

EU ETS should be protected as a key driver in the decarbonisation of the EU economy



Predictability

The long-term EU ETS cap trajectory (total amount of allowances) must support the EU's new 2040 climate target and give clear visibility for investors about the required abatements year by year.

Targeted reforms

Important that the EU ETS stays on course, at the same time as certain reforms are made to ensure that the policy is fully equipped for the post-2030 conditions. Targeted adjustments rather than radical changes in design.

Stability

No ad-hoc interventions or weakening of the ETS in an attempt to dampen energy price spikes caused by fossil fuels. A strong and robust EU ETS is necessary for Europe's security and long-term competitiveness.

ETS post 2030 reform

1. Ensure long-term regulatory stability, by keeping the Linear Reduction Factor (LRF) at its current level beyond 2030, meaning that the ETS allowance cap reaches zero by 2039.
2. Ensure that Carbon removals (CDR) credits are integrated into the EU ETS under strict conditions: only high-quality permanent CDR credits and fully keeping the incentive of the ETS to phase out fossil fuels.
3. Ensure an update of the activation threshold of the Market Stability Reserve (MSR) to remain effective post-2030: especially by lowering the current activation thresholds (currently at 833-1,096 M EU allowances (EUAs)).
4. Ensure that the revision establishes a fully EU-harmonised framework that includes municipal waste installations in the EU ETS from 2028 and mitigates the risk of GHG emissions leaking to landfills by introducing an EU-wide landfill ban.