Member States that only partially satisfy the recycling (Article 11(2), points (d)-(e), of Directive 2008/98/EC) or landfill-diversion (Article 5(5) of Directive 1999/31/EC) criteria. Further clarification would also be welcome on the evidentiary standard for demonstrating that a Member State is "on track" to meet the relevant targets, and on the process and timing for the Commission's assessment of a notified opt-out request.
Review/Other	**Question:** How will the European Commission mitigate the risk of illegal transfer of waste into landfills in the situation when the decision on landfills in the EU ETS is scheduled for 2034, but waste incineration plants are planned to be gradually included from 2031?
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	***Article 3 of amending directive – Transposition*** **Comment:** The proposed transposition deadlines are extremely short (31 Dec. 2027 for selected provisions, 31 Dec. 2028 as a general term and other subsequent dates for other selected provisions). According to the 'One Europe, One Market' roadmap the agreement on the proposal is planned to be reached in Q1 2027. **Question:** Does the Commission envisage modification of the proposal in the light of postponing the transposition deadlines if the agreement is reached later than the projected date? ***Article 19***

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Building blocks / elements	Comments / questions
	Comment: The Impact Assessment lacks information on how the costs of operating of Union Registry are calculated and how the figure of 5 mln allowances was determined in relation to these costs. ***Article 3ga(4)*** **Comment:** The intended use of funds generated from the auctioning 0,5 mln allowances has been defined too broadly. It is suggested that the intended use be specified in greater detail. ***Article 6(3)*** **Comment:** Pursuant to Article 6(3), the European Commission is to be empowered to determine the conditions governing the granting, suspension, and withdrawal of permits for installations. However, this provision does not provide any further details in this regard, nor does Recital 27 of the proposed amendment to the Directive. As a result, the European Commission is granted broad discretionary powers in defining these conditions, at the expense of the procedural autonomy of the Member States. Therefore, this provision should be supplemented with fundamental principles or criteria relating to the granting, suspension, and withdrawal of permits, which would be binding on the European Commission when establishing more detailed conditions. ***Article 2(1)*** **Question:** Could the Commission clarify the relationship between the possibility for an installation to voluntarily remain within the EU ETS pursuant to Article 2(1) and the exclusion applicable to installations predominantly using biomass? In particular, where an installation, as a result of changes to its production process, meets the 95% biomass threshold, may it nevertheless remain voluntarily within the EU ETS, or does meeting the 95% threshold result in its mandatory exclusion from the system irrespective of the operator's intention to remain covered? **Question:** Annex I: Clarification would be welcome on the apparent asymmetry whereby imported synthetic fuel from fossil CO_2 captured outside the Union falls outside

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Building blocks / elements	Comments / questions
	the distribution obligation, while equivalent Union-produced fuel is fully covered — creating a structural cost disadvantage for Union-based production.
CSU-S	**Question:** According to Annex V, Part C, verifiers must assess the reliability and durability of carbon fixation in products. However, if the product degrades years later or is incinerated in a waste incineration plant (MWI), which leads to the release of this carbon dioxide into the atmosphere, who will be held responsible for these secondary emissions? Does the Commission plan to ex-post charge the original operator that captured carbon dioxide and benefited from the ETS relief, or will these emissions be fully allocated to a waste incineration plant included in the ETS from 2031, generating a double cost of emissions in the value chain? **Question:** Art. 14(1): Further information would be welcome regarding the rules envisaged for accounting for captured CO_2 from a mix of zero-rated and non-zero-rated sources, including the expected timeline for the preparation of the corresponding implementing act and its discussion within the Technical Working Group on ETS Monitoring, Reporting, Verification and Accreditation (TWG MRVA). **Question:** Art. 14(1a): It is unclear whether the BioCCS compensation mechanism is intended to apply strictly at installation level or whether compensation may also take place at the level of an operator covering multiple installations, including within a group structure. **Question:** Annex I (distribution of synthetic fuels): It is unclear how the proposed downstream accounting approach for synthetic fuels is intended to operate in practice, in particular as regards the definition of "distribution", the liable entity in a multi-operator supply chain, and the allocation of compliance obligations. Clarification would also be welcome regarding the interaction with RFNBO-related provisions and with FuelEU Maritime and ReFuelEU Aviation, including the consistency of reporting and accounting requirements across the different frameworks.

Building blocks / elements	Comments / questions
Installations less than 20MW	
ETS as a service	
Registry funding	**Comment:** There is no clear mechanism for determining or controlling which costs, other than those related to the Union Registry, would be financed from this pool. This would give the European Commission considerable discretion, while Member States would have limited oversight over the use of the funds. **Comment:** The intake mechanism is insufficiently clear. The provision refers to a maximum limit of 5 million allowances, but also states that unused allowances would be transferred to the NER reserve. This could suggest that the EC would always draw the maximum amount of 5 million allowances. In practice, this could mean that the 5-million allowance pool would systematically reduce the overall cap, while the EC would auction only the amount necessary to cover the costs of operating the EU ETS and transfer the remainder to the NER reserve.
Other	
PART 2: IMPACT ASSESSMENT	**Comment:** The IA should provide a clearer assessment of the overall fiscal implications of the proposal for individual Member States. The combined effect of changes to the cap, MSR, reserved allowances, and redistribution mechanisms is particularly relevant for national budgetary planning.
General comments	**Question:** Given that the final proposed trajectory was not quantitatively modelled in the core policy option runs (PO1–PO3), how does the Commission justify the robustness of its market stability and carbon leakage evaluations, and what sensitivity analyses were conducted to ensure that this specific, back-loaded LRF trajectory will not trigger unexpected liquidity shortages or extreme price volatility in the early 2030s?
Specific topics	

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Building blocks / elements	Comments / questions
(Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	**Comment:** The Commission points out that *'the costs and full impacts of purchases of international credits are not included in this impact assessment*.' Given the importance of this topic, m.in in relation to the conditionality associated with LRF, this is a large gap in the assessment of the impact **Comment:** The Impact Assessment gives very little detail in scope of the proposal for integrating international credits, indicating that this will be the subject of a separate assessment to be published by the end of 2026. Nonetheless, it still should attempt to assess several issues. One obvious omission is the consideration of a pilot phase, which should be seen as a testing ground to build institutional readiness. **Comment:** Another issue that lacks analysis is the question of the volume proposed in the Article 9b of the amendment (funding for international credits) and how it relates to the percentage values laid down in the amended ECL.
Removals (Annex 8, part (II))	**Comment:** The proposal assumes the introduction of an annual safeguard limit as a safeguard to protect the market from a sudden drop in the prices of removals and flooding the system with cheap certificates. How does the Commission intend to approach the calibration of the annual safeguard limit for removals between 2031 and 2040, given that the supply of these technologies will be highly limited in the first half of the decade and will only increase sharply towards the end of the decade? ***Preferred policy option*** **Comment:** The preferred option is Policy Option PO1 of the Impact Assessment, due to the greater degree of regulatory and financial certainty it provides. ***Technology scope and permanence***

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Building blocks / elements	Comments / questions
	Comment: Focusing on BioCCS and DACCS certified under the CRCF ensures a high standard of permanence (at least 200 years) and aligns the EU ETS with geological-scale storage. The exclusion of nature-based solutions (NBSs) for now avoids the complexities of temporary storage and monitoring reversals in land sinks. **Question**: Regarding biochar, which is recommended for inclusion depending on the integration type, how will the system address the lack of ongoing monitoring and liability provisions in the current CRCF methodologies compared to the strict requirements of the CCS Directive? ***Biomass sustainability and "double incentives"*** **Comment**: Stakeholders have highlighted a significant risk of a „double incentive“ for biogenic carbon, where biomass is already zero-rated in the EU ETS and would now receive a removal credit for its capture and storage. **Question**: Will the reliance on RED III sustainability criteria be sufficient to prevent unsustainable pressure on forest and agricultural land as BioCCS is scaled up to meet the 250 Mt target, particularly concerning the impact on LULUCF net sinks? ***Article 14(1a) - self-compensation mechanism*** **Comment**: Allowing operators to use self-generated, certified BioCCS units to offset their own fossil emissions on a 1:1 basis seems to be a positive incentive for direct industrial investment in capture infrastructure. **Question**: How will the central purchasing program’s adjustment mechanism function in practice (in CR4 or CR5) to ensure that voluntary self-compensation by large industrial actors does not undermine the integrity of the overall emissions cap or result in emissions exceeding the intended net target? ***Financing and the price gap***

Building blocks / elements	Comments / questions
	Comment: The allocation of an additional 10 million allowances to fund the price differential between removals and EUAs is a necessary fiscal tool, as technologies like DACCS are not expected to reach cost-competitiveness within the 2031-2040 period. **Question:** Considering that the purchasing program is expected to cost around EUR 3 billion based on PRIMES midpoint estimates, what fallback mechanisms or financing arrangements would be activated if RBA auction revenues do not fully cover the upfront investment needs of capital-intensive removal projects?
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	**Comment:** The IA considers three options: EU-wide project competition only; national envelopes or allocations; or a combination of EU-wide competition with a portion of the funding reserved or allocated to Member States. Auctions, however, require relatively homogeneous projects and comparable emissions-abatement costs. The Commission recognises that pure EU-wide competition could concentrate funding in Member States with lower energy costs, established hydrogen and CO_2 infrastructure, more mature project pipelines, and more developed financial ecosystems. A combination of EU-wide competition with mechanisms ensuring geographical balance and solidarity is therefore preferable for Poland. **Question:** Has the Commission assessed the potential crowding-out effect of the IDB on national industrial decarbonisation programmes and other ETS-funded instruments?
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	

Building blocks / elements	Comments / questions
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	***Loopholes and environmental integrity*** **Comment:** The transition from the current "upstream accounting" to a hybrid downstream and midstream model (CCU3) introduces significant risks of carbon leakage through "loopholes". This occurs when CO_2 embedded in CCU products is eventually released in sectors not covered by the EU ETS, such as horticulture (greenhouses), the food and beverage industry, or agriculture (urea and fertilizers). **Question:** How does the EC plan to implement a robust "positive" or "negative" list of products to manage these loopholes without reverting to the highly complex and widely criticised Life Cycle Assessment (LCA) approach? ***2. Level playing field and competitiveness*** **Comment:** The IA highlights that the existing system creates an unlevel playing field for CCU because traditional petrochemical producers do not pay for the fossil carbon "embedded" in their products, whereas CCU producers currently must pay for the CO_2 at the point of capture. **Question:** To what extent will the hybrid midstream accounting approach for e-fuels genuinely level the playing field, given that e-fuel producers and distributors will become liable for surrendering emissions allowances for the fossil CO_2 embedded in their fuels? ***3. Double counting and waste incineration synergy*** **Comment:** The feasibility of downstream accounting (CCU2) relies heavily on the integration of Municipal Waste Incineration (MWI) into the EU ETS. Without this inclusion, emissions from products like plastics would be paid for twice: once when captured and a second time when incinerated. **Question:** Considering that isotope analysis cannot differentiate virgin fossil carbon from captured fossil carbon at the point of waste incineration, what mechanisms will be

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Building blocks / elements	Comments / questions
	put in place to prevent under-reporting if a 'chain of custody' or 'mass balance' certification framework is rejected due to its administrative complexity and cost? ***4. Impact on SMEs and innovation*** **Comment:** Many CCU technology providers are small start-up businesses that require 'administrative proportionality' to survive. The discarded LCA approach was found to be a potential deterrent for these smaller players (or new entrants) due to its high verification costs. **Question:** Will the proposed simplified ETS MRVA rules for CCU value chain provide enough investment predictability for SMEs to access financing from the Innovation Fund or the Industrial Decarbonisation Bank? ***5. Long-term decarbonisation vs. temporary delay*** **Comment:** Non-permanent CCU offers only temporary emissions mitigation, delaying CO_2 release by days or years, while CCS delivers long-term geological permanence. As a result, some stakeholders might fear that reliance on CCU technology could discourage investment in permanent mitigation measures, leading to an "abatement deterrence" effect. **Question:** In light of the 2040 climate target, to what extent does the EC regard CCU as a de-fossilisation instrument for hard-to-abate industrial sectors, particularly chemicals, rather than as a genuine emissions mitigation solution for the power sector? ***6. Relevance of CCU*** **Comment**: We consider that the EC has correctly identified the potentially significant contribution of CCU to decarbonisation in hard-to-abate sectors, where the scope for direct emissions reductions is limited and CCS (CO_2 capture and storage) alone may not be sufficient, given the limited availability of geological CO_2 storage capacity. **Question**: To what extent could CCU potentially reduce the remainder of emissions from hard-to-abate sectors?

Building blocks / elements	Comments / questions
Linking (Annex 14)	
Other	**Question:** In Part 4, Section 1.4 of the Impact Assessment, the Commission evaluates the post-2030 options for Indirect Carbon Cost Compensation (ICC). While acknowledging that the current State aid-based system creates deep single-market distortions—as wealthier Member States compensate their energy-intensive industries at much higher levels—the IA continues to favour national State aid over a fully harmonized, EU-level compensation mechanism funded by auction revenues. How does the Commission reconcile this preference with the goal of ensuring a level playing field within the Single Market, and what quantitative measures are proposed to prevent further geographical divergence of industrial competitiveness within the EU?

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	• Is it correct that the proposal assumes a maximum use of international credits (5% in 2040) and is based on a domestic EU-wide target of -85% in 2040 compared to 1990? Comment: A less ambitious ETS will require non-ETS sectors to deliver a larger share of the 2040-target.
Adjustment of LRF	• Looking only at emissions in the ETS-sectors 2005-2040, what does the two proposed LRF:s (either 3,7% 2031–2035 and 1,7% 2036–2040, or 3,7% 2031–2035 and 2,7% 2036–2040) mean for the emissions in the ETS-sectors over time: by how much would ETS-emissions be reduced from 2005 to 2040 as a result of the two alternative LRF:s? How much would ETS-emissions be reduced from 1990-2040? (This will differ depending on the scope of the ETS: to allow a comparison with the current emissions trajectories in the ETS directive, the current scope is perhaps most relevant to consider).
International credits	• Recital 30 mentions “the establishment of a facility for the purchase of international credits”. Will this facility only purchase 260 million international credits or a larger volume of credits corresponding to 5% of the 90% 2040-target? How is this facility expected to work in practice? • 260 million credits are described as corresponding to 2% of the union wide 2040 emission reduction target of - 90% compared to 1990. Could the Commission clarify how this estimation has been done, resulting in the number of 2%?

Building blocks / elements	Comments / questions
	• If 260 million credits is the total volume that the Commission should purchase over the period 2026-2040, how will credits be purchased over time? And how many of these credits are to be accounted towards the individual years 2036-2040? For example, a linear accounting would, according to our estimations, result in 17,33 million credits being used in the year 2036, to gradually increase to 86,67 million credits in the year 2040. • How will the purchased international credits be accounted towards the 2040-target in accordance with the Paris Agreement Article 6 accounting rules (trajectory or averaging method)? • Could the Commission clarify how 260 million international credits corresponds to a 1% adjustment of the LRF in 2036-2040? Or if there is another analysis leading to the volume of 260 credits, could the Commission please share how this volume was estimated? • Could the Commission elaborate on the analysis underpinning the proposed financing for international credits? • What assumptions have been made regarding the future price of international credits? How much is the purchase of 260 credits expected to cost? • Does the expected cost of the 260 international credits include the costs of Share of Proceeds for Adaptation (SOP) and Overall Mitigation in Global Emissions (OMGE)? • Does the Commission have an estimate of what share of annual EU ETS auction revenues is expected to be allocated to the purchase of international credits over the 2030s? • What happens to the LRF for 2036-2040 if the Commission report shows that there are some high-quality credits available, but not the full volume of 260 million? • What happens if the Commission report shows that there are 260 million high quality credits available, sets the LRF to 1,7% for 2036-2040, but then does not succeed with purchasing the full volume? • In our experience with international credits, some projects can fail or in the end deliver less certified credits than originally contracted. Is the Commission planning to take this into consideration, for example by contracting for a larger volume than 260 million credits?

Building blocks / elements	Comments / questions
	• Are there any doubts whether the principle of subsidiarity allows the Commission to determine an adjustment of the LRF through the proposed report?
Removals	• Is it correctly understood that the proposal intends for the Commission to purchase 250 Mton of CRCF permanent removals through a purchasing programme, and that a corresponding volume of new EUA are to be auctioned to finance the purchase? • Could the Commission elaborate on the analysis behind the proposed volume of 250 million permanent removal units? Is there a reason for that it is almost the same volume as for international credits (260 million)? How is this volume connected to the scenarios for permanent removals presented in the Commission Impact Assessment from 2024? • When will the 250 new EUA be auctioned: before or after the purchase or cancellation of the removal units? • Could the Commission elaborate on the analysis behind the proposed volume of 10 million additional EUAs? • What assumptions have been made regarding the future gap between the EU ETS price and the cost of Bio-CCS and DACCS? • Does the Commission consider 10 million additional EUAs sufficient to support the planned scale-up of permanent removals, or would additional funding mechanisms be envisaged if the price gap proves larger than expected? • What happens if the purchasing programme does not succeed in purchasing 250 million removal units? For example, if the Commission only manages to purchase 150 million removal units, will these units still be cancelled in order to compensate for emissions in the ETS? What happens to the 250 million EUA that are auctioned for financing if a smaller volume than 250 million removal units are purchased? • What type of delegation for the implementing act for this mechanism do you consider important in order to safeguard that multiple techniques (not only BECCS) such as DACCS are also premiered? • How will the proposal incentivize investments from the voluntary market into permanent removals, if the Commission is cancelling the CRCF units they have purchased? • How will the proposed mechanism align with national support schemes for permanent removals?

Building blocks / elements	Comments / questions
	• How would existing or planned projects that have already received national support be treated – could they participate in the EU purchasing programme, and if so, how would the respective contributions and the resulting removal certificates be accounted for? • What does the purchase of 250 removal units imply for the possibility of MS to use permanent removals to reach national targets (ESR, LULUCF, Economy Wide Targets)? • The purchasing programme for permanent removals under Article 9c is foreseen to operate from 2031. Given the long lead times and the need for investment certainty for BioCCS and DACCS projects, does the Commission envisage putting in place financing or support arrangements for permanent removals already before 2030? How should projects taking investment decisions in the coming years bridge the period until the EU purchasing programme becomes operational? • Recital 31 says "Carbon removals are introduced as a flexibility". Why does this not say 'permanent' carbon removals? • The quantity of domestic carbon removals to be purchased shall be reduced by the amount of bio-CCS domestic carbon removals that ETS operators use in accordance with article 14(1a). Does the bio-CCS used by ETS-operators in accordance with 14(1a) have to be CRCF-certified?
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	
Conditionality	• Can the Commission explain the rationale for setting the conditional share of free allocation at 20%? In particular, what analysis supports that this level provides an appropriate balance between maintaining companies' ability to finance industrial decarbonisation investments while creating sufficiently strong incentives to implement those investments? • Have the Commission considered a possible misalignment between the condition that for the remaining 20 percent to be released investments within the 5 year period (i.e. the

Building blocks / elements	Comments / questions
	free allocation period) have to have taken place and the fact that planning for a large scale investment such as a green steel plant might take longer than 5 years?
Exports/CBAM	• Does the proposal contain a long-term solution to mitigate remaining risks of carbon leakage for in particular exporting industry to complement CBAM?
Other	
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	• The Commission proposes that 50% of the auction revenues allocated to Member States should be reinvested in the decarbonization of sectors covered by the ETS. What is the rationale for setting this share at 50%? • Are MS allowed to use the remaining 50% of auction revenues on decarbonising the transport sector? • Paragraph 3, second subparagraph, (a) states “permanent carbon removal methods, such as direct air capture and storage”. Why is not Bio-CCS mentioned here as an example? (page 76) • Paragraph 3, third subparagraph states “The use of revenues under the first and second subparagraph shall not prolong reliance on fossil fuels in power generation”. Why is only power generation mentioned here and not other sectors? (page 76)
Modernisation Fund	
10% redistribution	
Innovation Fund	
Investment Booster	
Decarbonisation Bank	

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Building blocks / elements	Comments / questions
ETS DNSH	
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	• Could the Commission explain why the proposal contains a fixed 4% annual reduction of the MSR thresholds and release volumes rather than linking them to the LRF? The impact assessment considers an LRF-based option, but with different starting thresholds, making it difficult to isolate the effect of the reduction rate itself. How did the Commission assess the implications of MSR parameters declining considerably faster than the cap, particularly after 2035 when the LRF falls well below 4%?
Release	
Dynamic adjustment	
Other	• The MSR policy options are compared under the 90% economy-wide scenario, while the broader policy package and the Commission's proposal are modelled using the 90–85% scenario. At the same time, the analysis assumes that changes in other thematic areas have only a limited impact on MSR operations. How robust are the conclusions on the preferred MSR parameters to these assumptions? In particular, could the different emissions trajectory and the combined effects of other elements of the package – such as removals or changes affecting allowance supply and demand – materially affect the relative performance of the MSR options?
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	• How come Frankfurt was chosen as starting point for the 5000km potential inclusion?

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Building blocks / elements	Comments / questions
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	• Regarding non-CO2 effects, does the Commission envision any other targeted measures on top of the proposal in the ETS directive to combat non-CO2 effects? Such as more differential fees for take of and landing depending on the time of day, or stricter route control to avoid certain areas during certain weather conditions?
Inclusion of private & business jets	• How come the proposal mentions the inclusion of business flights instead of private jets?
Derogations	
Other	• How many more aircraft operators does the Commission envisage the proposal will include in the ETS compared with today?
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	• Could the Commission clarify the motives to why passenger ships and ropax-ships should not be included under obligation to surrender allowances as of 2031? • Could the Commission clarify the rationale not to include the same categories of smaller ships that are included for large ships (above 5 000), as one of the rationales for included smaller ships is reducing the risk of ships relocating to smaller vessels?
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	• Could the Commission provide further details on the rationale underlying the different compensation percentages assigned to the various fuels and technologies in Article 3gaa(9)?
Evasion	
Derogations	• Could the Commission elaborate on the possible consequences in terms of emissions not being priced due to the derogation in article 12(3-g) for large containerships?

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Building blocks / elements	Comments / questions
IMO alignment	
MRV / Fuel EU	• To what extent does the Commission foresee that monitoring and reporting requirements for ships below 5 000 gross tonnage may be simplified through the provisions in article 5.3, 6.9 and 11.4 ((EU) 2015/757)? • Could the Commission provide a justification for why shipping companies are required to have their monitoring plans verified by an accredited verifier ((EU) 2015/757 article 13.1 and 7.4), whereas no such requirement applies to stationary installations?
Other	
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	• In the explanatory memorandum it is written that methane emissions should be monitored for landfills. However, in annex I only CO2 emissions are included for the landfilling activity. Could the Commission explain why methane is not included for the landfilling activity in annex I?
Volume	
Phase-in	• Since the proposal is that the municipal waste incinerators will be phased in with a step-wise inclusion regarding how many allowances they have to surrender, then how come the phase-in will only start in 2031 and not in 2028? • For member states where Co-incinerators are already fully part of the EU ETS, will these installations also receive a discount for the period 2031-2034? And will they fall under the new annex 1 description?
Opt-out	
Review/Other	

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Building blocks / elements	Comments / questions
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	• Will the new approved products be added to the same delegated act as permanent CCU? Or will there be two separate CCU acts? One for permanent and one for temporary? • How does the Commission define "Distribution of synthetic fuels" in the new Annex I activity "Distribution of synthetic fuels that incorporate carbon from carbon dioxide captured from activities covered by this Directive"? • How many new operators is the Commission expecting as a result of this new activity? • Could the Commission describe how this activity will relate to the activity that triggers permit requirements under ETS 2 where "release for consumption" is the determining factor? • How will the MRV-requirements be applied for imported synthetic fuels? Will it be possible to take into account if CO2-emissions in imported synthetic fuels have already been accounted for (and a carbon price already has been paid) in a country outside of EU? • Has the Commission foreseen any difficulties for the operators in managing the fact that the point of accounting differs depending on whether the captured carbon dioxide is intended for use in products or in synthetic fuels? • How many new operators are expected related to the new activities for transport, processing, and utilization of carbon dioxide? • Recital 69 (page 48) does not mention CCU in building materials and mineral products. Is CCU for these products included in the proposal? • Could the Commission clarify or exemplify the meaning of “the permanent capture of carbon dioxide in physical objects that are not products”?
Installations less than 20MW	
ETS as a service	• Article 25b mentions ETS as a service only for the maritime and aviation sector. Will it also be applicable for installations?

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Building blocks / elements	Comments / questions
Registry funding	
Other	• Could the Commission explain the underlying rationale for revising Article 6 (by adding article 6.3) concerning the conditions for and contents of greenhouse gas emissions permits?
PART 2: IMPACT ASSESSMENT	
General comments	• Given that the policy-option analysis was largely based on the 90% scenario, while the final proposal combines elements that are closer to the 90–85% scenario as well as changes across several thematic areas, how confident are you that the modelling results remain representative of the package that was ultimately proposed? • How does the proposed ETS emission budget relate to the four scenarios presented in the 2024 *Impact Assessment to the Commission Communication on the 2040 Climate Target*? The Impact Assessment (IA) accompanying the ETS Review proposal (table 3, page 24, part 1/5 of IA SWD (2026)616 final) states that the ETS budget will be 290 Mton in 2040. How can this be compared to the remaining emissions budget for the relevant ETS sectors in table 3 in the 2024 IA (page 8, part 3/5 in IA SWD (2024) 63 final). • How should we interpret the results of the impact assessment, given that the individual policy options were assessed against scenarios that differ from the final proposal? How confident can we be that interactions between the different elements of the package do not materially affect the results? Would it have been useful to run the final package as a combined scenario to assess its overall effects and the interaction between the different elements?
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	

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Building blocks / elements	Comments / questions
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	The revision should be used as an opportunity to remove obsolete and redundant provisions from the ETS Directive that are no longer applicable or relevant. This would improve the clarity, coherence and legal certainty of the Directive and reduce unnecessary complexity.
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	We would kindly ask the Commission for a simulation or assessment of when the so called „endgame“ would happen under the proposed changes.
Adjustment of LRF	
International credits	Proposed Article 9b of the revised ETS directive refers to the ‘facility.’ We kindly ask the Commission to explain what 'the Facility' will look like? Who will operate it and how will it be operationalised? Does this mean that the credits will be centrally purchased? If not, who will be able to purchase them? A legal basis for a delegated or implementing act is in our opinion needed for the operationalisation of the facility. Regarding the same Article – we believe that the principle of cost-effectiveness is crucial when assessing the feasibility of buying international carbon credits. Therefore, when the Commission will (by 3 January 2033) prepare a report, it should also take into account the cost effectiveness of the credits. It should also assess if and how international carbon credits could lead to redirecting the much-needed decarbonisation investments outside of the EU. We would also be interested on what input data the number of emission allowances in the proposed Article 9b has been determined.
Removals	We kindly ask the Commission for the explanation why only those carbon removals that are generated by BioCCS and DACCS can be considered for ETS compliance.

Building blocks / elements	Comments / questions
	In our understanding, the cap is topped-up in order to account for carbon removals. Proposed paragraph 3 of Article 9c states that 'The allowances set aside under paragraphs 1 and 2 of this Article shall be returned to the Union-wide quantity of allowances referred to in Article 9 of this Directive in the event they are not auctioned for the purposes in paragraph 1 of this Article before 2041.' Does this mean that installations will therefore be able to emit more if these allowances are returned to the cap after 2041? We would like to better understand why it is only 'preferrable' and not mandatory to integrate into EU ETS removals for which reversals are subject to monitoring and surrendering allowances. This is crucial in terms of environmental integrity.
Other	
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	In the proposal of the ETS directive revision we observe that the rules for determining benchmarks mostly remain unchanged also after 2030. They will still be based on 10 % of the best performers in each sector and will annually decrease in a liner manner, regardless of the technological development. The current approach does not sufficiently reflect differences in technological maturity and realistic decarbonisation potential across sectors, potentially setting unrealistic benchmarks in sectors where low-carbon alternatives are not yet available. We therefore propose a more flexible, sector-specific approach, linking benchmark reductions more closely to actual technological development and decarbonisation possibilities.
Conditionality	We believe that conditionality of free allocation based on the preparation and implementation of 'Invest in EU decarbonisation plans' in crucial in terms of supporting industry in their clean transition and achieving transformative actions that could lead to improved energy security and strategic independence. However, it is our understanding that in this scenario the beneficiaries of free allocation will still be entitled to 35 Mt of free

Building blocks / elements	Comments / questions
	allowances. Could the Commission please explain how this is in line with the EU target of climate neutrality by 2050? We strongly support that the operators of installations in which Innovation Fund or Industrial Decarbonisation Bank projects are being implemented are exempted from the preparation of Invest in EU Decarbonisation Plans. However, with the understanding that a significant share of the project costs under the Innovation Fund (at least 40%) must be covered or secured by the applicant itself, we would appreciate clarification on whether this share of the project costs can be considered as an eligible investment for the purposes of meeting the requirement to reinvest the financial value of free allocation. Will potential investments in technologies that would prolong the use of or reliance on fossil fuels be eligible under the Invest EU plan, provided the plan will be consistent with the climate neutrality objective? Regarding the formation of pool of investments (Article 10a, paragraph 3d) – has any deliberation been made on how this may affect geographical distribution of decarbonisation investments across EU and potential implications on coherent development across Member States? And how oversight of such potential pools may affect administration in smaller Member States? Furthermore, we believe that the proposal should foresee a case in which an operator of an installation reinvests only part of the value of free allowances received. The proposal should include rules for such cases, especially with regard to the return of the corresponding share of free emission allowances.
Exports/CBAM	We were disappointed to see that the proposal of the ETS directive revision does not include a (permanent) solution for exports of CBAM good. As stated before, we have strong reservations towards the proposal for the Temporary Decarbonisation Fund. It will be operationalised too late, it does not focus only on actual exports, it redirects funds for administering CBAM and it is administratively burdensome. However, the challenge to address the issue of CBAM exports remains and is urgent. Therefore, we urge the Commission to include – in the next iteration of the current proposal of the ETS directive

Building blocks / elements	Comments / questions
	revision – a solution for addressing this issue in a manner that is consistent with WTO rules.
Other	Regarding indirect costs compensation – in the absence of strong reinvestment conditionality, this state aid risks prolonging business-as-usual. Instead, we propose EU harmonised rules and requirement to reinvest the whole aid received into investments planned under Invest in EU decarbonisation plans. This will ensure equal standards for all beneficiaries in all member states and will contribute to transformative decarbonisation. Furthermore, this is also in line with the newly proposed subparagraph 3, paragraph 6, Article 10a that requires Member States to inform the Commission about the contribution of their indirect cost compensation scheme to decarbonisation.
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	
Use of revenues	The ETS directive that is currently in force obliges member states to use 100 % of ETS revenues for climate measures specified in the directive. According to our understanding this is no longer the case in the proposed revised text of the ETS directive – the proposed subparagraph 1, paragraph 3, Article 10 states that at least 50 % of ETS revenues shall be used to support decarbonisation of ETS sector, while the remainder of ETS revenues may be used for other climate measures that are stated in subparagraph 2, paragraph 3, Article 10. We believe that it is crucial that all ETS revenues are spent exclusively on climate measures, therefore the word 'may' in subparagraph 2, paragraph 3, Article 10 should be substituted by the word 'shall.' Requiring all ETS revenues to be used for climate-related purposes would strengthen the environmental integrity and public legitimacy of the system. Reinvesting carbon pricing revenues into decarbonisation helps accelerate the transition, support the necessary investments and mitigate its social and economic impacts, while ensuring that revenues generated by the polluter-pays principle directly contribute to achieving the EU's climate objectives. Furthermore, due to the purpose and goal of the ETS it is not acceptable that ETS revenues support or prolong fossil fuels reliance in any way or in any sector. Therefore, we propose

Building blocks / elements	Comments / questions
	to delete the wording 'in power generation' in the proposed subparagraph 3, paragraph 3, Article 10. We believe that the proposed paragraph 7 of Article 10 is too vague and difficult to understand. We would kindly ask the Commission to explain what is meant by this paragraph and propose to improve the wording to make it clearer.
Modernisation Fund	We were disappointed to see that Slovenia – as the only Member State among current beneficiaries – has lost eligibility for Modernisation Fund after 2030. Slovenia should remain eligible for the Modernisation Fund beyond 2030, as the Fund is a key source of financing for the modernisation and decarbonisation of its energy system, particularly for renewable energy deployment and electricity grid development. Under the proposed eligibility criterion, Slovenia would lose access to around EUR 400 million despite exceeding the 75% GDP-per-capita threshold by less than three percentage points. Such a narrow criterion does not adequately reflect Member States' actual investment needs or the scale of the transformation still required after 2030. Losing access to the Fund could delay or reduce essential investments in renewables, grids, electrification, that are also part of the 2026 CSR for Slovenia and industrial decarbonisation, while increasing pressure on national budgets and consumers. Raising the eligibility threshold from 75% to 80% of the EU average would therefore provide a fairer reflection of transition needs and enable Slovenia to continue contributing effectively to the EU's climate, energy security and competitiveness objectives. Paragraph 65 of the preamble to the proposal of the ETS directive revision states: 'The eligibility criteria and distribution key should be updated based on the latest available data (2022–2024), including a 75% GDP per capita threshold and emissions intensity.' However, in Paragraph 18 of the proposal of the ETS directive revision that operationalizes para 65 of the preamble there is no mention or further explanation of the criterion of 'emission intensity.' Therefore, we would like to know what is meant by 'emission intensity', what does it entail and how was this criterion taken into account when determining the beneficiaries of the Modernisation Fund.

Building blocks / elements	Comments / questions
	Furthermore, we see no compelling reason to top up Modernisation Fund funds with additional 0,5 % of the cap (proposed Article 10d, paragraph 1, second indent). This could – especially in combination with expanding the scope of eligible investment to electrification of industry – lead to a distortion of the level playing field among installations in different member states. In our view, industry is in this way discriminated based on the location which is not in line with the principles of fairness and equal treatment. Therefore, we do not support the top up. Subparagraph 3, paragraph 1, Article 10d of the proposal of the ETS directive revision states: 'When selecting investments for support from the Modernisation Fund under this Article, the beneficiary Member States shall apply criteria and procedures which are non-discriminatory and transparent. To this end, they shall continuously provide information about ongoing and upcoming calls for expression of interests, calls for proposals and calls for tenders financed by the Modernisation Fund.' We kindly ask the Commission to clarify to whom, in what form and through which channel beneficiary Member States are expected to provide such information. We would also welcome clarification on what is meant by the requirement to provide this information "continuously", including the expected frequency and timing of such reporting. Regarding the proposed Article 10da, paragraph 3, we kindly ask the Commission to clarify the institutional responsibilities and procedure for determining that a breach of the principles of the rule of law affects or seriously risks affecting the sound financial management of the Modernisation Fund "in a sufficiently direct way". In particular, we would welcome clarification as to which institution will make this assessment and which institution will adopt the measures referred to in proposed Article 10da(3), including the suspension of disbursement decisions or disbursements already approved.
10% redistribution	We welcome the provision that Slovenia is entitled to a share of the 10 % redistribution also after 2030.
Innovation Fund	We welcome the explicit reference in Article 10cb(6) to ensuring effective, quality-based geographical coverage across the Union. However, projects from smaller Member States, which are often smaller in scale, may face structural disadvantages when competing for Innovation Fund support, including smaller project pipelines, more limited investment

Building blocks / elements	Comments / questions
	capacity and more limited access to financing. As a result, smaller Member States may receive a disproportionately low share of Innovation Fund funding. We therefore consider that the ETS revision should provide stronger safeguards to ensure a more balanced geographical distribution of Innovation Fund support, while maintaining the quality-based nature of project selection. Could the Commission clarify how the requirement to ensure "effective, quality-based geographical coverage" under Article 10cb(6) will be implemented in practice? Would the Commission consider introducing geographical coverage as an explicit selection criterion or other concrete measures to improve access to the Innovation Fund for Member States with persistently low participation? We have reservations regarding the mechanism under the proposed Article 10cb(2), whereby a potential shortfall in allowances for the Innovation Fund would be covered by reducing the volume of allowances otherwise auctioned by Member States. This could further disadvantage smaller Member States, which may already receive a relatively limited share of Innovation Fund support, while at the same time losing national ETS auction revenues available for domestic climate and energy investments.
Investment Booster	We understand that projects that apply under the Investment Booster calls must result in emission reductions in stationary installations covered by ETS. However, it is not entirely clear who can apply to such calls – only operators of those stationary installations or also other subjects who will carry out projects in such installations? Although we think it makes sense that the latter applies, we believe that in this case they should be paid in actual funds, not emission allowances. Paragraph 62 of the preamble to the proposal of the ETS directive revision states: 'The first phase of the Industrial Decarbonisation Bank should be the ETS Investment Booster financed by 400 million allowances. To fast-track decarbonisation investments through speed, the ETS Investment Booster, operating on a 'first in, first served' basis, should provide fixed carbon premia per tonne of CO_2 avoided and paid in ETS allowances. It should also ensure solidarity by ringfencing allowances for Member States facing higher investment challenges due to lower income or greater abatement needs.' We would

Building blocks / elements	Comments / questions
	appreciate if the Commission could explain how is the criterion of 'greater abatement needs' calculated and taken into account in determining member state beneficiaries of the Modernization Fund as well as beneficiaries of the solidarity share under the Investment Booster. Paragraph 63 of the preamble to the proposal of the ETS directive revision states: In implementing the Industrial Decarbonisation Bank phase 2, the Commission should strive to ensure effective, quality-based geographical coverage across the Union.' Could the Commission please explain how the principle of effective geographical coverage in IDB phase 2 will be implemented in practice? Paragraph 3, Article 10cd of the proposal of the ETS directive revision can be understood in a way that it is an EU-authorised financial institution that will release the outstanding half of the completion bond. However, paragraph 5 of the same Article states that this will be done by the Commission. We believe there is some discrepancy and possible duplication present in these two paragraphs.
Decarbonisation Bank	We noticed that only paragraph 4, Article 10ce in the whole proposal of the ETS directive revision mentions Industrial Decarbonisation Bank Fund. We would appreciate if the Commission could provide further clarification on what this fund will look like, who will manage it and how it will be operationalized. Since the proposed Article 10ce, paragraph 5 stipulates that beneficiaries might be required to provide a completion bond, we suggest that at the end of paragraph 8, Article 10ce the following is added: '**as well as the completion bond**.' We also think that paragraph 10, Article 10ce represents a duplication, as repayments under IDB are already managed, for example, under paragraph 4, Article 10ce.
ETS DNSH	
Other	Big amounts of allowances are reserved for the purchase of international carbon credits and carbon removals, while a lot of uncertainty is present around them. We would like to

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Building blocks / elements	Comments / questions
	see the projection of ETS revenues for the period 2031–2040 for each Member State and how the purchase of the units mentioned affects these revenues.
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	
Release	
Dynamic adjustment	When reviewing the proposal for the revision of the ETS Directive, we noted that the proposed adjustments to the Market Stability Reserve (MSR) do not include a mechanism allowing for a rapid response to sudden spikes in allowance prices. Recent years have shown that the carbon market can be exposed to significant and abrupt price shocks. We therefore believe that such a mechanism is necessary to ensure greater price stability and predictability for regulated entities, while safeguarding the overall stability and credibility of the EU ETS.
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	We believe that paragraph 1 of Article 3c of the ETS directive is now redundant. Therefore, we propose its deletion.
Corsia: geographical scope – depart flights	
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	We believe that support for sustainable aviation fuels will continue to be needed after 2030. Therefore, we kindly ask the Commission to explain why support established under the proposed Article 3c, paragraph 6, first subparagraph is only available up to 2030? Furthermore, could the Commission please explain how the amount of 20 million emission allowances corresponds to actual demand and needs of aircraft operators for such support?

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Building blocks / elements	Comments / questions
	In relation to the previous question: the proposed Article 3c, paragraph 6, subparagraph 9 states that 'Significant reductions in climate impacts from contrails in the order of millions of tonnes of CO2e may be incentivised through the yearly use of no more than 420 000 allowances. From the amount reserved pursuant to the first subparagraph, a total of up to 3 million allowances, available until 31 December 2033, shall be dedicated to the cost-effective reduction of climate impacts from contrails.' How can emission allowances for reducing climate impacts from contrails be available until 2033, if these emission allowances are derived from a pool of emission allowances available for supporting the use of sustainable aviation fuels, seeing that these are available only up to the year 2030? We also kindly ask the Commission to explain why the assessment regarding the application of the paragraph 8 of Article 3c of the ETS directive will only be carried out in 2032, two years after the support for sustainable aviation fuels in no longer available. This could create the risks of funding gaps and consequential decline in the uptake of sustainable aviation fuels. After reading paragraph 3, point a, subparagraph 8 we would like to know how many allowances out of 20 million are available each year up to 2030 for the support for sustainable aviation fuels and how is this calculated.
Inclusion of private & business jets	Seeing that some Member States already introduced or are in a process of introducing a CO2 tax on private and business jets (Slovenia included), we would be very much interested in the definition of the terms such as 'business flight', 'private aircraft' and 'business aircraft'. We propose to include the definitions of those terms already in the proposal for the revised Article 3 of the ETS directive.
Derogations	
Other	

Building blocks / elements	Comments / questions
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	We suggest considering centralised administration of the EU ETS for the maritime sector at EU level, with the European Commission acting as the administering authority for shipping companies. The maritime sector is inherently international and highly mobile, with shipping companies and vessels operating across multiple jurisdictions. This makes national administration less justified than for stationary installations and creates additional complexity in assigning and reassigning companies to individual Member States. Centralised administration would also significantly reduce the disproportionate administrative burden on smaller Member States, which need to establish and maintain the necessary administrative capacity and expertise despite being responsible for a relatively limited number of shipping companies. The current system requires each Member State to perform essentially the same administrative and enforcement functions, resulting in duplication of capacities across the EU. Given that the Commission already plays a central role in assigning shipping companies to administering Member States and, together with EMSA, in developing tools and guidance for implementation, further centralisation could build on structures that are already in place. For smaller Member States in particular, the resources required to administer a highly specialised and inherently international sector may be disproportionate to the number of companies concerned. Centralised administration would therefore make the system more efficient while strengthening consistency and the level playing field across the EU. Regarding the proposed paragraph 4 of the revised Article 3ga we would appreciate the explanation of what 'financing of the implementation of the system in relation to maritime transport activities' entails. We would also be interested in knowing if these allowances will be auctioned in addition to those auctioned for financing the functioning of the registry.
Scope of vessels	
Top-up of allowances mechanism	Proposal for the revised paragraph 3 of Article 3ga states the following: 'Until 31 December 2038, a share of allowances shall be attributed to Member States with a ratio of shipping companies that would have been under their responsibility pursuant to Article 3gf compared to their respective population in 2020 and based on data available for the period from 2018 to 2020, above 15 shipping companies per million inhabitants.' We believe that

Building blocks / elements	Comments / questions
	top-up should not be based on outdated data (2018–2020) – especially not data before the implementation of EU ETS for maritime sector – but should use the latest available data that is regularly updated. This is because the list of shipping companies attributed to each Member State under EU ETS is also being regularly updated. Furthermore, it makes no sense to use 20 years old data in 2038. Therefore, we propose to change the wording of this paragraph so that the top-up will be based on the latest available data.
Support mechanisms for clean fuels and propulsion	Regarding the proposed Article 3gaa, we would kindly ask the Commission to explain how the proposed quantity of available emission allowances for SMAP corresponds to actual demand and needs of the sector. We also think that the definition of 'sustainable maritime fuels' should be included in the revised Article 3 of the ETS directive. Regarding the proposed Article 3gaa, paragraph 9, subparagraph 5: We believe that the wording 'shall be multiplied by 50 %' should be replaced by the following: 'shall be multiplied by 0.5.'
Evasion	
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	The proposed Article 3gab should include a starting year for the availability of allowances for the decarbonisation of the maritime sector in certain least developed countries and small island developing states. With the understanding that certain categories of ships below 5 000 gross tonnage but not below 400 gross tonnage will be included in ETS with the proposed revision of the ETS directive, we believe that the proposed first subparagraph of paragraph 5 of Article 3gg of the ETS directive should read as follows: 'No later than 31 December 2031 the Commission shall present a report to the European Parliament and to the Council in which

Building blocks / elements	Comments / questions
	it shall examine the feasibility and economic, environmental and social impacts of the inclusion in this Directive of emissions from **all categories of ships**, below 5 000 gross tonnage but not below 400 gross tonnage, which are referred to in Article 2(1d) points (e) and (f) of Regulation (EU) 2015/757.'
2.C Inclusion of waste (Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	The proposed revision introduces a new activity for waste incineration and waste co-incineration of non-hazardous waste with a capacity exceeding 3 tonnes per hour. This threshold does not fully correspond to the scope of installations currently subject to monitoring and reporting obligations under the EU ETS. As a result, some installations may become subject to the EU ETS from 2031 without having previously been subject to EU ETS monitoring, reporting and verification obligations. We would therefore welcome clarification from the Commission on the transitional arrangements applicable to such installations before 2031. In particular: • when will these installations be required to prepare and submit monitoring plans; • from which year will they be required to monitor and report emissions in accordance with EU ETS rules; and • whether any specific transitional provisions or simplified arrangements are envisaged for installations newly entering the scope of the EU ETS in 2031. Such clarification would be particularly useful in view of the need for sufficient technical and administrative preparation before the surrender obligation starts to apply.
Scope	
Volume	

Building blocks / elements	Comments / questions
Phase-in	
Opt-out	The proposed Article 12b, paragraph 1 determines conditions under which waste incineration installations in a certain Member States can be exempted from the obligation to surrender emission allowances. At least two out of three conditions must be fulfilled to this end. While we understand the reasoning in paragraph 2 of this Article for the cancellation of corresponding emission allowances from a quantity of allowances to be auctioned in case a Member State has a national carbon tax in place that covers GHG emissions from waste incineration installations, we believe that in case these installations are exempted based on points (b) and (c), such Member State should not be required to cancel corresponding emission allowances from its auctioning share. Instead, the Member State should retain the corresponding auction revenues and be required to use them for measures supporting the decarbonisation of the waste sector, including investments in waste prevention, recycling, energy efficiency and other measures contributing to the reduction of GHG emissions from waste management. This would preserve the environmental objective of the provision while providing Member States with resources to address the underlying barriers that justify the temporary exemption. In relation to the previous comment – in case the Commission decides to retain the current approach in the proposed Article 12b, paragraph 2, then it should take into account recital (74) that states: 'To protect the environmental integrity of the system, the number of allowances added to the cap in respect of the sector should be proportionate to the gradually increasing surrender obligation for those years' and consequentially align the proposed Article 12b, paragraph 2 with this recital. This means that in case a Member State uses the opt-out, then it should not be required to cancel an amount of allowances from the total quantity of allowances to be auctioned by it for each reference year, which is equal to the verified emissions of the relevant installations for the reference year. Instead, Article 12b, paragraph 2 should be amended as follows: 'The Member State concerned shall cancel an amount of allowances from the total quantity of allowances to be auctioned by it, referred to in Article 10, for each reference year, which is equal to the **share of** verified emissions ~~of the~~ **for which the** relevant installations n**eed to surrender emission allowances in accordance with Article 12a(1)** for the reference year. The allowances shall be cancelled

Building blocks / elements	Comments / questions
	in accordance with the delegated acts adopted pursuant to Article 10(4).' This will ensure equal treatment among Member States that decide to fully include waste incineration installations into EU ETS and those that don't. Furthermore, the proposed Article 12b(1)(b) and (c) requires a Member State not only to have the relevant policies in place, but also to demonstrate that it is "on track" to meet the municipal waste recycling targets under Article 11(2)(d) and (e) of Directive 2008/98/EC and the landfill target under Article 5(5) of Directive 1999/31/EC. We would welcome further clarification on how the Commission intends to assess whether a Member State is "on track" to meet these targets. In particular: • which data and reference years will be used for this assessment; • whether the assessment will be based primarily on reported historical data, projections, adopted policies and measures, or a combination of these elements; • whether the Commission intends to establish common criteria or a methodology for all Member States; and • how recent changes in national waste-management policies and infrastructure investments will be taken into account. A common and transparent methodology would be important to ensure legal certainty and equal treatment of Member States when assessing eligibility for the temporary opt-out. Regarding the proposed Article 12b, paragraph 1, point (a) we are wondering whether the term 'regulated entity' is really suitable in this context.
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	
CSU-S	

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Building blocks / elements	Comments / questions
Installations less than 20MW	
ETS as a service	We are wondering who will provide ETS as a service – Member States, the Commission or both? This is not evident from the proposed Article 25b. It is also not clear what will 'administrative and technical support and coordination to facilitate GHG emission pricing' entail in practice – the establishment of ETS in third countries or something else. We would appreciate a more detailed explanation. We would also appreciate a more detailed explanation of the proposed Article 25b, paragraphs 2 and 3. Do the provision in these paragraphs in any way influence Member States' auctioning revenues? We are strongly reserved towards the provision in paragraph 4, Article 25b because this could entail important administrative burdens in small Member States. Such Member States are already struggling with national implementation of ETS, therefore the need to undertake administrative functions in third countries should be carefully considered and this task ultimately transferred to the Commission.
Registry funding	
Other	We believe that the terms 'CERs and ERUs' in the title of Article 11a are no longer applicable and should be replaced by the term 'units.' Regarding the proposed Article 21, we believe the word 'first' is no longer needed because the deadline for the first report has been removed. Slovenia would also like to raise a practical concern regarding the proposed requirement for the questionnaire or outline to be made available to Member States "as early as possible before the deadline for the submission of each annual report", while at the same time establishing 30 June as a fixed annual reporting deadline for Member States. Although we understand that the questionnaire is not expected to undergo substantial changes every year, the scope and complexity of the EU ETS have increased considerably over time and already now cover, inter alia, stationary installations, aviation, maritime transport and ETS2, in addition to horizontal issues related to monitoring, reporting,

Building blocks / elements	Comments / questions
	verification, accreditation, the Union Registry, free allocation and compliance. Preparing the Article 21 report therefore requires the collection and coordination of information from an increasing number of areas and, in some cases, from several competent authorities and other national bodies. This may represent a particular challenge for smaller Member States with limited administrative resources. Against this background, Slovenia considers that the wording "as early as possible" may not provide sufficient predictability for Member States to ensure timely and complete reporting, in particular where the questionnaire is revised or new reporting elements are introduced. This concern is further reinforced by the fact that the proposed 30 June deadline constitutes a clear and binding obligation for Member States, whereas no corresponding minimum period is established for making the final questionnaire or outline available. Slovenia would therefore invite the Commission to consider establishing a minimum period between the availability of the final questionnaire or outline and the 30 June reporting deadline, in particular where substantive revisions to the questionnaire are introduced. A period of at least three, four months before the reporting deadline could provide Member States with the necessary planning certainty and sufficient time to collect, verify and coordinate the required information, while maintaining the proposed annual reporting cycle.
PART 2: IMPACT ASSESSMENT	
General comments	
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	

Building blocks / elements	Comments / questions
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	We also kindly ask the Commission for a simulation of the extent of indirect cost compensation support (in million EUR) in each Member State in case an Indirect Cost Compensation Fund (ICC 2) was to be established and the distribution would be based on the share of indirect emissions per member state (as illustrated in Figure 9 of the relevant Annex of impact assessment).
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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Building blocks / elements	Comments / questions
PART 1: PROPOSAL	
General comments	
Group 1: Overall ambition and funding	
1.A Ambition / CAP (Articles 9, 9b, 9c and 14)	
Adjustment of LRF	1. How was the combination of 1.7% LRF + 260 Mt of international credits derived and why is the alternative LRF set at 2.7% if credits are not available? According to our calculation the overall emission reduction in ETS in 2040 would be 89% with international credits and 94% without the international credits. Is our assessment correct? 2. What is the expected impact of the reduced LRF after 2035 on EUA scarcity and carbon prices, taking into account the planned introduction of 260 Mt of international credits under Article 9b?
International credits	How will the international credits purchased under Article 9b interact with the ETS compliance obligations of installations, given that the proposal does not provide operators with a right to surrender international credits instead of EU allowances?
Removals	Given that CRCF-certified carbon farming sequestration units can generate measurable and verifiable removals within agricultural supply chains, why does the proposal not provide a pathway for their earlier recognition within the ETS architecture, rather than limiting the issue to a future assessment by 2034?
Other	When will the Commission present the review of the ETS2 and how will the disparity of prices between ETS1 and ETS2 be solved, especially in the sector of district heating?

Building blocks / elements	Comments / questions
1.B Free allocation (Articles 10a and 10b) (Article 4 of amending proposal)	
Benchmarks	Which specific sectors is the Commission considering with regard to the development of new sector-specific heat and fuel benchmarks?
Conditionality	1. Although Article 10a(3b) requires operators to submit the Invest in EU decarbonisation plan by 30 September 2029, Member States are required to prepare and submit their National Implementation Measures (NIMs) to the Commission by that same date. Does the Commission expect operators, in practice, to submit the Invest in EU decarbonisation plan earlier, for example by the deadline set under the FAR for the submission of free allocation applications (i.e. by 31 May 2029)? 2. The Invest in EU decarbonisation plan shall include intermediate targets to measure, by 31 December 2035. From which date should these intermediate targets be measured or defined? Can a project commissioned on 1 January 2030 count toward the 2031 – 2035 conditionality? 3. Will for the definition of the economic value be eligible CAPEX and as well OPEX costs of such decarbonisation measures and investments? Can CAPEX incurred before 2031—and the emissions reduction generated by that project during 2031 – 2035—count toward the required investment equal to the value of free allocation, or must both expenditure and commissioning occur during 2031 – 2035? If not, does this mean that an installation which has already completed its principal decarbonization investment before 2031 must undertake additional qualifying investments during 2031 – 2035, with a value equivalent to 100% of the financial value of its free allocation, in order to remain eligible for free allocation for that period? 4. Could the Commission clarify if Modernization Fund-supported investments count, fully or partly, towards the post-2030 investment conditionality requirements for free allocation? 5. Is the Commission considering a verification approach for the Invest in EU decarbonisation plan that would involve a report similar to the Climate neutrality report?

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Building blocks / elements	Comments / questions
	6. How will the Commission inform Member States which installations are among the 10% most efficient installations? 7. When assessing compliance with the investment and emissions reduction requirements under Articles 10a(3b) and 10a(3c), will the Commission consider only emissions reductions achieved at installation level or individual sub-installations? 8. Will investments that replace fossil natural gas with certified biomethane be considered eligible decarbonisation investments under the Invest in EU decarbonisation plan, and would they be sufficient to demonstrate the "significant emissions reductions" required to receive the retained 20% of free allocation? 9. Can the Commission clarify whether failure to demonstrate "significant emissions reductions" can lead to the loss of the final 20% of free allocation even where all required decarbonisation investments have been fully implemented and commissioned? 10. What happens if an investment is delayed due to circumstances beyond the operator's control or what happens if the effect of the investment takes place in a later stage. Is the withheld 20% of allocation permanently lost, or merely postponed? 11. How will the Commission assess compliance for installations where further decarbonisation opportunities are objectively limited due to technological constraints, previous investments already undertaken, or long industrial investment cycles? 12. Will there be a proportional approach to free allocation conditionality, reflecting the investments undertaken and decarbonisation achieved, or does non-compliance with one condition trigger the loss of the full remaining 20% of free allocation? 13. When does the Commission expect to adopt the delegated act pursuant to Article 10a(3e) first subparagraph and implementing act pursuant to Article 10a(3e) third subparagraph?

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Building blocks / elements	Comments / questions
Exports/CBAM	1. The Temporary Decarbonisation Fund was presented as a temporary tool until a permanent mechanism is introduced to support EU producers of CBAM goods under the revised EU ETS. The revision text mentions delaying the phase-out of free allocation by two years (until 2036). What specific permanent mechanism or structure will be used to support European producers of CBAM goods in the long term? 2. Will the CBAM factor for free allocation be applied before or after the Cross-Sectoral Correction Factor (CSCF) is applied?
Other	1. What coefficient does the Commission envisage applying to the free allocation for a process emissions sub-installation after 2030? 2. Article 10a(3f): What is the deadline for an operator to return excess allowances? What happens if the operator refuses to do so?
1.C Funding (Articles 10, 10a (5b), 10cb, 10cc, 10cd, 10ce, 10d, 10da, 10f and 30m, Annex IIb)	1. Could the Commission provide the cap trajectory, including the preliminary LRF expressed in absolute terms and all corrections and deductions from the cap for various purposes? 2. What qualifies as an "industrial cluster" for the purposes of this provision in Article 10(3)b? What scope of investments in distribution grids is eligible for support? Does this also include investments in grids that facilitate the integration of renewable energy sources (RES), including low-voltage distribution networks? 3. Is support for the development of renewable and low-carbon hydrogen transmission and distribution networks, including the repurposing of existing gas transmission and distribution infrastructure and related cross-border interconnections, covered by Article 10(3)(b) and (c) as enabling infrastructure for the decarbonisation of ETS sectors? 4. How support is linked between mechanisms such as the Modernisation Fund, the Innovation Fund, the Investment Support Facility and the Industrial Decarbonisation Bank, in terms of: • what combinations of support are allowed; • what constitutes double funding;

Building blocks / elements	Comments / questions
	• whether it is possible to combine support for capital expenditure from one instrument with support for operating expenditure from another; • whether previous support from the Modernisation Fund affects the eligibility, ranking or results of bids under the Decarbonisation Bank; and • what cumulative limits will apply.
Use of revenues	
Modernisation Fund	1. Is the reduction of overall energy use through energy efficiency under Article 10d (b) eligible also in the energy sector? 2. Energy storage is included under Article 10d (d). Could the Commission please confirm whether both investments in the construction of new energy storage facilities and the modernisation of existing energy storage infrastructure are eligible for funding under the Modernisation Fund? What activities are considered eligible under the term 'expansion'? Does this cover also construction of new district heating infrastructure not connected to the existing infrastructure? 3. Will support for large-scale hydrogen transport networks and compressor stations be eligible under the priority investment under Article 10d(2)? 4. Will a project for the conversion or conversion of existing gas transport networks to hydrogen be considered as support for the financing of installations transporting fossil fuels? 5. Could the Commission clarify the temporal scope of the Modernisation Fund under Article 10d, in particular what milestone must be reached by 31 December 2040 for a project to remain eligible for support? May implementation, verification, operation or disbursement continue after 2040? 6. Could the Commission clarify whether Modernization Fund support under Article 10d is limited to projects that fully replace carbon-intensive production routes, or whether it

Building blocks / elements	Comments / questions
	may also cover projects that deliver significant and verifiable emissions reductions within existing carbon-based processes? In particular, would projects remain eligible where: • the existing operation is carbon-intensive; • the project reduces energy consumption and/or CO_2 emissions; • the project improves the carbon efficiency of the process; but • the process continues to use carbon-based technology after implementation? More generally, does Article 10d require a fundamental technology shift away from carbon-based production, or can support also be granted for significant emissions reductions within existing industrial processes? 7. Will allowances voluntarily transferred by Member States to the Modernisation Fund continue to be auctioned during the fifth trading period, as they are in the fourth trading period?
10% redistribution	Could the Commission provide estimate on the number of allowances per Member State?
Innovation Fund	What will be the distribution of auctioning of the Innovation Fund allowances within the 5th trading period? Will they be distributed equally?
Investment Booster	1. Could the Commission clarify whether the Investment Booster may support both CAPEX and OPEX, or whether it is limited to CAPEX only? 2. Could the Commission confirm whether support under Article 10cd(5) is provided only ex post, after the start of operations and verification of emissions avoidance? In particular: o is support provided only after verified emissions avoidance; o must beneficiaries finance all development, permitting, engineering, procurement and construction costs upfront; o are any advance, interim or pre-operational payments foreseen under the Industrial Decarbonisation Bank or Investment Booster; and o if support is only ex post, how has the Commission assessed the ability of capital-intensive projects to carry the full investment burden during construction?

Building blocks / elements	Comments / questions
	3. Is the mechanism intended as a purely performance-based, ex post support scheme, or can any support be made available before operations commence?
Decarbonisation Bank	1. Will support cover both local distribution systems owned by beneficiaries and public grid reinforcement by DSOs required for industrial decarbonisation projects? 2. How will anticipatory grid investments essential for industrial decarbonisation projects be incentivised? 3. Will the support of investment in networks for renewable and low-carbon hydrogen, including the repurposing/conversion of existing gas transmision grids be also eligible alongside electrification and grid connection? 4. Will CHPs be eligible for support under the Industrial Decarbonisation Bank where they supply energy to industrial installations? 5. Could the Commission clarify which OPEX categories are eligible under Article 10cc? 6. Where a project has already received CAPEX support from the Modernisation Fund, may the same project receive OPEX support from the Industrial Decarbonisation Bank or Investment Booster? 7. Could the Commission clarify which milestone must be achieved within the first 18 months to benefit from the 100 million allowances reserved for projects in Member States with GDP per capita below 75% of the Union average? 8. Could the Commission clarify which milestone must be reached by 31 December 2040 for a project to remain eligible for support under Article 10cc? 9. Could the Commission confirm the legal characterisation of support provided under the Industrial Decarbonisation Bank, including the Decarbonisation Bank mechanism and the Investment Booster?

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Building blocks / elements	Comments / questions
	10. Under which circimstances is support granted will/will not be qualified as State aid under Article 107(1) TFEUticular: o does support awarded directly by the Commission constitute Union funding rather than State aid; o is it outside Article 107(1) TFEU irrespective of the beneficiary's Member State; o should beneficiaries assess cumulation only with other State aid measures, treating this support as EU funding; and if any element may constitute State aid, what legal basis and circumstances would trigger Article 107(1) TFEU?
ETS DNSH	
Other	
1.D MSR (Decision 1814/2015, Article 1, Annex)	
Volume – intake	Why does dynamic adjustment not apply to intake rate as it does to the tresholds and release rate?
Release	
Dynamic adjustment	
Other	
Group 2 – Sectoral matters	
2.A Aviation (Articles 3, 3c 12, 14, 25a , 28a and 28b, Annex I)	
Corsia: geographical scope – depart flights	

Building blocks / elements	Comments / questions
Corsia: implementation for 2026-2035 & deduction mechanism	
Support mechanisms	
Inclusion of private & business jets	
Derogations	
Other	
2.B Maritime (Articles 3, 3ga, 3gaa, 3gab, 3gg, 9 and 12, Annex I) Separate proposal on Regulations (EU) 2015/757 and (EU) 2023/1805	
Scope of vessels	
Top-up of allowances mechanism	
Support mechanisms for clean fuels and propulsion	
Evasion	
Derogations	
IMO alignment	
MRV / Fuel EU	
Other	
2.C Inclusion of waste	

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Building blocks / elements	Comments / questions
(Articles 3, 12a, 12b and 30, Annex I)	
Inclusion of waste	
Scope	
Volume	
Phase-in	
Opt-out	
Review/Other	
2.D Other (Articles 2, 3, 4, 6, 6a, 12, 19, 20, 21, 23 and 25b, Annex I, IV, V) (Articles 3 and 5 of amending directive)	1. When does the Commission plan to adopt the implementing act under Article 6(3)? What will its content be? What does the Commission mean by "unclear implementation situations"?
CSU-S	
Installations less than 20MW	
ETS as a service	
Registry funding	
Other	
PART 2: IMPACT ASSESSMENT	
General comments	

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Building blocks / elements	Comments / questions
Specific topics (Note: below references are made to the specific Annexes set out in part 3 and 4 of the impact assessment. Those issues are also dealt with in the general parts (1 and 2)).	
Cap (including international carbon credits) (Annex 8, part (I)	
Removals (Annex 8, part (II))	
Market Stability Reserve (Annex 8, part (III))	
Industrial Decarbonisation Bank (Annex 9)	
Aviation (Annex 10)	
Maritime (Annex 11)	
Carbon leakage (Annex 12, part 1)	
20 MW threshold (Annex 12, part 2)	
Waste (Annex 13, part 3)	
Non-permanent Carbon Capture and Utilisation (CCU) (Annex 13, part 4)	
Linking (Annex 14)	
Other	

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