

Reinforcement and expansion of the EU ETS key to achieve Europe's ambitious 2030 climate target and 2050 carbon neutrality objective cost-effectively

The European Federation of Energy Traders (EFET)¹ welcomes the revision of the EU ETS Directive, as well as of the Effort Sharing Regulation, in the framework of the implementation of the EU 2030 Climate Target Plan (CTP). Our responses to the Commission consultations on the respective legislative initiatives reflect our strong support for the Commission vision for a reinforced role of the EU ETS in delivering Europe's ambitious 2030 climate target cost-effectively.

With the reinforcement and expansion of the EU ETS, an EU wide carbon price can become the long-term driver for decarbonisation across all sectors of the European economy, encouraging uptake of least cost emission reduction technologies and facilitating energy system integration.

In order to allow the EU ETS to play this reinforced role, we believe that the revision of the EU ETS Directive by the Commission and the overall implementation of the EU 2030 CTP should be underpinned by the following policy priorities:

1. Recognise a reinforced and expanded EU ETS as the key driver of a cost-effective decarbonisation of the EU economy
2. Put in place a clear pathway and a timeline for a gradual expansion of the EU ETS to cover all fossil fuel use
3. Ensure that the MSR review forms part of a comprehensive revision of the EU ETS
4. Ensure coherence and alignment between the EU ETS and the overlapping instruments and policies introduced both at EU and at national level
5. Recognise a CBAM integrated in the EU ETS² should be recognised as the most optimal CBAM design option

We share the Commission view that before new sectors currently not covered by the EU ETS can be integrated into the EU ETS, setting up robust monitoring, reporting and verification for these new sectors and introducing transitional arrangements/ a pilot period is necessary. This means that in the short to medium term a separate EU-wide emissions trading system for road transport and buildings or – preferably – for all

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org

² For further information, please see [EFET position paper on the EU Carbon Border Adjustment Mechanism](#)

fossil fuel use should therefore be put in place. At the same time, a clear timeline for integrating this new ETS for all fossil fuel use into the existing EU ETS has to be set out by the Commission. As a consequence, once the separate (pilot) ETS covering all fossil fuel use is integrated into the existing ETS, relevant sectors (transport and buildings) should be removed from the scope of the ESR to avoid double coverage.

For further information, please see our [recommendations for the revision of the EU ETS Directive](#) and the [Effort Sharing Regulation](#).