4 September 2026

Securing a Credible EU Emissions Trading System (EU ETS) for Europe's Industrial Transformation

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As major energy and industrial companies as well as market operators with significant investments across the European Union, we are writing to express our strong support for the EU Emissions Trading System (EU ETS).

In our view, the European Commission's proposal already represents a substantial intervention in the EU ETS. In particular, the proposed changes to the overall supply of allowances through the significantly lower Linear Reduction Factor (LRF), partly due to international carbon credits and domestic carbon removals, would have a significant impact on the market as well as existing and planned investments in clean technologies.

Consequently, the level of ambition of the proposal should not be further weakened during the co-decision procedure. Additional interventions that diminish the carbon price signal risk undermining market confidence and the investment conditions needed to mobilise capital for clean technologies, industrial decarbonisation, Europe's energy transition and the resilience of energy supply chains.

The co-legislators should now focus on unleashing the full potential of the EU ETS as an investment lever by preserving the long-term integrity and market-based functioning of the system without further weakening the key elements underpinning the carbon price signal, rather than by going beyond the Commission's proposal. A strong EU ETS with a credible and predictable carbon price is indispensable for the necessary investments.

For these reasons, we respectfully urge you to ensure that the discussion is guided by the following principles:

- Protect a credible, market-based and predictable carbon price signal. A robust LRF is essential for directing capital towards clean technologies, supporting industrial transformation and achieving emissions reductions in the most cost-effective manner. It should not be subject to uncertainty and political discretion regarding the inclusion of international carbon credits and domestic carbon removals.
- Avoid short-term interventions before the next trading period beginning in 2031 that would weaken the carbon price signal. Long-term investments in industrial decarbonisation, renewable and low-carbon energy, carbon management technologies and supporting infrastructure require stability and predictability over time.
- Preserve investment conditions for decarbonisation by avoiding further structural changes that would weaken the carbon price signal, including any shifts from the Market Stability Reserve's (MSR) current and proposed volume-based functioning to a price-oriented mechanism or revalidation of allowances previously cancelled. Additional changes would undermine the investment conditions needed to deliver decarbonisation at scale and particularly disadvantage existing investments.
- Ensure an effective and watertight CBAM including an export solution to preserve an international level playing field for sectors covered.
- Protect first movers. Companies that invested early in reliance on the existing EU ETS trajectory should not be penalised by subsequent political interventions that weaken the carbon price signal.
- Use EU ETS revenues to accelerate decarbonisation in sectors covered by the EU ETS. Revenues should help create the enabling conditions necessary for industrial

transformation, including enabling infrastructure, innovation, electrification as well as the deployment and uptake of clean technologies including through the Industrial Decarbonisation Bank.

The EU ETS can only fulfil its purpose as part of a coherent policy mix if market participants can rely on a stable and predictable framework. Projects in renewable and low-carbon generation, grids, industrial decarbonisation, hydrogen, carbon management and related infrastructure require long lead times and investment horizons extending well beyond 2030. Policy certainty is not an ancillary consideration but a prerequisite for delivering the EU's climate objectives.

Therefore, Europe should address broader barriers to decarbonisation and competitiveness through complementary policies. Accelerating the deployment of renewable and low-carbon electricity alongside grid expansion, expanding and de-risking energy and CO_2 infrastructure, streamlining permitting procedures, creating demand at scale for renewable and low-carbon products, and intensified climate diplomacy will be essential to translating climate ambition into tangible investment, emissions reductions and increased resilience.

We encourage you to uphold the level of ambition of the EU ETS and structural coherence, ensuring a stable and consistent approach without far-reaching structural amendments or ad hoc interventions as outlined above.

We remain available for further discussion on these important issues.

Yours sincerely,

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