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INFORMATION

From:	General Secretariat of the Council
To:	Working Party on the Environment
Subject:	ETS Review: follow-up to the WPE on 28 September 2026: Explanatory note from the Commission

Following the WPE meeting on the ETS review on 28 September 2026, delegations will find attached an explanatory note from the Commission on Member States auctioning.

Phase V – Total amount of allowances available for auctioning per Member State

This document provides an **indicative** calculation of EU ETS allowances available for auctioning by the Member States under Phase V (i.e. the period 2031-2040), based on the Commission proposal for the review of the EU ETS.

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

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

- **Aviation total cap:** The aviation cap is calculated separately to other ETS sectors, in line with the relevant provisions on cap-setting. The aviation cap includes intra-EEA aviation, private jets and flights departing from an airport in the EEA and landing in aerodromes within a 5,000km radius from the geographical centre of the Union. Uncertainties on the cap extent remain, as regards the expected emissions coverage and the applicable deduction of Carbon Offsetting and Reduction Scheme for International Aviation costs.
- **Maritime cap** (including extensions for non-CO_2, offshore and small vessels)**:** Maritime estimates remain preliminary, reflecting uncertainties around the underlying emissions data, scope, phase-in arrangements and cancellations in the case of certain derogations. This is particularly, but not solely, relevant for the extension to smaller vessels, which are expected to be covered from 2031, for which actual MRV reporting has not started yet.
- **Indicative split of free allocation (FA):** Free allowances are divided between non-CBAM sectors and CBAM sectors based on an estimated split derived by projecting historical activity data into the future. The exact ratio of CBAM to non-CBAM free allocation will be determined in a bottom-up manner following the relevant future Commission decisions on national allocation tables for FA for phase V. Allowances not allocated for free due to the CBAM phase in are auctioned to the benefit of the Member States, except 200 million allowances that are attributed to the Innovation Fund and 50 million allowances to the New Entrants Reserve.
- **Uncertainty factors:** Assumptions also include no intakes or releases through MSR in phase V. Moreover, certain elements of the Commission proposal are subject to review, for example on the availability of high-quality international credits. The outcome of this review clause can impact the total quantity of the allowances and their distribution integration of the availability.

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

The Commission notes that the Commission proposal for a new Own Resources (OR) Decision of 16 July 2025 includes 30% of the revenues from ETS allowances available for auctioning by the Member States to flow to the EU budget. As the Own Resources proposal does not affect the amount of ETS allowances available to the Member States but rather the destination of the related revenues, that impact is not reflected in the figures below.

EUA million (rounded), 2031-2040			
	Auctioning [Art 3ga(3); 10(2)a; 3d; 10a(1a)]	**Solidarity auctioning** [Art 10(2)(b), 10a(1a)]	**Modernisation Fund**[2] [Art 10(d)1]
BE	78	-	-
BG	52	24	7
CZ	111	30	17
DK	44	-	-
DE	648	-	-
EE	18	6	2
IE	35	-	-
EL	110	14	11
ES	277	27	-
FR	195	-	-
HR	14	3	3
IT	318	-	-
CY	12	1	-
LV	5	2	1
LT	10	3	3
LU	5	-	-
HU	36	8	7
MT	6	1	-
NL	114	-	-
AT	48	-	-
PL	274	92	49
PT	56	7	9
RO	93	42	13
SI	12	2	-
SK	33	12	6
FI	55	-	-
SE	30	-	-
Total	**2,684**	**274**	**128**

[2] Modernisation Fund is calculated based on the proposed 2% + 0,5% of the cap, where the 0,5% is to be implemented via the Industrial Decarbonisation Bank.