Brussels, 15/09/2026

Joint Statement on the proposal on the heat and fuel benchmark values for 2026-2030

On 17 July, the European Commission presented a targeted proposal on the heat and fuel benchmark values for the 2026–2030 period through a separate **legislative procedure**.

The proposal is a positive step towards addressing the unintended consequences of the benchmark update adopted in June, which would have resulted in an almost **50% cumulative reduction compared to the reference benchmarks**. Such a reduction would significantly undermine the **competitiveness of thousands of European industrial installations**, while creating allocation shortfalls that weaken the business case for investing in the industrial transition.

The Commission's proposal to limit the reduction to **38%** is therefore an improvement. However, this level still exceeds the realistic technical decarbonisation potential of many installations, particularly in **energy-intensive sectors** where opportunities for further electrification or switching to sustainable biomass remain limited. As a result, operators would face substantial additional compliance costs **without corresponding decarbonisation gains**.

Against this background, the priority must now be the **swift adoption of the proposal through the fast-track legislative procedure**. Industry urgently requires certainty regarding allocation levels for the coming years. Delayed implementation would undermine investment planning, increase regulatory uncertainty, and weaken confidence in Europe's industrial transition framework.

At the same time, the legislative process must ensure that the final proposal provides a **sufficient volume of allowances to effectively address benchmark-related allocation shortfalls**. The mobilisation of an **additional buffer of 88million allowances** is a first step in the right direction, but this volume will not on its own fully address the allocation challenges facing exposed industrial sectors. The effectiveness of the proposal will therefore depend not only on how these allowances are distributed, but also on whether **additional allowances can be made available where necessary**.

In this regard, the latest **Presidency note being discussed in the European Council** represents a necessary and pragmatic enhancement of the Commission's approach. By recognising the need to **increase the volume of allowances available for free allocation**, it would further strengthen carbon leakage protection and improve the effectiveness of the system. In particular, it would make available allowances that remain unallocated due to the application of conditionalities, estimated at around **33 million allowances**.

This additional allocation space deserves serious consideration during the legislative process, as it would significantly improve the ability of the EU ETS to address benchmark-related allocation shortfalls and preserve the competitiveness of sectors exposed to international competition. **It would result in a 9% reduction of the fallback benchmarks compared to 2021-2025 values, with the heat benchmark being set at 43.0 and the fuel benchmark at 38.7.** This would still leave the fallback benchmarks at levels significantly lower than many covered installations can achieve, creating unjustified costs, and therefore a long-term solution (new product benchmarks and sectoral fallbacks with a different methodology) is needed as part of the broader ETS review for the post 2030.

Crucially, these improvements should be implemented **without triggering the Cross-Sectoral Correction Factor (CSCF)**. Avoiding the CSCF is essential to prevent a horizontal reduction in free allocation across all sectors, which would undermine the benefits of improving the fallback benchmark values while creating additional costs for other industries.

We therefore support the **rapid adoption of the Commission's proposal**, while calling on co-legislators to strengthen it by ensuring that adequate allocation volumes are available to address benchmark-related shortfalls and maintain an effective level of **carbon leakage protection for European industry** throughout the transition to climate neutrality.

Amendments to support the purpose of Article 10a:

Amendment 1

Proposal for a Directive COM(2026) 619 final
Recital 2
Directive 2008/87/EC

Text proposed by the Commission	*Amendment*
To address concerns expressed by certain industrial sectors in the context of updating the benchmark values until 2030 and provide additional protection against the risk of carbon leakage, the quantity of allowances to be allocated for free for the period from 2026 to 2030, determined by the heat and fuel benchmarks (‘fallback benchmarks’), should be increased. In order to do so, it is appropriate to adjust the maximum annual update rate applied for the fallback benchmarks by using the totality of the allowances available for free allocation in the period from 2026 to 2030 as laid down in Commission Decision XXX4 [CSCF Decision], amounting to around 80 million allowances. In line with the targeted nature of this adjustment and the rules set out in in Commission Delegated Regulation (EU) 2019/331 on the determination of the annual amount of allowances allocated for free to installations, the additional free allocation resulting from the adjustment should only concern the amounts determined by the fallback benchmarks.	*To address concerns expressed by certain industrial sectors in the context of updating the benchmark values until 2030 and provide additional protection against the risk of carbon leakage, the quantity of allowances to be allocated for free for the period from 2026 to 2030, determined by the heat and fuel benchmarks (‘fallback benchmarks’), should be increased. In order to do so, it is appropriate to adjust the maximum annual update rate applied for the fallback benchmarks by using the totality of the allowances available for free allocation in the period from 2026 to 2030 as laid down in Commission Decision XXX4 [CSCF Decision], amounting to around 8**8** million allowances,* ***as well as the allowances that are not allocated in that period as a result of the reduction of free allocation under the third and fifth subparagraphs of Article 10a(1) of Directive 2003/87/EC, amounting to around 33 million allowances. Article 10a(1), sixth subparagraph, of that Directive should be amended accordingly.*** *In line with the targeted nature of this adjustment and the rules set out in in Commission Delegated Regulation (EU) 2019/331 on the determination of the annual amount of allowances allocated for free to installations, the additional free allocation resulting from the adjustment should only concern the amounts determined by the fallback benchmarks.*

Justification

The full use of the 3% buffer is an important first step to mitigate the disproportionate reduction in fallback benchmark values. However, the buffer alone is insufficient to ensure an adequate level of free allocation for sectors relying on fallback benchmarks. In addition to the 3% buffer, allowances that remain unallocated as a result of installations failing to meet the conditionality requirements introduced by Directive (EU) 2023/959 should also be used to support free allocation. As these allowances are no longer allocated to individual operators, they should be recycled within the free allocation system to prevent unnecessary reductions in benchmark values and avoid additional carbon leakage risks, while remaining fully consistent with the overall ETS cap. This approach would improve the effectiveness and *fairness of the benchmark system without increasing the total volume of allowances available under the EU ETS.*

Amendment 2

Proposal for a Directive COM(2026) 619 final
Article 1(2) new
Directive 2008/87/EC
Article 10a(1), sixth subparagraph

Text proposed by the Commission	*Amendment*
	(2) Article 10a(1), sixth subparagraph is amended as follows:
	‘Allowances that are not allocated due to a reduction of free allocation in accordance with the third and fifth subparagraphs of this paragraph shall be ***fully*** used ***to exempt installations from the adjustment in accordance with paragraph 5 of this Article*****~~*. Where any such allowances remain, 50 % of those allowances shall be made available to support innovation in accordance with paragraph 8 of this Article. The other 50 % of those allowances shall be auctioned in accordance with Article 10(1) of this Directive and Member States should use the respective revenues to address any residual risk of carbon leakage in the sectors covered by Annex I to Regulation (EU) 2023/956, supporting the transition and promoting their decarbonisation in accordance with State aid rules*~~*****.’***

Justification

AMENDMENTS

The full use of the 3% buffer is an important first step to mitigate the disproportionate reduction in fallback benchmark values. However, the buffer alone is insufficient to ensure an adequate level of free allocation for sectors relying on fallback benchmarks. In addition to the 3% buffer, allowances that remain unallocated as a result of installations failing to meet the conditionality requirements introduced by Directive (EU) 2023/959 should also be used to support free allocation. As these allowances are no longer allocated to individual operators, they should be recycled within the free allocation system to prevent unnecessary reductions in benchmark values and avoid additional carbon leakage risks, while remaining fully consistent with the overall ETS cap. This approach would improve the effectiveness and fairness of the benchmark system without increasing the total volume of allowances available under the EU ETS.

Amendment 3

Proposal for a Directive COM(2026) 619 final
Article 1(1)
Directive 2003/87/EC
Article 10a(2)

Text proposed by the Commission	*Amendment*
In Article 10a, the following paragraphs 2a and 2b are inserted after paragraph 2:	*In Article 10a, the following paragraphs 2a and 2b are inserted after paragraph 2:*
'2a. By way of derogation from paragraph 2, third subparagraph, point (d), of this Article, the maximum annual reduction rate to be applied for the update of the benchmark values for heat and fuel benchmarks for the period from 2027 to 2030 shall be reduced to a percentage rate value that makes full use of the additional amount referred to in Article 10a(5a) and ensures that no reduction pursuant to Article 10a (5) applies.	*'2a. By way of derogation from paragraph 2, third subparagraph, point (d), of this Article, the maximum annual reduction rate to be applied for the update of the benchmark values for heat and fuel benchmarks for the period from 2027 to 2030 shall be reduced to a percentage rate value that makes full use of the additional amount referred to in Article 10a(5a)* ***and of the allowances referred to in Article 10a (1), sixth subparagraph*** *and ensures that no reduction pursuant to Article 10a(5) applies(...)*

Justification

The full use of the 3% buffer is an important first step to mitigate the disproportionate reduction in fallback benchmark values. However, the buffer alone is insufficient to ensure an adequate level of free allocation for sectors relying on fallback benchmarks. In addition to the 3% buffer, allowances that remain unallocated as a result of installations failing to meet the conditionality requirements introduced by Directive (EU) 2023/959 should also be used to support free allocation. As these allowances are no longer allocated to individual operators, they should be recycled within the free allocation system to prevent unnecessary reductions in benchmark values and avoid additional carbon leakage risks, while remaining fully consistent with the overall ETS cap. This approach would improve the effectiveness and fairness of the benchmark system without increasing the total volume of allowances available under the EU ETS.

euromines

CEFS
EU SUGAR

COGEN
EUROPE

ECGA
European Advanced Carbon and Graphite Materials Association

EXCA

EUROPEAN METALS

Glass Alliance Europe

FEDIOL

ICA Europe

ifiec europe
international federation of industrial energy consumers

STARCHEUROPE
PLANT-BASED SOLUTIONS