CONSULTATION RESPONSE

Call for evidence on carbon price paid in third countries

Brussels, 25 September 2025

1. Provide clarity on the carbon prices effectively paid in other countries before January 2026

It is positive that it is proposed for CBAM to take into account carbon prices effectively paid in other countries, cf. Article 9.4 page 39 in [Regulation 2025/0039] (adopted by the EU Parliament).

Unfortunately, Article 9.4 mandates the Commission to share these carbon prices effectively paid only from 2027. If this stands, it will be unclear what the CBAM cost will be, when importing electricity into the EU in 2026. This uncertainty alone could negatively affect flows into the EU, leading to higher power prices in the EU.

Even though importers will not have to pay the CBAM cost before 2027, they still need to know the CBAM costs in order to access if it will be financially feasible to import electricity into the EU in 2026.

It is therefore crucial to have clarity on the carbon prices effectively paid before CBAM takes full effect on 1st January 2026. This is particularly important for electricity, since there is no gradual phase-in of CBAM for electricity.

2. Apply CBAM discount to all electricity traded in a country with an existing carbon pricing mechanism

When electricity is traded on power exchange of a third country with a carbon pricing mechanism, the carbon costs are internalized in the price of electricity. Due to the anonymity of the trades, it is not possible to track the "carbon-paid" status of that electricity once it is sold on the exchange or Over-The-Counter (OTC) at wholesale level, nor the buyer will have documentation of paying the CO2-price before eventually exporting it.

From a buyer/importers' perspective, there are two scenarios:

Source	Carbon price already paid?	CO2 emissions occurred?	Eligible for CBAM discount?
Fossil fuel	Yes	Yes	Yes
Fossil-free	No	No	Yes

On one hand, if electricity comes from a fossil source (coal, natural gas or oil), the carbon price has therefore been already paid and CBAM discount should be applied (equal to the carbon price already paid in a third country). On the other hand, if electricity comes from a fossil-free source, CBAM should not apply as no emissions occurred in the first place, and therefore CBAM discount should also be applied.

3. Recognise complementary third countries' carbon pricing mechanisms

Where a carbon price has been paid through multiple instruments across different compliance mechanisms, rules should allow aggregation into a single effective price.

One example is the UK, where both UK ETS (for all CBAM goods) as well as the Carbon Price Support scheme (for electricity imports - currently set at 18 GBP/MWh) applies.

Following the same rationale explained above, all electricity traded on the exchange or OTC at wholesale level should be also eligible for a CBAM discount equal to the Carbon Price Support scheme.

Source	Carbon price support mechanism paid?	CO2 emissions occurred?	Eligible for CBAM discount?
Fossil fuel	Yes	Yes	Yes
Fossil-free	No	No	Yes

It is worth noting that if a third country's carbon pricing (e.g. UK ETS + Carbon Price Support) exceeds EU carbon pricing (EU ETS), CBAM levy on imported electricity should be zero, which must be reflected in the final methodology.

Contact

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