To the attention of the Climate, Environment and Energy Counsellors / Attachés of the EU Member States to the European Union

Brussels, 10 June 2026

Subject: EU ETS Fallback Benchmarks 2026–2030 – Call for conditional vote at the Climate Change Committee, 15 June

Dear madam, sir,

The undersigned associations, representing several energy-intensive industries, write to call for an urgent solution for EU ETS installations receiving free allocation under the heat and fuel fallback benchmarks.

The currently proposed 50% reduction in free allocation is unsustainable and does not reflect the technological reality of the sectors concerned. We therefore reiterate our ask to freeze the current fallback benchmark values until the methodology is replaced by one genuinely aligned with sectoral realities.

However, recognising the tight timeline, we call on you to condition your positive vote on 15 June in the Climate Change Committee. Support should be tied to a firm commitment from the Commission to table a legislative proposal – separate but parallel to the broader ETS Directive review and adopted via fast-track procedure – empowering the Commission to:

- Adopt sector-specific fallback benchmarks based on an updated methodology (at the appropriate statistical level for each sector), resulting in a significantly lower reduction rate than currently proposed for all sectors,
- Apply the new benchmark values retroactively from 1 January 2026, and
- Apply adequate criteria by weighing in carbon leakage exposure and excluding elements such as a specific number of (sub) installations, a trigger point for the maximum updated rate of 50%.

Recital 16 as currently drafted is insufficient: it does not guarantee an adequate methodology, nor does it provide for retroactive application. <u>Sector-specific benchmark methodology proposals that still result in a 50% reduction offer no meaningful relief.</u>

This commitment must be formally stated by the Commission in the minutes of the Climate Change Committee meeting on 15 June and reflected along the points above in an Article in the Implementing Regulation, prior to the vote.

If the Implementing Regulation passes without these guarantees, our sectors will face a 50% reduction in free allocation from 2026 – a political failure that would endanger European industry and undermine the EU's own climate and competitiveness objectives.

ICA Europe

EUROPEAN METALS

European Aluminium

euromines

STARCHEUROPE
PLANT-BASED SOLUTIONS

ifiec europe
international federation of industrial energy consumers

Glass Alliance Europe

TomatoEurope
PROCESSORS ASSOCIATION