

## European Climate Law amendment

*Brussels, 17 September 2025*

### 2040 target

We fully support the EU's ambition to remain a driving force in global decarbonisation efforts and to reduce net greenhouse gas emissions by 90% by 2040 compared to 1990 levels. Sticking to these commitments is essential to provide a strong and credible signal for current and planned investments in low-carbon technologies.

### Policy framework

Higher ambition should go hand-in-hand with the revision of key climate policies (ETS1, ETS2, CBAM): a sound legislative framework together with the protection of EU industrial competitiveness is crucial to deliver on these targets.

This framework should combine a strong, technology-neutral price signal via the EU Emissions Trading System (ETS) with measures that support stable investment conditions for a cost-efficient, market-based deployment of low-carbon technologies.

The EU ETS must remain central to the EU's climate policy through the expansion to new sectors. Flexibilities should be limited in order to preserve the integrity, efficiency, and effectiveness and the EU carbon market.

### Carbon removals

We welcome the Commission's recognition of the role of domestic permanent removals and their integration into the EU ETS. In fact, a significant amount of carbon removals will be required to ensure that we reach our net zero target by 2050, especially in hard-to-abate sectors. However, strong action on reducing emissions should not be undermined by shifting focus to carbon removals.

It is essential to provide clear guidance as soon as possible on key aspects of the market design, in particular:

- **Permanent removals** - Only high-quality permanent removals should be allowed, treated as equally valuable as abatement
- **Revenue stacking** - The ability to generate multiple revenue streams from removals should be possible
- **Sales of removals** - Removal producers should be able to choose between selling permanent removals into the EU ETS or seek higher value in voluntary carbon markets

At the same time, several concerns remain with the Commission's legislative proposal:

- **Lack of separate targets** - No specific targets for carbon dioxide removal (CDR) are proposed, nor are there plans to introduce them.
- **Limited policy detail** - References to CDR remain limited, with no indication of support mechanisms beyond the ETS.
- **Absence of CRCF references** - The Carbon Removal Certification Framework (CRCF) and its certificates are not mentioned in the recitals, leaving uncertainty about its role in delivering EU climate targets and alignment with the definition of permanent CDR.
- **Inconsistent portfolio approach** - While BioCCS and DACCS are cited as examples of permanent CDR, other sections suggest a narrower interpretation. Despite the legislative text explicitly supporting technology neutrality, this principle is not consistently reflected

## International credits

We welcome the potential limited contribution towards the 2040 target of high-quality international credits as it marks an important milestone towards the establishment of an international carbon market.

We support a phased approach, allowing for a separate trading space for Article 6 units while ensuring the development of stringent standards. A trustworthy framework and robust impact assessment are needed before any potential integration of Article 6 credits into the EU ETS.

## Contact

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