



2026/0211(COD)

18.9.2026

AMENDMENTS

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Draft report
Adam Jarubas

Amending Directive 2003/87/EC as regards revised benchmark values for the heat and fuel benchmarks for the period from 2026 to 2030

Proposal for a regulation
(COM(2026)0619 – C10-0189/2026 – 2026/0211(COD))

Amendment 1
Michael Bloss

Proposal for a regulation

—

Proposal for a rejection

***The European Parliament rejects the
Commission proposal.***

Or. en

Justification

Benchmarks should be set through a transparent, evidence-based process. The proposal to allocate additional 80 million allowances to the sectors for which the heat and fuel benchmark applies without assessing the capability of production processes to decarbonise, the actual demand within industry and the environmental impacts is a clear breach of this rule. Any changes to the benchmark proposal should be negotiated within the wider ETS revision.

Amendment 2
Li Andersson

Proposal for a regulation

—

Proposal for a rejection

***The European Parliament rejects the
Commission proposal.***

Or. en

Justification

The proposal to amend Directive 2003/87/EC goes beyond what is necessary to ensure timely and effective support to the sectors concerned, contrary to the explanation in the Explanatory Memorandum. According to the memorandum "the present proposal ensures the highest possible increase to free allocation levels determined on the basis of fall-back benchmarks for the 2026-2030 period, without triggering the application of the cross-sectoral correction factor pursuant to Article 10a(5) of the ETS Directive". At least more targeted scope and stronger conditionality should be applied. At present, the Commission proposal goes too far in trading off climate integrity.

Amendment 3

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) 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) 2019/331³. 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.

³ Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8, ELI:

Amendment

(1) ***The system for greenhouse gas emission allowance trading within the Union (EU ETS), as a central instrument of the Union's climate policy, artificially increases production costs for energy-intensive industries in order to accomplish arbitrary and ideological decarbonisation objectives, which places them at a severe disadvantage vis-à-vis international competitors operating under less stringent carbon constraints.*** Free allocation to installations in the system for greenhouse gas emission allowance trading within the Union (EU ETS) is ***therefore essential to safeguarding the competitiveness of European industries and mitigating the risk of deindustrialisation and relocation of production outside the Union.*** They are 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.

³ Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8, ELI:

Amendment 4

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) 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) 2019/331³. 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.

³ Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8, ELI:

Amendment

(1) 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) 2019/331³. 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. ***The benchmark system should provide effective protection against the risk of carbon leakage while preserving strong incentives to reduce greenhouse gas emissions, improve energy efficiency and invest in electrification, renewable energy and other decarbonisation technologies.***

³ Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8, ELI:

http://data.europa.eu/eli/reg_del/2019/331/oj).

http://data.europa.eu/eli/reg_del/2019/331/oj).

Or. en

Justification

Free allocation should address carbon leakage while maintaining strong incentives for industrial decarbonisation. Existing conditionality tools, including energy-audit recommendations and investment commitments linked to climate neutrality or transition plans, can help ensure that additional support contributes to emission reductions and energy efficiency.

Amendment 5

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Antonín Staněk

Proposal for a regulation

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) The increase in production costs imposed on Member States' industry through the EU ETS, which is causing industrial relocation and loss of competitiveness and employment, is only expected to rise in the coming years. Given that the proposed modifications to Directive 2003/87/EC and to Regulation (EU) 2023/956 have fallen short of expectations, and that the modifications needed to truly safeguard industrial production and employment are incompatible with the entire framework of the EU ETS, Directive 2003/87/EC should be repealed.

Or. en

Amendment 6

Daniel Obajtek, Jacek Ozdoba, Jadwiga Wiśniewska

Proposal for a regulation

Recital 2

(2) 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.***

⁴ [please insert the full reference once available – CSCF Decision]

(2) 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') ***and selected product benchmarks***, should be increased. ***At the same time, adequate resources should be safeguarded for the Modernisation Fund. An amount equivalent to 0,5 % of the total quantity of allowances should therefore be allocated to the Modernisation Fund in accordance with Article 10a(5b) and Article 10d of Directive 2003/87/EC. The remaining allowances available under Article 10a(5a) of that Directive should be used to adjust the maximum annual update rate applied for the heat and fuel benchmarks and selected product benchmarks that were subject to the maximum update rate of 2,5% applicable in 2026 by using the allowances available for free allocation in the period from 2026 to 2030 as laid down in Commission Decision XXX⁴ [CSCF Decision], 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 37 million allowances. Article 10a(1), sixth subparagraph, of that Directive should be amended accordingly.***

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Justification

Using the remaining buffer to increase free allocation under the fallback benchmarks reduces

the amount of unused Article 10a(5a) capacity that could otherwise be made available, within the limits set out in Article 10a(5b), to the Modernisation Fund. The amendment: a) mitigates this effect by safeguarding the allocation foreseen for the Modernisation Fund; b) makes available allowances that remain unallocated due to the application of conditionalities, estimated at around 33 million allowances; c) extends the scope of the adjustment to selected product benchmarks, thereby preventing distortions of competition between installations operating within the same sector but subject to different benchmark methodologies.

Amendment 7

Jacek Ozdoba

on behalf of the ECR Group

Alexandr Vondra, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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 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.

Amendment

(2) 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') **and selected product benchmarks**, should be increased. In order to do so, it is appropriate to adjust the maximum annual update rate applied for the fallback benchmarks **and product benchmarks that were subject to the maximum update rate of 2,5% applicable in 2026** 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, **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 37 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 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.

⁴ [please insert the full reference once available – CSCF Decision]

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Justification

The amendment proposes to use both the buffer (80 M EUA) and the allowances suppressed by the conditionalities (37 M EUA), to reach an acceptable outcome for the fallback benchmarks values. The full use of the 3% buffer (as proposed by the Commission) is a necessary first step, but remains insufficient. The amendment also extends the scope of the adjustment to selected product benchmarks, thereby preventing distortions of competition between installations operating within the same sector but subject to different benchmark methodologies.

Amendment 8

Susana Solís Pérez, Letizia Moratti, Massimiliano Salini, Dolors Montserrat, Raúl de la Hoz Quintano, Radan Kanev, Esther Herranz García

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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

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(2) 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.

⁴ [please insert the full reference once available – CSCF Decision]

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, ***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 37 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.

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Amendment 9

Elżbieta Katarzyna Łukacijewska

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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

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(2) 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 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.

⁴ [please insert the full reference once available – CSCF Decision]

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 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. ***The additional 33 million allowances resulting from the application of free allocation conditionality should remain within the free allocation framework and be used to further adjust the maximum annual reduction rates applicable to the heat and fuel benchmarks, out of which 25 % should be dedicated to mitigate the cost of investments in district heating sector .***

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Justification

The Commission identified 33 million additional allowances from free allocation conditionality; these should remain within the free allocation framework for their original purpose. Applying them to adjust maximum annual reduction rates would mitigate the significant reduction of heat and fuel benchmarks for 2026–2030. Originally intended for district heating operators investing under Climate Neutrality Plans, withholding them risks raising district heat costs for citizens—free allocation mitigates this while supporting decarbonisation.

Amendment 10

Ondřej Knotek, Jana Nagyová

Proposal for a regulation

Recital 2

(2) 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.

⁴ [please insert the full reference once available – CSCF Decision]

(2) 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, ***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 37 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.

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Amendment 11
Dimitris Tsiodras

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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.

⁴ [please insert the full reference once available – CSCF Decision]

Amendment

(2) 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 **88** 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.

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

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 12

Stefano Cavedagna, Nicola Procaccini, Pietro Fiocchi, Michele Picaro, Sergio Berlato, Antonella Sberna, Paolo Inselvini, Alexandr Vondra, Ondřej Krutílek, Sander Smit, Diego Solier, Nora Junco García

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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 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.

Amendment

(2) 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, ***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.

⁴ [please insert the full reference once available – CSCF Decision]

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Amendment 13

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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***

Amendment

(2) 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.

resulting from the adjustment should only concern the amounts determined by the fallback benchmarks.

⁴ [please insert the full reference once available – CSCF Decision]

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Amendment 14

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) 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.

Amendment

(2) 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, ***while taking due account of differences between manufacturing sectors as regards technological characteristics and the availability and maturity of decarbonisation technologies***, 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.

⁴ [please insert the full reference once available – CSCF Decision]

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Justification

Manufacturing processes covered by the same fallback benchmark may face significantly different technological constraints and decarbonisation pathways. The adjustment of free allocation should therefore take due account of such differences, while preserving the overall architecture and environmental objectives of the EU ETS.

Amendment 15

Elżbieta Katarzyna Łukacijewska

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) 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***

Amendment

(2) To address concerns expressed by certain industrial sectors ***and district heating operators*** in the context of updating the benchmark values until 2030 and provide additional protection against the risk of carbon leakage ***and increases in heating costs for final consumers***, 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 XXX [CSCF Decision], amounting to around 80 million allowances. ***When determining the adjustment applicable to the heat***

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.

⁴ [please insert the full reference once available – CSCF Decision]

benchmark, the Commission should take into account the specific allocation conditions applicable to district heating, the sector's ongoing emission reduction efforts and investment needs, and the social importance of ensuring secure and affordable heat supply and avoiding disproportionate increases in heating costs for final consumers.

⁴ [please insert the full reference once available – CSCF Decision]

Or. en

Justification

When adjusting the heat benchmark's maximum annual reduction rate, the Commission should consider the sector's emission reduction efforts, capital-intensive investments, and uneven decarbonisation pace. Unlike carbon leakage sectors (100% of Art. 10a quantity), district heating gets only 30%—applied to preliminary allocation, not actual emissions. Systems using gas-fired cogeneration to replace coal deserve consideration. Until zero-emission solutions scale, free allocation remains necessary to limit EUA cost impacts on tariffs and consumers.

Amendment 16

Marie-Luce Brasier-Clain, Valérie Deloge, Mathilde Androuët, Silvia Sardone, Antonín Staněk, Anne-Sophie Frigout

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) 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

Amendment

(2) 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 XXX [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.

⁴ [please insert the full reference once available – CSCF Decision]

totality of the allowances available for free allocation in the period from 2026 to 2030 as laid down in Commission Decision XXX [CSCF Decision], amounting to around 80 million allowances. ***Despite*** the targeted nature of this adjustment and the rules set out 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 ***could be extended beyond*** the amounts determined ***solely*** by the fallback benchmarks.

⁴ [please insert the full reference once available – CSCF Decision]

Or. fr

Amendment 17

Elżbieta Katarzyna Łukacijewska

Proposal for a regulation

Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) District heating operators are undertaking significant emission reduction efforts and capital-intensive investments while remaining exposed to EU ETS costs for a substantial part of their emissions. Free allocation based on the heat benchmark supports those investments and helps limit the impact of European Union allowance (EUA) costs on consumers. It will remain particularly important for systems using natural gas as a transitional fuel to replace coal until technically and economically feasible zero-emission solutions become available. Since district heating provides an essential service to households and public institutions and needs to maintain continuous supply, the adjustment of the

maximum annual reduction rate applicable to the heat benchmark should preserve investment capacity and avoid disproportionate increases in heating costs for final consumers.

Or. en

Amendment 18

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk, Jana Nagyová, Ondřej Knotek

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) In order to address the concerns of the Union ceramic industry, which faces significant costs arising from the adjustment of benchmark values within the EU ETS, installations producing ceramic products by firing, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain, covered by Annex I to Directive 2003/87/EC shall be exempted from the obligation to surrender allowances under Article 12(3)(a) of Directive 2003/87/EC for the period from 2026 to 2030. This modification is particularly relevant in light of the importance of ceramic manufacturing installations, which directly employ over 200 000 people, and have close ties to their local communities, as well as the fact that these installations account for only around 1 % of industrial emissions covered by the EU ETS.

Or. en

Amendment 19

Jacek Ozdoba, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) Special attention should be given to the district heating sector, given its socially sensitive nature and its direct impact on the well-being and health of citizens. In order to support affordable and secure heat supply, in particular in district heating systems undergoing a transition from coal-based heat generation to lower-carbon energy sources, at least 50 % of the allowances that are not allocated as a result of the reduction of free allocation under the third and fifth subparagraphs of Article 10a(1) of Directive 2003/87/EC should be reserved for increasing free allocation to district heating sub-installations through the heat benchmark.

Or. en

Justification

District heating is a socially sensitive sector with a direct impact on the affordability and security of heat supply for citizens. Reserving at least 50 % of the additional unallocated allowances for district heating sub-installations would support the transition of heating systems, particularly those moving away from coal, while helping to avoid excessive cost increases for final consumers.

Amendment 20

Marie-Luce Brasier-Clain, Valérie Deloge, Mathilde Androuët, Viktória Ferenc, Silvia Sardone, Antonín Staněk, Anne-Sophie Frigout

Proposal for a regulation
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) To address the fact that emission reduction capacity remains too limited due to the insufficient availability of technologies and measures in certain sectors at risk of carbon leakage, the pace

*of reduction of the benchmark values
should be adjusted in line with the actual
availability of technologies in each sector.*

Or. fr

Amendment 21

**Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider,
Mathilde Androuët, Viktória Ferenc, Antonín Staněk, Jana Nagyová, Ondřej Knotek**

Proposal for a regulation

Recital 3 a (new)

Text proposed by the Commission

Amendment

***(3a) For the year 2027, installations
producing ceramic products by firing, in
particular roofing tiles, bricks, refractory
bricks, tiles, stoneware or porcelain,
covered by Annex I to Directive
2003/87/EC shall be allocated additional
free allowances corresponding to the
number of allowances surrendered in
respect of their verified emissions for the
year 2026. The additional allowances
allocated shall be deducted from the
quantity of allowances that would
otherwise be auctioned pursuant to Article
10(1) of Directive 2003/87/EC.***

Or. en

Amendment 22

**Marie-Luce Brasier-Clain, Valérie Deloge, Mathilde Androuët, Viktória Ferenc, Silvia
Sardone, Antonín Staněk, Anne-Sophie Frigout**

Proposal for a regulation

Recital 4

Text proposed by the Commission

Amendment

**(4) To preserve the level playing field
and prevent negative effects on free
allocation determined on the basis of the
product benchmarks, *it is necessary to***

**(4) To preserve the level playing field
*in sectors where actual decarbonisation
possibilities differ markedly*, prevent
negative effects on free allocation**

ensure that the adjusted percentage rate value for the maximum annual update rate used to determine the fallback benchmarks until 2030 does not trigger the application of the cross-sectoral correction factor pursuant to Article 10a(5) of Directive 2003/87/EC.

determined on the basis of the product benchmarks ***and*** ensure that the adjusted percentage rate value for the maximum annual update rate used to determine the fallback benchmarks until 2030 does not trigger the application of the cross-sectoral correction factor pursuant to Article 10a(5) of Directive 2003/87/EC, ***the legislative provisions governing the envelope and the conditions for triggering the cross-sectoral correction factor should be revised.***

Or. fr

Amendment 23

Marie-Luce Brasier-Clain, Valérie Deloge, Mathilde Androuët, Viktória Ferenc, Silvia Sardone, Roman Haider, Antonín Staněk, Anne-Sophie Frigout

Proposal for a regulation

Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) To preserve the competitiveness of certain sectors at risk of carbon leakage, the Commission should carry out, before any further revision of the benchmarks, a sector-specific assessment of the commercial availability, cost and timeline for deployment of the technologies necessary to achieve the performance levels set out in the benchmarks.

Or. fr

Amendment 24

Jacek Ozdoba

on behalf of the ECR Group

Daniel Obajtek, Jadwiga Wiśniewska

Proposal for a regulation

Recital 5

(5) *To further incentivise decarbonisation, it is appropriate for the existing maximum update rate for fallback benchmarks established under Article 10a(2), third subparagraph, point (d), of Directive 2003/87/EC for the period from 2026 to 2030 to continue to be applicable to installations carrying out oil and gas activities, including as regards the free allocation amounts determined on the basis of the fallback benchmarks. To further operationalise the differentiated treatment between oil and gas activities and other activities the fallback benchmarks are applied to, the Commission should establish the corresponding sector specific sub-benchmarks under the ex-ante heat and fuel benchmarks for activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council⁶.* **deleted**

⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1, ELI: <http://data.europa.eu/eli/reg/2006/1893/oj>).

Or. en

Justification

The exclusion of specific sectors from the adjustment of the heat and fuel benchmarks should be deleted. At a time of persistently high energy prices, growing competitive pressure from third countries and continued geopolitical instability, the EU should not create additional disadvantages for selected parts of its own industrial base. Carbon-leakage protection should be applied in a consistent and technology-neutral manner.

Amendment 25

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) To further ***incentivise decarbonisation***, it is appropriate for the existing maximum update rate for fallback benchmarks established under Article 10a(2), third subparagraph, point (d), of Directive 2003/87/EC for the period from 2026 to 2030 to ***continue to be applicable to*** installations carrying out oil and gas activities, ***including*** as regards the free allocation amounts determined on the basis of the fallback benchmarks. ***To further operationalise the differentiated treatment between oil and gas activities and other activities the fallback benchmarks are applied to, the Commission should establish the corresponding sector specific sub-benchmarks under the ex-ante heat and fuel benchmarks for activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council⁶.***

Amendment

(5) To further ***strengthen the energy sovereignty of Member States in the current geopolitical context***, it is appropriate for the existing maximum update rate for fallback benchmarks established under Article 10a(2), third subparagraph, point (d), of Directive 2003/87/EC for the period from 2026 to 2030 to ***be similarly adjusted for*** installations carrying out oil and gas activities, ***particularly*** as regards the free allocation amounts determined on the basis of the fallback benchmarks.

⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1, ELI: <http://data.europa.eu/eli/reg/2006/1893/oj>).

Or. en

Amendment 26

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) To further incentivise decarbonisation, it is appropriate for the existing maximum update rate for fallback benchmarks established under Article 10a(2), third subparagraph, point (d), of Directive 2003/87/EC for the period from 2026 to 2030 to continue to be applicable to installations carrying out oil and gas activities, including as regards the free allocation amounts determined on the basis of the fallback benchmarks. To further operationalise the differentiated treatment between oil and gas activities and other activities the fallback benchmarks are applied to, the Commission should establish the corresponding sector specific sub-benchmarks under the ex-ante heat and fuel benchmarks for activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council⁶.

⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific

Amendment

(5) To further incentivise decarbonisation, ***and to ensure that the additional free allocation provided for by this Regulation is targeted towards manufacturing activities facing specific technological constraints in their decarbonisation pathways***, it is appropriate for the existing maximum update rate for fallback benchmarks established under Article 10a(2), third subparagraph, point (d), of Directive 2003/87/EC for the period from 2026 to 2030 to continue to be applicable to installations carrying out oil and gas activities, including as regards the free allocation amounts determined on the basis of the fallback benchmarks. To further operationalise the differentiated treatment between oil and gas activities and other activities the fallback benchmarks are applied to, the Commission should establish the corresponding sector specific sub-benchmarks under the ex-ante heat and fuel benchmarks for activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council⁶.

⁶ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific

statistical domains (OJ L 393, 30.12.2006,
p. 1, ELI:
<http://data.europa.eu/eli/reg/2006/1893/oj>).

statistical domains (OJ L 393, 30.12.2006,
p. 1, ELI:
<http://data.europa.eu/eli/reg/2006/1893/oj>).

Or. en

Justification

The differentiated treatment introduced by the Commission appropriately distinguishes manufacturing activities facing specific technological constraints from oil and gas activities. Additional free allocation under this Regulation should remain targeted and should not weaken the incentive to move away from fossil fuel production and use.

Amendment 27

Ondřej Knotek, Jana Nagyová

Proposal for a regulation

Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) In case the application of the Union-wide ex-ante fuel benchmark does not properly reflect the emission intensity of identifiable industrial sectors, the Commission may set sector-specific sub-benchmarks, which shall be determined on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, using the same dataset, the same reference period and the same methodology as those provided for in Article 10a(2) of Directive 2003/87/EC for the setting of the fallback benchmarks.

Or. en

Amendment 28

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation

Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) *Where a Union-wide ex-ante fuel benchmark does not adequately reflect the emission intensity of a clearly identifiable manufacturing sector, a sector-specific sub-benchmark should be established. Such a sub-benchmark should reflect the average greenhouse gas emission intensity of the 10 % most efficient sub-installations in that sector and be calculated using the same reference period, dataset and methodology as those applied pursuant to Article 10a(2) of Directive 2003/87/EC for determining the relevant fallback benchmark.*

Or. en

Justification

Union-wide fallback benchmarks may not in all cases adequately reflect differences in emission intensity and technological characteristics between manufacturing sectors. The Commission itself assessed sector-specific fallback benchmarks in the preparation of the proposal, while maintaining the benchmark methodology based on the average performance of the 10 % best-performing installations. A sector-specific approach can therefore improve the accuracy of the benchmark where sufficiently homogeneous sectoral data are available, without departing from the performance-based logic of the EU ETS.

Amendment 29

Stefano Cavedagna, Nicola Procaccini, Pietro Fiocchi, Michele Picaro, Sergio Berlato, Antonella Sberna, Paolo Inselvini, Alexandr Vondra, Ondřej Krutílek, Sander Smit, Diego Solier, Nora Junco García

Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) *Where the application of the Union-wide ex-ante fuel benchmark does not adequately reflect the emission intensity of identifiable industrial sectors, implementing powers should be conferred on the Commission to establish sector-specific sub-benchmarks determined on*

the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, applying the same reference period, dataset and methodology set out in Article 10a(2) of Directive 2033/87/EC for the determination of the fallback benchmarks

Or. en

Amendment 30

Susana Solís Pérez, Letizia Moratti, Massimiliano Salini, Dolors Montserrat, Raúl de la Hoz Quintano, Radan Kanev, Esther Herranz García

**Proposal for a regulation
Recital 5 a (new)**

Text proposed by the Commission

Amendment

(5a) Where the application of the Union-wide ex-ante fuel benchmark does not adequately reflect the emission intensity of identifiable industrial sectors, implementing powers should be conferred on the Commission to establish sector-specific sub-benchmarks determined on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, applying the same reference period, dataset and methodology set out in Article 10a(2) of Directive 2033/87/EC for the determination of the fallback benchmarks.

Or. en

Amendment 31

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk, Jana Nagyová, Ondřej Knotek

**Proposal for a regulation
Recital 7**

Text proposed by the Commission

(7) To ensure a swift increase of free allocation levels determined on the basis of the fallback benchmarks that reflect the revised maximum annual update rate value, **and** to ensure that those additional amounts are made available as of the determination of free allocation for the year 2027, this Regulation should **solely address allocations under those benchmarks within the amount of allowances available and** enter into force on the third day following that of its publication,

Amendment

(7) To ensure a swift increase of free allocation levels determined on the basis of the fallback benchmarks that reflect the revised maximum annual update rate value, to ensure that those additional amounts are made available as of the determination of free allocation for the year 2027, **and to ensure that the exemption provided for installations producing ceramic products enters into force before 2027**, this Regulation should enter into force on the third day following that of its publication,

Or. en

Amendment 32

Jacek Ozdoba

on behalf of the ECR Group

Alexandr Vondra, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 6

Present text

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 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**

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

‘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 used **for the purpose of** paragraph 2a.’;

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.

Or. en

(02003L0087-20240301)

Justification

Making full use of the 3 % buffer is a necessary first step to address the excessive reduction in fallback benchmark values. Nevertheless, the buffer on its own does not provide sufficient support to maintain an adequate level of free allocation for sectors dependent on fallback benchmarks. Additional allowances should therefore be mobilised from amounts that remain unallocated because installations do not comply with the conditionality requirements introduced by Directive (EU) 2023/959, and used to reinforce free allocation.

Amendment 33

Adam Jarubas, Peter Liese

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 6

Present text

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 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*

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

‘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 used *for the purposes of paragraph 2a.*’;

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.

Or. en

(32003L0087)

Amendment 34

Ondřej Knotek, Jana Nagyová

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 6

Present text

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 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.*

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

*‘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 used **for the purposes of** paragraph 2a.’;*

Or. en

Amendment 35

Stefano Cavedagna, Nicola Procaccini, Pietro Fiocchi, Michele Picaro, Sergio Berlato, Paolo Inselvini, Alexandr Vondra, Sander Smit, Ondřej Krutílek, Diego Solier, Nora Junco García

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1– subparagraph 6

Present text

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 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.*

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

‘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 used *for the purposes of paragraph 2a.*’;

Or. en

((32003L0087))

Amendment 36

Dimitris Tsiodras

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 6

Present text

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 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.*

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

‘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.’;

Or. en

(32003L0087)

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 37

Susana Solís Pérez, Letizia Moratti, Massimiliano Salini, Dolors Montserrat, Raúl de la Hoz Quintano, Radan Kanev, Esther Herranz García

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 6

Present text

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 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.*

Amendment

(-1) In Article 10a, paragraph 1, the sixth subparagraph is replaced by the following:

‘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 used ***for the purposes of paragraph 2a. Where any such allowances remain, shall be used*** to exempt installations from the adjustment in accordance with paragraph 5.’;

Or. en

(02003L0087-20240301)

Amendment 38

Adam Jarubas, Peter Liese

Proposal for a regulation

Article 1 – paragraph 1 – point -1 (new)

Present text

For each sector and subsector, ***in principle***, the benchmark shall be calculated for products rather than for inputs, in order to maximise greenhouse gas emission reductions and energy efficiency savings throughout each production process of the sector or ***the*** subsector concerned. ***In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency and to ensure a level playing field for installations using new technologies that partly reduce or fully eliminate greenhouse gas emissions, and installations using existing technologies, the determined*** Union-wide ex-ante benchmarks shall ***be reviewed in relation to their application in the period from 2026 to 2030, with a view to potentially modifying the definitions and system boundaries of existing product benchmarks, considering as guiding principles the circular use-potential of materials and that the benchmarks should be independent of the feedstock and the type of production process, where the production processes have the same purpose.*** The Commission shall ***endeavour to adopt the implementing acts for the purpose of determining the revised benchmark values for free allocation in accordance with paragraph 2, third subparagraph, as soon as possible and before the start of the period from 2026 to 2030.***

Amendment

(-1) In Article 10a, paragraph 1, the eight subparagraph is replaced by the following:

‘For each sector and subsector, the benchmark shall ***in principle*** be calculated for products rather than for inputs, in order to maximise greenhouse gas emission reductions and energy efficiency savings throughout each production process of the sector or subsector concerned.

When determining the Union-wide ex-ante benchmarks, ***the Commission shall also take into account the need to ensure the representativeness of the group of installations belonging to the 10 % most efficient installations in a given sector or***

subsector. In particular, the Commission shall take into account:

(a) the representativeness of the technologies used by those installations for the sector or subsector concerned;

(b) the nature and scale of the activity carried out;

(c) the share of production represented by the reference installations in the total production of the sector or subsector concerned;

(d) the number of installations and sub-installations forming the basis for determining the benchmark value.

When adopting those acts, the Commission shall present the rules for the selection of the reference installations, the methodology applied, the assumptions made and the aggregated source data used to determine the benchmark values, while ensuring the protection of commercially sensitive information.

The second and third subparagraphs shall apply mutatis mutandis to the determination of fallback benchmark values, including the heat and fuel benchmarks, in order to ensure the representativeness of the reference sub-installations used for that purpose.’;

Or. en

(32003L0087)

Amendment 39

Daniel Obajtek, Jacek Ozdoba, Jadwiga Wiśniewska

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

By way of derogation from paragraph 2,

Amendment

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.

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, *as well as products benchmarks that were subject to the maximum update rate applicable in paragraph 2, third subparagraph, point (d), of this Article* for the period from 2027 to 2030 shall be reduced to a percentage rate value that makes full use of the *amount remaining under paragraph 5a of this Article, after an amount equivalent to 0,5 % of the total quality of allowances has been allocated to the Modernisation Fund in accordance with paragraph 5b of this Article and Article 10d, and of the allowances* referred to in *paragraph 1, sixth subparagraph, of this Article* and ensures that no reduction pursuant to *paragraph 5 of this Article* applies.

Or. en

Justification

Using the remaining buffer to increase free allocation under the fallback benchmarks reduces the amount of unused Article 10a(5a) capacity that could otherwise be made available, within the limits set out in Article 10a(5b), to the Modernisation Fund. The amendment: a) mitigates this effect by safeguarding the allocation foreseen for the Modernisation Fund; b) makes available allowances that remain unallocated due to the application of conditionalities, estimated at around 33 million allowances; c) extends the scope of the adjustment to selected product benchmarks, thereby preventing distortions of competition between installations operating within the same sector but subject to different benchmark methodologies.

Amendment 40

Elżbieta Katarzyna Łukacijewska

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

By way of derogation from paragraph 2, third subparagraph, point (d), *of this*

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), the

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.

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 **paragraph 5a** and ensures that no reduction pursuant to **paragraph 5** applies. **For this purpose, the additional amount available for the adjustment of the heat and fuel benchmarks shall be increased by 33 million allowances resulting from the application of free allocation conditionality, out of which 25 % shall be dedicated to mitigate the cost of investments in district heating sector to shield the most vulnerable consumers from heat price increase.**

Or. en

Justification

The 33 million allowances identified by Commission were originally earmarked for free allocation and should remain within that framework. Given the significant reduction of fallback benchmarks for 2026–2030, they should be used to enlarge the pool available for adjusting both benchmarks. These allowances originate from provisions dedicated to district heating operators, based on investments under Climate Neutrality Plans. Withholding free allocation risks raising district heat costs for EU citizens; leaving it mitigates this cost while supporting sector decarbonisation.

Amendment 41

Jacek Ozdoba

on behalf of the ECR Group

Alexandr Vondra, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), the maximum annual reduction rate to be applied for the update of the benchmark

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.

values for heat and fuel benchmarks, **as well as products benchmarks that were subject to the maximum update rate applicable in paragraph 2, third subparagraph, point (d)** 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 **paragraph 5a and of the allowances referred to in paragraph 1, sixth subparagraph, and** ensures that no reduction pursuant to **paragraph 5** applies.

Or. en

Justification

The amendment proposes to use both the buffer (80 M EUA) and the allowances suppressed by the conditionalities (37 M EUA), to reach an acceptable outcome for the fallback benchmarks values. The full use of the 3% buffer (as proposed by the Commission) is a necessary first step, but remains insufficient. The amendment also extends the scope of the adjustment to selected product benchmarks, thereby preventing distortions of competition between installations operating within the same sector but subject to different benchmark methodologies.

Amendment 42

Ondřej Knotek, Jana Nagyová

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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, **after taking into account the sector-specific benchmarks referred to in paragraph 2ba**, makes full use of the additional amount referred to **paragraph 5a and also the allowances referred to in paragraph 1**,

sixth subparagraph, and ensures that no reduction pursuant to *paragraph 5* applies.

Or. en

Amendment 43

Susana Solís Pérez, Letizia Moratti, Massimiliano Salini, Dolors Montserrat, Raúl de la Hoz Quintano, Radan Kanev, Esther Herranz García

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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, *after considering the sector-specific benchmarks referred to in paragraph 2ba*, makes full use of the additional amount referred to in *paragraph 5a* and *of the allowances referred to in paragraph 1, sixth subparagraph, and* ensures that no reduction pursuant to *paragraph 5* applies.

Or. en

Amendment 44

Stefano Cavedagna, Nicola Procaccini, Pietro Fiocchi, Michele Picaro, Sergio Berlato, Antonella Sberna, Paolo Inselvini, Alexandr Vondra, Ondřej Krutílek, Sander Smit, Diego Solier, Nora Junco García

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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, ***after considering the sector-specific benchmarks referred to in paragraph 2ba***, makes full use of the additional amount referred to ***paragraph 5a and of the allowances referred to in paragraph 1, sixth subparagraph***, and ensures that no reduction pursuant to ***paragraph 5*** applies.

Or. en

Amendment 45

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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, ***taking into account the additional free allocation resulting from the sector-specific sub-benchmark established pursuant to paragraph 2ba***, makes full use of the additional amount referred to in ***paragraph 5a*** and ensures that no reduction pursuant to ***paragraph 5*** applies.

Justification

The establishment of a sector-specific sub-benchmark pursuant to paragraph 2ba should not increase the overall amount of allowances available for free allocation under this Regulation. The additional allocation resulting from that sub-benchmark should therefore be taken into account when determining the horizontal adjustment under paragraph 2a, ensuring that the overall adjustment remains within the additional amount available under Article 10a(5a) and does not trigger the cross-sectoral correction factor.

Amendment 46

Anja Arndt, Marc Jongen, Volker Schnurrbusch

Proposal for a regulation**Article 1 – paragraph 1 – point 1**

Directive 2003/87/EC

Article 10 a – paragraph 2 a – subparagraph 1

Text proposed by the Commission

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**.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), of this Article, the 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 **set at 0 %**. The additional amount referred to in Article 10a(5a) **shall be used in full to cover the resulting increase in free allocation**. A reduction pursuant to Article 10a(5) **shall not apply to the allocation quantities determined on the basis of the heat and fuel benchmarks**.

Justification

A further reduction in the fallback benchmarks would place an even greater burden on European industry, even though no technically and economically viable alternatives are available in many sectors. The benchmarks must therefore be frozen until 2030. The relief must not be offset by the cross-sectoral correction factor.

Amendment 47

Adam Jarubas, Peter Liese

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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 ***paragraph 5a, and of the allowances referred to in the sixth subparagraph of paragraph 1***, and ensures that no reduction pursuant to ***paragraph 5*** applies.

Or. en

Amendment 48

Dimitris Tsiodras

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1

Text proposed by the Commission

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.

Amendment

By way of derogation from paragraph 2, third subparagraph, point (d), 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 ***paragraph 5a and of the allowances referred to in the sixth subparagraph of paragraph 1*** and ensures that no reduction pursuant to ***paragraph 5*** applies.

Or. en

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 49

Marie-Luce Brasier-Clain, Valérie Deloge, Mathilde Androuët, Viktória Ferenc, Silvia Sardone, Antonín Staněk, Anne-Sophie Frigout

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10 a – paragraph 2 a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Where the application of paragraph 5 leads to a reduction in the free allocation levels to the extent that it compromises the protection of sectors against the risk of carbon leakage, the Commission shall propose a legislative initiative aimed at enabling an appropriate adjustment of the allocation parameters to prevent such a reduction.

Or. fr

Amendment 50

Elżbieta Katarzyna Łukacijewska

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraphs 1 a and 1 b (new)

When determining the adjusted maximum annual reduction rates for the heat and fuel benchmarks, the Commission shall ensure that the rate applicable to the heat benchmark provides the highest possible increase in free allocation determined on the basis of that benchmark, including free allocation for heat supplied to district heating systems.

In determining that rate, the Commission shall take into account the specific allocation conditions applicable to district heating, the sector's ongoing emission reduction efforts and investment needs, the uneven pace of decarbonisation, particularly in systems transitioning from coal through natural gas, and the social importance of ensuring secure and affordable heat supply and avoiding disproportionate increases in heating costs for final consumers until full decarbonisation is achieved.

Or. en

Justification

Under Article 10b(4), district heating receives only 30% of the preliminary allocation based on the heat benchmark, resulting in limited coverage of actual ETS compliance needs. An upward adjustment is justified to reflect significant decarbonisation investment needs and different national starting points. It would preserve the carbon-price incentive while supporting investment capacity, security of heat supply and limiting the pass-through of ETS costs to consumers.

Amendment 51

Jacek Ozdoba, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

At least 50 % of the allowances referred to in the first subparagraph of this paragraph that are not allocated in that period as a result of the reduction of free allocation under the third and fifth subparagraphs of paragraph 1 shall be used to increase free allocation to district heating sub-installations through the heat benchmark. In applying that adjustment, particular attention shall be given to district heating systems undergoing a transition from coal-based heat generation to lower-carbon energy sources, with a view to supporting the security and affordability of heat supply.

Or. en

Justification

District heating is a socially sensitive sector with a direct impact on the affordability and security of heat supply for citizens. Reserving at least 50 % of the additional unallocated allowances for district heating sub-installations would support the transition of heating systems, particularly those moving away from coal, while helping to avoid excessive cost increases for final consumers. The distribution of 37 mln of allowances, identified by the Commission, should take account of their origin, in particular the share deriving from the Modernisation Fund and the share released as a result of the application of the Climate Neutrality Plan conditionality.

Amendment 52

Jacek Ozdoba, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1 b (new)

Text proposed by the Commission

Amendment

When determining the percentage rate values referred to in the first subparagraph, the Commission shall ensure that:

(a) the adjustment of the heat benchmark provides for the highest possible increase in free allocation determined on the basis of that benchmark, within the amount available pursuant to subparagraph 1 and without triggering a reduction pursuant to paragraph 5;

(b) the adjusted heat benchmark and the specific allocation conditions applicable to district heating continue to apply to district heating sub-installations, in particular to district heating systems undergoing a transition from coal-based heat generation to lower-carbon energy sources;

(c) the implementation of the adjustment does not undermine the security and continuity of heat supply or result in disproportionate increases in heating costs for final consumers attributable to the adjustment of the heat benchmark.

Or. en

Justification

Free allocation therefore remains an important component of the financing framework for the district heating transition. A meaningful upward adjustment of the heat benchmark would maintain the carbon-price incentive, while preserving part of the capital needed for further emission reductions and limiting the pressure to pass EU ETS costs on to heat consumers.

Amendment 53

Jacek Ozdoba, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a – subparagraph 1 b (new)

Text proposed by the Commission

Amendment

When determining the percentage rate values referred to in the first subparagraph, the Commission shall ensure that:

(a) the adjustment of the heat benchmark provides for the highest possible increase in free allocation determined on the basis of that benchmark, within the amount available pursuant to subparagraph 1 and without triggering a reduction pursuant to paragraph 5;

(b) the adjusted heat benchmark and the specific allocation conditions applicable to district heating continue to apply to district heating sub-installations, in particular to district heating systems undergoing a transition from coal-based heat generation to lower-carbon energy sources;

(c) the implementation of the adjustment does not undermine the security and continuity of heat supply or result in disproportionate increases in heating costs for final consumers attributable to the adjustment of the heat benchmark.

Or. en

Justification

Free allocation therefore remains an important component of the financing framework for the district heating transition. A meaningful upward adjustment of the heat benchmark would maintain the carbon-price incentive, while preserving part of the capital needed for further emission reductions and limiting the pressure to pass EU ETS costs on to heat consumers.

Amendment 54

Anja Arndt, Marc Jongen, Volker Schnurrbusch

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10 a – paragraph 2 a – subparagraph 2

Text proposed by the Commission

Concerning the update of the benchmark values for heat and fuel benchmarks for the year 2027, the maximum annual reduction rate to be applied shall be reduced to a percentage rate value that

Amendment

The setting of the annual reduction rate to 0 % pursuant to the first subparagraph shall also apply to the calculation of free allocations for the year 2026. The resulting additional free allocations for

makes use of 40 % of the adjustment pursuant to the first subparagraph and ensures that no reduction pursuant to Article 10a(5) applies.

the year 2026 shall be made available in full to the installations concerned no later than at the same time as the free allocation for the year 2027. A reduction pursuant to Article 10a(5) shall not apply to these allocation quantities.

Or. de

Justification

The necessary relief must not take effect only from 2027 onwards. The affected installations will already be bearing the consequences of the stricter benchmarks in 2026. The full catch-up, together with the allocation for 2027, protects the companies without creating an additional, separate administrative procedure.

Amendment 55

Anja Arndt, Marc Jongen, Volker Schnurrbusch

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10 a – paragraph 2 a – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

If the annual reduction rate set in accordance with the first subparagraph is more than 0 %, the updated values for heat and fuel benchmarks must not be lower than those applicable for the period 2021–2025, unless the Commission demonstrates, on the basis of appropriate data, that the technologies required for a further reduction are technically available, economically viable and capable of being deployed on an industrial scale.

Or. de

Justification

Assumptions regarding efficiency based purely on calculations must not form the basis for further burdens. A reduction is justifiable only if the Commission demonstrates that the relevant technologies are in fact available, affordable and suitable for industrial application. This prevents unrealistic targets and protects production from being relocated to third

countries.

Amendment 56

Anja Arndt, Marc Jongen, Volker Schnurrbusch

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10 a – paragraph 2 a – subparagraph 2 b (new)

Text proposed by the Commission

Amendment

Before adopting the legislative act updating the values for heat and fuel benchmarks, the Commission shall publish, for each benchmark, the underlying data, assumptions and calculation methods, as well as an assessment of the impact on competitiveness, energy prices, employment, investment and the risk of carbon leakage.

It shall consult the Member States and the economic sectors concerned. If the assessment indicates a significant risk of production or investment being relocated to third countries, the benchmark in question shall not be reduced.

Or. de

Justification

Climate policy targets must not lead to the relocation of industry, jobs and emissions to third countries. The Commission must disclose the economic consequences and, where there is a significant risk of relocation, refrain from further reductions.

Amendment 57

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk, Jana Nagypová, Ondřej Knotek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2a a (new)

Text proposed by the Commission

Amendment

2aa. By way of derogation from the obligation to surrender allowances pursuant to Article 12(3), point (a), installations producing ceramic products by firing, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain, covered by Annex I shall be exempt from the obligation to surrender allowances for the period from 2026 to 2030. For the year 2027, they shall be allocated additional free allowances corresponding to the number of allowances surrendered in respect of their verified emissions for the year 2026. The additional allowances allocated pursuant to this paragraph shall be deducted from the quantity of allowances that would otherwise be auctioned pursuant to Article 10(1).

Or. en

Amendment 58

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Viktória Ferenc, Antonín Staněk

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b

Text proposed by the Commission

Amendment

2b. Paragraph 2a shall not apply to free allocations for installations carrying out economic activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council*.

deleted

**** Regulation (EC) No 1893/2006 of the European Parliament and of the Council***

of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1, ELI: <http://data.europa.eu/eli/reg/2006/1893/oj>).

Or. en

Amendment 59

Anja Arndt, Marc Jongen, Volker Schnurrbusch

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10 a – paragraph 2 b

Text proposed by the Commission

Amendment

Paragraph 2a shall not apply to free allocations for installations carrying out economic activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council.*

deleted

Or. de

Justification

Excluding certain activities solely on the basis of their NACE codes is not objectively justified. These facilities, too, face international competition, ensure energy supply, generate added value and provide jobs. Accordingly, they must be treated in accordance with the same objective rules and the unequal treatment must be removed.

Amendment 60

Jacek Ozdoba

on behalf of the ECR Group

Daniel Obajtek, Jadwiga Wiśniewska

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b

Text proposed by the Commission

Amendment

Paragraph 2a shall not apply to free allocations for installations carrying out economic activities covered by NACE codes 0610, 0620, 1920 and 4950 set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council*.

deleted

Or. en

Justification

The exclusion of specific sectors from the adjustment of the heat and fuel benchmarks should be deleted. At a time of persistently high energy prices, growing competitive pressure from third countries and continued geopolitical instability, the EU should not create additional disadvantages for selected parts of its own industrial base. Carbon-leakage protection should be applied in a consistent and technology-neutral manner.

Amendment 61

Li Andersson

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b

Text proposed by the Commission

Amendment

Paragraph 2a shall **not** apply to free allocations for installations carrying out economic activities covered by NACE codes **0610, 0620, 1920 and 4950** set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council*.

Paragraph 2a shall **only** apply to free allocations for installations carrying out economic activities covered by NACE codes **10.31, 10.81, 21.10, 23.20 and 23.31** set out in Annex I to Regulation (EC) No 1893/2006 of the European Parliament and the Council*.

Or. en

Justification

Modified sectoral scope to only provide relief for sectors without near-term abatement solutions. Based on the sectors floated for sector-specific fallbacks in the CCEG meeting in June, excluding oil and gas activities, and pulp and paper and cement, for which we consider abatement options to be available in the near-term. Food-related NACE codes are maintained.

Amendment 62

Stefano Cavedagna, Nicola Procaccini, Pietro Fiocchi, Michele Picaro, Sergio Berlato, Antonella Sberna, Paolo Inselvini, Alexandr Vondra, Ondřej Krutílek, Diego Solier, Sander Smit, Nora Junco García

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. For installations carrying out economic activities classified under NACE codes 23.20 and 23.31 set out in Annex I to Regulation (EC) No 1893/2006, the Commission shall adopt implementing acts establishing sector-specific sub-benchmarks, under the ex-ante fuel benchmark, determined on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, applying the same reference period, dataset and methodology used for determining the ex-ante fuel benchmark pursuant to paragraph 2.

Or. en

Amendment 63

Li Andersson

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

2ba. To ensure that the effect of the financial support to operators is a demonstrable reduction of greenhouse gas emissions, support shall be primarily provided to investments delivering an extremely substantial and permanent reduction of greenhouse gas emissions in line with the objective of climate neutrality set in Regulation (EU) 2021/1119, as well as optimising environmental co-benefits and consistent with the ‘do not significant harm’ principle pursuant to Articles 3 and 17 of Regulation (EU) 2020/852.

Financial support shall be used by the beneficiaries to finance:

(a) investments to base at least 50 % of their energy consumption from renewable and low-carbon electricity by 2035;

(b) investments reducing greenhouse gas emissions by at least 90 % and not locking in fossil fuels by 2040, as per paragraph 140, point (a)(ii) of the Clean Industrial Deal State Aid Framework.

Financial support under this paragraph shall not be provided to industrial operators not having a binding, detailed and credible plan to phase out fossil fuels by 2040. The Commission shall ensure that the phase out is implemented.

Or. en

Justification

Introducing conditionality based on existing frameworks, aligning with the approach taken in the Temporary Decarbonisation Fund proposal.

Amendment 64

Jacek Ozdoba

on behalf of the ECR Group

Alexandr Vondra, Jadwiga Wiśniewska, Daniel Obajtek

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. *For installations carrying out economic activities classified under NACE codes 23.20, 23.31 and 23.42 set out in Annex I to Regulation (EC) No 1893/2006, the Commission shall establish sector-specific sub-benchmarks under the ex-ante fuel benchmark. Those sub-benchmarks shall be determined on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations in each sector, provided that those sub-installations represent at least 10 % of the total installed production capacity of the respective sector. The same reference period, dataset and methodology as those used for determining the ex-ante fuel benchmark pursuant to paragraph 2 shall apply. The Commission shall disclose the installations used for determining the group of the 10 % most efficient sub-installations.*

Or. en

Amendment 65

Annalisa Corrado, Leire Pajín, Sakis Arnaoutoglou, Stefano Bonaccini, Nicolás González Casares, Sandra Gómez López, Javi López, Alessandra Moretti, Matteo Ricci, Elena Sancho Murillo

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. *For installations whose economic activities fall within NACE codes 23.20*

and 23.31 set out in Annex I to Regulation (EC) No 1893/2006, the Commission shall establish sector-specific sub-benchmarks under the ex-ante fuel benchmark. Those sub-benchmarks shall correspond to the average greenhouse gas emission intensity of the 10 % most efficient sub-installations in the respective sector and shall be calculated using the same reference period, dataset and methodology as those used to determine the ex-ante fuel benchmark pursuant to paragraph 2.

Or. en

Justification

The Union-wide ex-ante fuel benchmark may not adequately reflect the specific characteristics and emission performance of manufacturing processes within a clearly identifiable sector. For refractory products and ceramic tiles and flags (NACE 23.20 and 23.31), a sector-specific sub-benchmark would allow the performance of installations to be assessed against a more homogeneous peer group, while maintaining the performance-based approach of the EU ETS. The sub-benchmark would be based on the average greenhouse gas emission intensity of the 10 % most efficient sub-installations in the sector and would use the same reference period, dataset and methodology as the ex-ante fuel benchmark. This would allow for a more targeted application of the benchmark methodology reflecting sector-specific circumstances, without altering the overall benchmark methodology or increasing the overall amount of allowances available for free allocation.

Amendment 66

Ondřej Knotek, Jana Nagyová

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EG

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. *For installations carrying out economic activities falling under NACE codes 23.31 and 23.20 set out in Annex I to Regulation (EC) No 1893/2006, the Commission shall establish sector-specific sub-benchmarks, within the framework of the ex-ante fuel benchmark, determined*

on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, using the same dataset, the same methodology and the same reference period as for the establishment of the ex-ante fuel benchmark in accordance with to paragraph 2.

Or. en

Amendment 67

Susana Solís Pérez, Letizia Moratti, Massimiliano Salini, Dolors Montserrat, Raúl de la Hoz Quintano, Radan Kanev, Esther Herranz García

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. For installations carrying out economic activities classified under NACE codes 23.31 and 23.20 set out in Annex I to Regulation (EC) No 1893/2006, the Commission shall establish sector-specific sub-benchmarks, under the ex-ante fuel benchmark, determined on the basis of the average greenhouse gas emission intensity of the 10 % most efficient sub-installations within each sector, applying the same reference period, dataset and methodology used for determining the ex-ante fuel benchmark pursuant to paragraph 2.

Or. en

Justification

The Commission's technical assessment presented to the Climate Change Expert Group on 3 June 2026 shows that the ceramic tiles and flags (NACE 23.31) and refractory products (NACE 23.20) sectors exhibit the largest discrepancy between the generic ex-ante fuel benchmark and their projected sector-specific benchmarks among all manufacturing sectors analysed. The production processes in these sectors are characterised by specific technological constraints and by limited technically and economically viable options for

reducing combustion-related emissions, as also reflected in the ongoing review of the Ceramic Manufacturing Industry BAT Reference Document (CER BREF) under the Sevilla process. The same assessment also concludes that these sectors comprise a sufficient number of sub-installations to establish statistically robust sector-specific benchmarks, which would increase free allocation by approximately 5.9 million EUAs for ceramic tiles and flags (NACE 23.31) and 0.3 million EUAs for refractory products (NACE 23.20) over the 2026–2030 allocation period.

Amendment 68

Adam Jarubas, Peter Liese

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b a (new)

Text proposed by the Commission

Amendment

2ba. By way of derogation from the third and fifth subparagraphs of paragraph 1, the 20 % reduction of free allocation pursuant to those subparagraphs shall not take into account the update of the benchmark values for heat and fuel benchmarks according to paragraph 2a.

Or. en

Amendment 69

Li Andersson

Proposal for a regulation

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 10a – paragraph 2b b (new)

Text proposed by the Commission

Amendment

2bb. The Commission shall put in place a mechanism to ensure that the financial support provided under this Regulation is recovered in case the operator does not respect the conditions mentioned in paragraph 3a.

Justification

Introducing conditionality based on existing frameworks, aligning with the approach taken in the Temporary Decarbonisation Fund proposal

Amendment 70

Adam Jarubas

Proposal for a regulation

Article 1 – paragraph 1 – point 1 a (new)

Directive 2003/87/EG

Article 10a – paragraph 5b a (new)

Text proposed by the Commission

Amendment

(1a) In Article 10a, the following paragraph is inserted:

‘5ba. Where, as a result of the update of the benchmark values for the period from 2026 to 2030, the adjustment referred to in paragraph 5 would have to be applied, the number of allowances destined for the Innovation Fund shall be reduced, to the extent necessary to avoid that adjustment, by allowances originating from the quantity which could otherwise be allocated for free pursuant to paragraph 8.

That reduction shall apply only to allowances that have not yet been auctioned, granted or otherwise subject to legal commitments. Those allowances shall increase the maximum amount available under paragraph 5 and shall be used solely for free allocation in the period from 2026 to 2030.’;

Amendment 71

Adam Jarubas

Proposal for a regulation

Article 1 – paragraph 1 – point 1 b (new)

Directive 2003/87/EG

Article 10a – paragraph 5bb (new)

Text proposed by the Commission

Amendment

(1b) In Article 10a, the following paragraph is inserted:

‘5bb. By way of derogation from paragraph 5, where the reduction pursuant to paragraph 5ba is insufficient to avoid the adjustment referred to in paragraph 5, an additional amount of up to 100 million allowances shall be released from the market stability reserve and shall, to the extent necessary, be used to increase the maximum amount available under paragraph 5.

That release shall apply only to allowances that have not yet been auctioned, granted or otherwise subject to legal commitments. Those allowances shall increase the maximum amount available under paragraph 5 and shall be used solely for free allocation in the period from 2026 to 2030.

The Commission shall instruct the central administrator to transfer the corresponding amount from the market stability reserve to the Union allocation account.

By way of derogation from Article 1(6) of Decision (EU) 2015/1814, those allowances shall not be added to, or deducted from, the volume of allowances to be auctioned by Member States pursuant to Article 10 of this Directive.’;

Or. en

Amendment 72

Adam Jarubas, Peter Liese

Proposal for a regulation
Article 1 a (new)

Text proposed by the Commission

Amendment

Article 1a

The Commission shall, within six months from ... [date of publication of this amending Regulation in the Official Journal of the European Union], update the Commission Implementing Regulation (EU) 2026/1412 in accordance with Article 10a(1), eighth subparagraph, of Directive 2003/87/EC, as amended by this Directive.

Or. en

Justification

The implementing act should be updated without delay in order to bring the existing benchmark values into line with the revised methodology set out in Article 10a(1) of Directive 2003/87/EC.

Amendment 73

Jorge Buxadé Villalba, Silvia Sardone, Marie-Luce Brasier-Clain, Roman Haider, Mathilde Androuët, Antonín Staněk

Proposal for a regulation
Article 1 a (new)

Text proposed by the Commission

Amendment

Article 1a

Directive 2003/87/EC is repealed.

Or. en