

EN
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Answer given by Mr Hoekstra
on behalf of the European Commission
(1.9.2026)

The Commission's proposal to revise the European Union Emissions Trading System (EU ETS) was adopted on 17 July 2026¹.

It has a strong focus on clean investment, providing further support and incentives to industry, and establishing a predictable and pragmatic emissions reduction pathway to support the business case for investment in Europe. As part of this, it proposes to modernise free allocation by linking continued support beyond 2030 to investing in decarbonisation in the EU.

As part of the proposal, free allocation will continue to be phased out gradually (by 2038) in step with the phase-in of the Carbon Border Adjustment Mechanism (CBAM). The Market Stability Reserve (MSR) is the main EU ETS tool for dealing with historical surplus of allowances. The proposal also modernises the MSR for the post-2030 period, building on a separate proposal presented by the Commission in April 2026².

In keeping with previous assessments, the Commission focused on a predictable, rule-based forward approach and does not consider retroactive adjustments of private allowance holdings.

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_26_1596.

² https://ec.europa.eu/commission/presscorner/detail/en/ip_26_666.