Updated European Union Emissions Trading System (EU ETS) benchmarks values for 2026-2030
Eurogas position

08 June 2026

The benchmarks are a key component of the ETS and Eurogas welcomes the current open discussion on this critical piece of legislation.

The ETS is a fundamental pillar of the EU climate policy framework for driving decarbonisation and providing the necessary CO_2 price signal, thereby unlocking the deployment of decarbonisation solutions such as renewable and low-carbon gases and CCUS supporting a cost-efficient transition. While a strong and credible ETS must absolutely remain in place, we believe there is a need for targeted adaptations as part of the upcoming ETS review to be kicked-off in July 2026, to provide the necessary relief and predictability for EU industry, while not penalising early movers that have already invested significantly to bring down their GHG emissions.

Ahead of the broader discussions on the ETS starting July 2026, Eurogas is listing below its recommendations for the updated EU ETS benchmark values for 2026-2030[1], in particular the fallback benchmarks.

Eurogas believes that the proposed 2026-2030 benchmarks are overly tight and do not necessarily align with the EU ambition to boost competitiveness.

While the Commission aimed for leveraging the flexibilities in the framework currently in force, the values proposed for the fallback benchmarks are derived from a methodology that does not in full represent the heterogeneity of industrial decarbonization: the two fallback benchmarks are intended to cover 8500 installations, and deriving a value from the top 10% performers assumes that the technologies and energy sources applied by those installations are broadly replicable at scale. However, for large parts of the chemical sector and those covered by the fallback values – this is not the case. The revised benchmarks imply steep changes in free allocation that exceed realistic decarbonisation pathways given the current scalability and affordability of low carbon technologies and infrastructure. This is a concern that is already acknowledged by the European Commission in the announcement of the consultation on these updated benchmarks[2].

Eurogas considers that, in order to improve representativeness, benchmark methodology should better account not only for emission intensity, but also for key operational parameters such as the performance of installations or the production/output levels. This is particularly relevant in cases where benchmark values may be driven by installations that are not representative of the broader system in which they operate.

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[1] Revision of the benchmark values for free allocation of emission allowances (2026-2030) - EC Have your say
[2] Commission presents updated EU Emissions Trading System benchmarks for consultation - EC (11 May 2026)

Benchmarks are a tool to define the attribution of free allocations: Eurogas considers that free allocations are a necessity for as long as there is no working CBAM or equivalent sector-specific measures in place, to protect competitiveness, and flawed benchmark definitions and levels should not support the phase-out of these free allowances. In this context, free allocation plays an important role not only in preserving investment capacity, but also in mitigating cost increases for end users, thereby addressing the social dimension of the transition and protecting consumers from excessive increases in heating prices.

Fallback benchmark issues are rooted in the methodology leading to their definition and the absence of granularity. This deserves appropriate time: the best forum to address the shortcoming of this methodology will be the July 2026 review of the ETS. Once again, this is already acknowledged by the European Commission in the announcement of the consultation on these updated benchmarks[2].

<u>To that end, Eurogas:</u>

- **Supports addressing the methodology comprehensibly in the July 2026 ETS review.** The approach of extrapolating from the top 10% performers is inadequate considering the broad array of impacted industry.
  Eurogas supports the ambition of improving granularity, for example through sector-specific fallback benchmarks, as announced by the Commission during the high-level roundtable discussion, and potentially applicable before 2030. The recognition[2] of **the different needs of the industry**, notably in the EC reference to heat needs at different temperature levels referenced for the *ETS investment booster* is a concrete and constructive idea.
  These sector-specific fallback values should be supported by an impact assessment to ensure the consequences of any change are supported by quantitative analysis.
  Since the benchmarks also impact **district heating systems**, which operate under fundamentally different conditions than industrial installations, but are covered by the same fallback heat benchmark, a more coherent and supportive approach is necessary in the long-term e.g. sector-specific benchmark (provided that an appropriate methodology is in place) or the review of Article 10b(4).
- **Believes that ongoing delays and repeated revisions in these processes are a significant concern and must be urgently addressed and prioritised by the European Commission**, as they are contributing to heightened uncertainty in financial markets and are hindering final investment decisions (FIDs).