EU Emissions Trading System: heat and fuel benchmark values for 2026–2030

2026/0211(COD) - 17/07/2026 - Legislative proposal

PURPOSE: to amend Directive 2003/87/EC (EU Emissions Trading System – ETS) by revising the heat and fuel benchmark values used for the free allocation of emission allowances for the 2026–2030 period.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: free allocation to installations in the system for greenhouse gas emission allowance trading within the Union (EU ETS) is determined based on harmonised Union-wide benchmarks reflecting the performance of the most efficient installations. The ex-ante Union-wide benchmarks are established in Annex I to Commission Delegated Regulation (EU) 2019/331. The Commission updates the benchmark values for each five-year period for free allocation referred to in Article 11 of Directive 2003/87/EC in accordance with the rules laid down in Article 10a of that Directive.

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.

CONTENT: therefore, this proposal amends Article 10a of Directive 2003/87/EC regarding the determination of the revised values for the heat and fuel benchmarks until 2030.

The proposal provides for the adjustment to the maximum annual update rate to be applied to heat and fuel benchmarks for the update by the Commission of those benchmark values until 2030. In that case, the adjusted percentage rate value to be applied will reflect the highest possible upwards adjustment to free allocation levels determined by the heat and fuel benchmarks by fully using the available allowances that can be allocated free of charge for 2026 to 2030, amounting to around **80 million allowances**, while at the same time not triggering the application of the cross-sectoral correction factor.

The minimum update rate remains unchanged. The reference periods, datasets and overall methodology to update the benchmark values remain unchanged.

The benchmark values will be adjusted for the period from 2027 to 2030. The adjustment to free allocation levels for the year 2026 will be implemented through an update of the benchmark values for the year 2027 applying a maximum update percentage rate value that makes use of 40 % of the additional amount referred to in Article 10a(5a) and ensures that no reduction pursuant to Article 10a(5) applies.