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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Delegations
Subject:	CBAM - presentation by the European Commission

Delegations will find attached the presentation made by the European Commission at the AHWP CBAM meeting on 13 February 2026.

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Ad Hoc Working Party on the CBAM

13 February 2026

Electricity

PUBLIC

Thematic bloc 3: electricity



Objectives

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The objective of the proposal is to strengthen the effectiveness of CBAM in addressing the risk of carbon leakage and contribute to decarbonisation globally by:

- *Extending the scope of CBAM to steel and aluminium-intensive downstream products*
- *Addressing circumvention risks through better monitoring and targeted amendments*
- **Improving the treatment of electricity to encourage decarbonisation**

The proposal only relates to imported electricity, the substantial rules for indirect emissions are not modified.

Electricity

PUBLIC

Improvements of the methodology to calculate the embedded emissions of electricity

- Change of **default values:** from the current CO2 EF (only fossil-fuel based) to an average emission factor of the exporting country that also accounts for electricity generated from renewable sources.
- **Streamlining of conditionality:**
  - Opening of condition to indirect PPAs;
  - Removal of the condition related to physical network congestion;
  - Capacity nomination shall be proven solely in case of explicit capacity allocation;
- **Clarification** that PPAs are only physical (for reasons of legal clarity);
- Once these amendments are adopted, the implementing acts (methodology / verification / default values) will be adjusted as necessary, **including default values**.

Other elements:

- Clarification that certain unscheduled electricity flows during emergencies not subject to CBAM;
- Some adjustments in the context of the Art. 2(7) exemption.

Electricity

PUBLIC

1. Market coupling



Market coupling

Art. 1(1)(c) and (d), **recital 9**, Art. 1(1)(e) first paragraph, Art.1(19)

PUBLIC

- The existing conditions for an electricity exemption laid down in Art. 2(7) are not modified

New Article 2(7a) provided for by Art. 1(1)(c)+ recital 9:

- Possibility for a Memorandum of Understanding signed by Commission and third country
- MoU signed when electricity market acquis is transposed and this is verified by the Commission
- Contents of the MoU: timeline to implement the exemption, timeline for implementing carbon pricing instrument equivalent to the EU ETS, taking account of technical work by TSOs

Market coupling

Art. 1(1)(c) and **(d)**, recital 9, Art. 1(1)(e) first paragraph, Art.1(19)

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Art. 1(1)(d) amending Art. 2(8) CBAM Regulation

A third country or territory that fulfils all the conditions set out in paragraph 7, shall be listed in point 2 of Annex III~~, and shall submit two reports on the fulfilment of those conditions, the first report by 1 July 2025 and the second by 31 December 2027~~. When assessing whether ~~By 31 December 2025 and by 1 July 2028, the Commission shall assess, in particular on the basis of the roadmap referred to in paragraph 7, point (c), and the reports received from the third country or territory, if that third country or territory continues to fulfil~~ the conditions set out in paragraph 7 ***are fulfilled, the Commission shall take into account advancements in accordance with the timeline laid down in a Memorandum of Understanding under Article 2(7a).***

Market coupling – urgency procedure

Art. 1(1)(c), (d) 1(19), recital 9, **Art. 1(1)(e) first paragraph, Art.1(19)**

PUBLIC

New urgency procedure to adopt delegated acts for exempted countries in Annex III(2)

Annex III(2) CBAM Regulation includes "third countries and territories outside of the scope of this Regulation with regard to the importation of electricity into the customs territory of the Union".

Amending Art. 2(11) CBAM Regulation

The Commission is empowered to adopt delegated acts in accordance with Article 28 in order to amend the lists of third countries or territories listed in point 1 or 2 of Annex III by adding or removing a third country or territory, depending on whether the conditions set out in paragraph 6, 7 or 9 of this Article are fulfilled in respect of that third country or territory, or as a consequence of the incorporation of the CBAM into the EEA Agreement. ***Where, in the case of adding a third country to the list of third countries or territories listed in point 2 of Annex III, imperative grounds of urgency so require, the procedure provided for in Article 28a shall apply to delegated acts adopted pursuant to this paragraph.***

Art. 1(19) provides for a new Art. 28a, establishing an urgency procedure for the entering into force of delegated acts. These enter into force without delay, and apply as long as no objection is expressed.

Electricity

PUBLIC

2. Default values for electricity



Default values for electricity
Art. 1(22), Annex II (1), (3), (4), recital 46

PUBLIC

Change of methodology to calculate default values:

- Recital 46: electricity production from all sources to be considered, not only fossil fuels
- Annex II(1): revised definition of emission factor of electricity in Annex IV(1)(e) of the CBAM Regulation:

  'emission factor for electricity' means the ***weighted average of the CO2 intensity of the electricity produced within a geographic area*** ~~*default value, expressed in CO_2e, representing the emission intensity of electricity consumed in production of goods*~~*;*
- Existing definition of CO2 emission factor is maintained, as it is cross-referred to in Annex IV(4.3) of the CBAM Regulation, but it is no longer relevant to the calculation of default values for electricity

  'CO2 emission factor', means the weighted average of the CO2 intensity of electricity produced from fossil fuels within a geographic area[...]
- Annex II(3): revised specific default values for electricity in Annex IV point 4.2.1 of the CBAM Reg.

  Specific default values shall be set at the ~~*CO_2 emission factor*~~ ***emission factor for electricity*** *in the third country, group of third countries or region within a third country, based on the best data available to the Commission.*

Default values for electricity

Art. 1(22), Annex II (1), (3), **(4), recital 46**

PUBLIC

Alignment of provisions relating to alternative default values:

Revised Annex IV, point 4.2.2 of the CBAM Regulation:

"Where a specific default value is not available for a third country, a group of third countries, or a region within a third country, the alternative default value for electricity shall be set at the ~~CO_2 emission factor~~ ***emission factor for electricity*** *in the Union.*

Where it can be demonstrated, on the basis of reliable data, that the ~~CO_2 emission factor~~ ***emission factor for electricity*** *in a third country, a group of third countries or a region within a third country is lower than the specific default value determined by the Commission or lower than the ~~CO_2 emission factor~~* ***emission factor for electricity*** *in the Union, an alternative default value based on that ~~CO_2 emission factor~~* ***emission factor for electricity*** *may be used for that third country, group of third countries or region within a third country."*

Electricity

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3. Actual values for electricity



Provisions on PPAs - Art. 1(22), Annex II(1), Annex II(6)(a), recital 48

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- The proposal only relates to electricity as a CBAM good.
- Definition of PPA (relevant to both electricity and indirect emissions) is modified only for reasons of legal clarity, not a substantial amendment (see Implementing Regulation (EU) 2025/2547).
- Revised Annex IV(1) of the CBAM Regulation:

  (f) "'power purchase agreement' means a contract under which a person agrees to purchase electricity directly from an electricity producer ***and that involves the physical delivery of electricity."***

- The substantial amendment relates to the PPA-related condition to report actual emissions of electricity
- Revised Annex IV(5) letter (a) of the CBAM Regulation:

  (a) "the amount of electricity for which the use of actual embedded emissions is claimed is covered by a power purchase agreement between the ***importer or*** *authorised CBAM declarant and a producer of electricity located in a third country.* ***Power purchase agreements involving intermediaries shall also be allowed, as long as a verifiable contractual relationship between the producer of electricity, the intermediaries, and the importer, or CBAM declarant, can be demonstrated, in relation to the electricity for which the use of actual emissions is claimed;"***

Conditions to declare actual values for electricity

Art. 1(22), Annex II(6)(b) and (c), recital 48

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Other revised conditions in Annex IV(5) of the CBAM Regulation:

- Deletion of the condition relating to network congestion (Annex IV(5) letter b);
- Revised condition relating to the nomination of capacity (Annex IV(5) letter d).

"(d) the amount of electricity for which the use of actual embedded emissions is claimed has been firmly nominated to the allocated interconnection capacity by all responsible transmission system operators in the country of origin, the country of destination and, if relevant, each country of transit, and the nominated capacity and the production of electricity by the installation refer to the same period of time, which shall not be longer than one hour. ***This criterion shall not be fulfilled in cases where transmission capacity for the import of electricity is allocated through implicit capacity allocation***."

Electricity

PUBLIC

4. Emergencies and unscheduled flows



Emergency and unscheduled flows
Recital 8

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Clarification:

(8) ***"Electricity flows from third countries resulting from actions that transmission system operators take to ensure the safe and secure operation of their networks, including handling emergencies and unscheduled flows, should not be subject to this Regulation."***

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5. Entry into force



Entry into force
(Art. 2, recital 53)

PUBLIC

- Default values for electricity: **Retroactive** effect from 1 Jan 2026:
  - Change to the average emission intensity is favourable to the declarant.

- Actual values for electricity: **Retroactive** effect from 1 Jan 2026.
  - Revised conditions are entirely favourable to the declarant.
  - Change in the definition of PPAs is a mere clarification, already reflected in the IA CBAM methodology.

- Market coupling: Upon application of the Amending Regulation.

- Emergencies and unscheduled flows: 'retroactive' application (mere clarification of the Regulation).

Other changes

PUBLIC

Thematic bloc 4: other changes

1. EFTA
2. Authorisation & guarantees
3. Communication between NCAs and customs authorities
4. Serious and unforeseen circumstances (art. 27a)
5. Operators in CBAM Registry
6. Data sensitivity
7. Review of CBAM declarations
8. Carbon price effectively paid
9. Verification of embedded emissions
10. International agreements
11. CBAM certificates management
12. Indirect emissions (alternative default values)
13. General provisions

Other changes

PUBLIC

1. EFTA



EFTA
Art. 1(1), recitals 5-7

PUBLIC

Inward processing – subject to CBAM if re-export to EEA EFTA States and conversely

Upon incorporation in the EEA Agreement, CBAM applies to processed products resulting from the inward processing procedure, where they are re-exported to the customs territory of Norway or Iceland, provided that they are imported to those countries.

Liechtenstein may be exempted (part of the Swiss customs territory).

The Commission is empowered to adopt implementing acts laying down the detailed conditions for the application of the CBAM to such products, in accordance with the examination procedure referred to in Article 29(2).

EFTA
Art. 1(1), recitals 5-7

PUBLIC

CBAM goods that were **previously released for free circulation** in an EU MS or EEA EFTA State:

- non duplication of CBAM duty.

- indication by the declarants in the customs declarations when goods listed in Annex I of Regulation (EU)2023/956 have been previously released for free circulation in another Party to avoid CBAM obligations upon subsequent import in the EU or in an EEA EFTA State.

- will be indicated via a TARIC document code, data element 12 04 000 000 (additional reference).
- upon request, declarants must provide documentation.

EFTA
Art. 1(1), recitals 5-7

PUBLIC

Common CBAM Area with EEA EFTA States having incorporated CBAM.

Empowerment for the Commission to remove EEA EFTA Countries that have incorporated the CBAM, from Annex III of the Regulation.

Upon the incorporation in the EEA Agreement, the EFTA States applying the CBAM should not be considered third countries as regards CBAM.

A common CBAM area would be created where the threshold become jointly applicable to importation into the Union and the customs territories of the EFTA States that apply CBAM.

Other changes

PUBLIC

2. Authorisation & guarantees



Authorisation & guarantees

Art. 1(4), (9), (10), recitals 15 and 27

PUBLIC

Introduction of the possibility for the competent authority to require a guarantee in other situations than where the applicant has been established for less than 2 financial years.

Purposes: (i) ensure the financial capacity of applicants established for more than 2 financial years and of authorised CBAM declarants; (ii) allow the competent authority to act via other means than revoking an authorisation.

Situations:

1. Applicants established for more than 2 financial years and where the competent authority assesses that a guarantee is needed to demonstrate the financial capacity.
2. Authorised CBAM declarants, where the competent authority considers they need to demonstrate their financial capacity e.g. where declarants do not ensure sufficient CBAM certificates in the CBAM account.

Authorisation & guarantees

Art. 1(4), (9), (10), recitals 15 and 27

PUBLIC

Use and release of the guarantee:

- The competent authority shall recover the financial amount, where the authorised CBAM declarant does not surrender a sufficient amount of CBAM certificates.
- The recover procedure shall happen according to national law, and the Commission shall be notified thereof.
- The recovery of outstanding CBAM certificates will be a part of the MFF, if and when CBAM becomes a new own resource to the EU-budget.
- The guarantee shall be released after 30 September of the second year of which the guarantee was required.
- However, the competent authority should be allowed to extend the duration of the guarantee. This should be done be adjusting the guarantee via the procedures established in the IA for authorisation.

Other changes

PUBLIC

3. Communication between NCAs and customs authorities



Communication between NCAs and customs authorities

Art. 1(15), recitals 33-45

PUBLIC

- To ensure the accuracy of the customs data and information available to the competent authorities in the CBAM registry, the competent authorities should be allowed to request the customs authorities or the Commission to validate this information.
- A clarification in Article 25(2) is added to ensure that such validation can be requested for all CBAM relevant data.
- Article 25(2) also includes a new subparagraph to clearly determine who assumes the CBAM obligations for each import declaration.

Other changes

PUBLIC

4. Serious and unforeseen circumstances (art. 27a)



Serious and unforeseen circumstances (art. 27a)

Art. Art. 1(17), recital 37

PUBLIC

Amending Art. 27a:

"The Commission shall monitor the situation at Union level with a view to monitoring the impact of the CBAM on the Union internal market. Where the Commission, taking into account the relevant evidence, considers that the inclusion of a good in Annex I causes ***severe harm to the Union internal market due to serious and unforeseen circumstances*** *related to the impact on the prices of goods, it is empowered to adopt delegated acts in accordance with Article 28 (Sic!) to remove this good from Annex I until those serious and unforeseeable circumstances have passed".*

Other changes

PUBLIC

5. Operators in CBAM Registry



Operators in CBAM Registry

Art. 1(5)(a)(1), 1(8)(a) and (c), recitals 17 and 26

PUBLIC

Mandatory registration of operators for actual verified emissions

- Ensures proper and verified identification of all third-country operators and their installation.
- One simple process for declarants to submit verified emissions (auto-fill in CBAM registry).
- Transparency/traceability of verification process in CBAM registry.
- Safeguard sensitive installation data in operator's emissions report.
- Easy step for operators, already in use.

Operators in CBAM Registry

Art. 1(5)(a)(1), 1(8)(a) and (c), recitals 17 and 26

PUBLIC

Sharing of verified emissions data between operators (precursors) via CBAM Registry

Amending Art. 10(7): *"**An operator may disclose the information** on the conditions for the use of actual emissions, for the relevant combinations of goods and origins pursuant to Article 6(7), the verification of embedded emissions and the carbon price paid in a third country referred to in paragraph 5 of this Article to an authorised CBAM declarant **or to another operator**".*

Operators in CBAM Registry
Art. 2

PUBLIC

Application (Art. 2)

Operators in CBAM Registry: 1 January 2028.

Other changes

PUBLIC

6. Data sensitivity



Data sensitivity
Art. 1(6)(b), (8)(d), (23), recitals 22 & 49

PUBLIC

Amending Art. 7(5):

*"**The authorised CBAM declarant shall keep records of the information disclosed in accordance with Article 10(7)** that is required to calculate the embedded emissions in accordance with the requirements laid down in Annex V. Those records shall be sufficiently detailed to **~~enable verifiers accredited pursuant to Article 18, where applicable, to verify the embedded emissions in accordance with Article 8 and Annex VI and to~~** enable the Commission and the competent authority to review the CBAM declaration in accordance with Article 19(2)".*

Amending Art. 10(7), new paragraph:

"Where the authorised CBAM declarant chooses to submit the CBAM declaration on the basis of this disclosed information, the authorised CBAM declarant shall remain responsible for surrendering the correct number of CBAM certificates pursuant to Article 22(1)."

Data sensitivity
Art. 1(6)(b), (8)(d), (23), recitals 22 & 49

PUBLIC

Amending Annex VI, point 2:

"The verifier shall prepare a verification report establishing the embedded emissions of the goods and specifying all issues relevant to the work carried out and including, at least, the following information:

(…)

~~(g) quantities of each type of declared goods produced in the reporting period;~~

~~(h) quantification of direct emissions of the installation during the reporting period;~~

~~(i) a description on how the installation's emissions are attributed to different types of goods;~~

~~(j) quantitative information on the goods, emissions and energy flows not associated with those goods;~~

(…)."

These elements will remain in the operator's emissions report – see Annex IV to Regulation (EU) 2025/2547, points 1.1(34), (7), (29), (14) and (16).

Other changes

PUBLIC

7. Review of CBAM declarations



Review of CBAM declarations

Art. Art. 1(5)(b), recital 18

PUBLIC

Amending Art. 6(6):

"The Commission is empowered to adopt implementing acts concerning the standard format of the CBAM declaration, including detailed information for each installation and country of origin or other third country and type of goods to be reported, which supports the totals referred to in paragraph 2 of this Article, in particular as regards embedded emissions the carbon price paid, the default carbon price for the purpose of Article 9(4), the procedure for submitting the CBAM declaration via the CBAM registry, ***including procedures for the review of CBAM declarations in accordance with Article 19,*** *and the arrangements for surrendering the CBAM certificates referred to in paragraph 2, point (c), of this Article, in accordance with Article 22(1), in particular as regards the process and the selection by the authorised CBAM declarant of certificates to be surrendered. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 29(2).*

Other changes

PUBLIC

8. Carbon price effectively paid



Carbon price effectively paid
Art. 1(7), recitals 21, 24, 25

PUBLIC

- Clarifying that the empowerment is:
  - based on the principle of equivalence;
  - covers rules for deducting carbon credits under Article 6 of the Paris Agreement.
- Specifying that the independent person certifying the carbon price evidence **may be a legal person accredited by a national accreditation body for the relevant scope of accreditation** (art. 9 (2))
- Clarifying that the empowerment of the Commission covers the **conditions to ascertain the person's qualifications** and that these conditions include:
  - granting of accreditation by a national accreditation body;
  - the specification of the certification procedures;
  - the appropriate exchanges of information between the independent person, national accreditation bodies, the European Commission and competent authorities.

Other changes

PUBLIC

9. Verification of embedded emissions



Verification of embedded emissions
Art. 1(10), recital 28

PUBLIC

Amending Art. 18(3):

"The Commission is empowered to adopt delegated acts in accordance with Article 28 in order to supplement this Regulation by specifying the conditions for granting of accreditation referred to in paragraph 2 of this Article, for the control and oversight of accredited verifiers, for the withdrawal of accreditation and for mutual recognition and peer evaluation of accreditation bodies. ***Those delegated acts shall also specify the verification procedures to be used by verifiers****".*

Other changes

PUBLIC

10. International agreements



International agreements
Art. 1(1)(e)

PUBLIC

Amending Art. 2(12):

The Union may conclude agreements with third countries or territories with a view to taking into account carbon pricing mechanisms in such countries or territories for the purposes of the application of Article 9 ***as well as the mutual recognition of third-country accreditation bodies for the accreditation of a legal person to be a verifier pursuant to Article 18****".*

Other changes

PUBLIC

11. CBAM certificates management



CBAM certificates management

Art. 1(9)(b), (12), (13) and (14), recitals 27, 29-31

PUBLIC

1. Calculation of the weekly applicable certificate price (Art.1(12))
   - A specific methodology for weeks when there is only one ETS auction
2. Streamlining of the repurchase process (Art.1(14))
   - A change to enhance clarity of the Regulation
3. Enforcement of the '50% rule' (Art.1(9)(b))
   - A link with the use of the guarantee by NCAs
4. Scope of certificates to meet the '50% rule' (Art.1(13))
   - A move to a complete annual cycle for CBAM certificate management

Other changes

PUBLIC

12. Indirect emissions (alternative default values)



Indirect emissions (alternativedefault values)

Article I(22), Annex II(5), recital 47

PUBLIC

Clarification that alternative default values for indirect emissions must be based on the same calculation method as the ones used by the Commission.

Amending Annex IV, point 4.3, second paragraph, of the CBAM Regulation:

"Where a third country, or a group of third countries, demonstrates to the Commission, on the basis of reliable data, that the average electricity mix emission factor or CO_2 emission factor of price-setting sources in the third country or group of third countries is lower than the default value for indirect emissions, an alternative default value based on that ***average electricity mix emission factor or on that*** *average CO_2 emission factor shall be established for this country or group of countries."*

Other changes

PUBLIC

13. General provisions



General provisions

Art. 1(18), (19), (20), (21), 2, recitals 1-3, 38, 50-52

PUBLIC

Power to adopt delegated acts: Cross-referencing of new empowerments (Art. 6(7) and 27a)

Correction of the description of two CN codes (Annex I):

- "7202 2**1 00, 7202 29** – Ferro-silicon"
- "7204 Ferrous waste and scrap; remelting scrap ingots **of iron or** ~~**and**~~ steel"

General provisions
Art. 1(18), (19), (20), (21), 2, recitals 1-3, 38, 50-52

PUBLIC

Urgency procedure:

Amending Art. 2(11):

11. "*(...)* ***Where, in the case of adding a third country to the list of third countries or territories listed in point 2 of Annex III, imperative grounds of urgency so require, the procedure provided for in Article 28a shall apply to delegated acts adopted pursuant to this paragraph***".

Amending Art. 28a (Sic!):

1. "***Delegated acts adopted under this Article shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.***

2. ***Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in paragraph 7 of Article 28. In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.***"