

Question for written answer E-004318/2025
to the Commission
Rule 144
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Subject: Revision of emissions trading system State aid guidelines on indirect cost compensation

The Commission's revision of the emissions trading system (ETS) State aid guidelines on indirect cost compensation (ICC) raises concerns about compliance with EU climate and competition goals.

Current evidence suggests that the update may continue to base CO₂ emission factors on the average carbon intensity of fossil-fuel generation, which no longer reflects the current energy mix and could lead to overcompensation. Also, the proposed expansion of eligible sectors without an impact assessment (IA) raises concerns.

ICC is financed through ETS auction revenues, which should be fully dedicated to climate action under Article 10(3) of the ETS Directive¹. However, given that Member States may allocate up to 25 % (or more) of these revenues to ICC schemes:

1. Does the Directorate-General for Competition (DG-COMP) intend to meet its 2021 commitment (point 67 of the, ICC Guidelines) to revise the CO₂-factor methodology to reflect the growing price-setting-role of climate-neutral technologies?
2. What remedies will the Commission propose to address distortions from Member States with similar wholesale prices but differing emission factors and compensation levels?
3. Why did DG-COMP not carry out an updated IA on expanding ICC in relation to the alternative use of these funds for investments reducing indirect costs, such as investing in flexibility (demand-response, heat-storage, batteries, etc.) or renewable energy contracts for differences (CfDs), industrial electrification and grid upgrades?

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¹ Directive 2003/87/EC of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: <http://data.europa.eu/eli/dir/2003/87/oj>).