

## CBAM Implementing Act on carbon price paid in a third country

*Brussels, 10 June 2026*

### Key messages

1. **Publish default carbon prices as soon as possible** - The Commission should publish the methodology and timeline for default carbon prices as soon as possible, especially for electricity imports that will largely rely on default values. The communication should explicitly confirm that the UK ETS and UK Carbon Price Support are taken into account when using default carbon prices to give legal certainty to market participants.
2. **Recognise international carbon credits for CBAM compliance** - International credits that meet Article 6 Paris Agreement criteria and are integrated into domestic compliance systems should be recognised for CBAM purposes.
3. **Move towards monthly or quarterly granularity for default carbon prices** - Using an annual average for third-country carbon prices creates uncertainty and risks as the final carbon cost is only determined and influenced after the import takes place. A monthly or quarterly approach to default carbon prices would better reflect market realities and reduce cost uncertainty, especially for electricity imports. In addition, the current system may force importers to bear a temporary double carbon cost until compensation is granted; this should be mitigated by factoring in default carbon prices earlier.
4. **Align exchange rates and CBAM reference prices with the same granularity** - If carbon prices are assessed monthly or quarterly, then exchange rates and the CBAM reference price should also be calculated on the same basis for consistency.
5. **Do not require extra proof where carbon costs are already internalized** - The proposed reporting, certification, and accreditation requirements are very detailed and may create disproportionate administrative complexity for electricity importers. For electricity traded in countries with a recognised carbon pricing mechanism, where CO<sub>2</sub> costs are already embedded in market prices, no additional evidence or independent verification should be required.

## Detailed messages

### 1. Publish default carbon prices as soon as possible

We understand that this act only covers the rules to report a carbon price based on certified evidence, which is only possible when the declaration is based on the actual verified emissions. Given that electricity imports are expected to rely predominantly on default values, we encourage the **publication of the corresponding methodology as soon as possible**, as currently foreseen in 2026, as well as the timeline for the publication of the default values, expected in the first weeks of 2027.

We urge that the implementing regulation explicitly mentions that the UK ETS and UK carbon price support scheme will be considered when using default carbon prices. Electricity traders are currently in a difficult position, where they on the one hand have no legal certainty, but on the other hand have a clear indication in the CBAM review report from December 2025, which specifically mentions in section 4.4.2 that: *"In practice, the deduction of default carbon price values for electricity imported from the UK would lead to no CBAM financial liability as long as the combined UK ETS and CPS carbon price is higher than the carbon price under the EU ETS"*.

Since market participants are basing their trades on this declaration, it is vital that it is implemented in law as quickly as possible. At the same time, as long as legal uncertainty lingers, it will have a negative impact on electricity flows into the EU due to legal risk.

### 2. Recognise international carbon credits for CBAM compliance

We acknowledge and **we support the recognition of international credits meeting Article 6 criteria for CBAM compliance** as a positive development towards a broader climate diplomacy strategy.

Overall, we welcome the approach in article 6, where reduction in the number of CBAM certificates that must be surrendered is computed by comparing carbon prices in the EU and third countries at the same yearly granularity.

This implementation does however mean that traders will have outstanding risk up to a year after a trade is made, not only for the third country's carbon price, but also the price of the CBAM certificate. In fact, this difference in timeframe does not accurately reflect the true carbon price differential and could lead to distorted and potentially unforeseeable CBAM costs (see point 3).

### 3. Move to more granular (monthly or quarterly) default carbon prices

Given the Commission's recognition of the specific nature of electricity, including the reliance on default values, it appears important to ensure greater alignment of pricing timeframes when calculating the number of CBAM certificates required for imported electricity.

We note that the requirement from 2027 is to hold at least 50% of CBAM certificates held on their account in the CBAM Registry equivalent to the embedded emissions of imported goods. However, the compensation mechanism — deducting the carbon price paid in a third country, whether based on a default value or the actual price — only applies in the year following this requirement. This results in a temporary double carbon price for importers, who must effectively pay twice until compensation is granted: once in the third country for the overall emission and again on 50% of their default embedded emissions through the purchase of CBAM certificates. This could be significantly mitigated if quarterly requirements were determined not only based on embedded emissions, but also by factoring in the default carbon price set by the European Commission applicable in the third country.

In addition, under Article 9(4) of the CBAM Regulation, reductions can only be claimed using yearly default carbon prices, implying a single annual average would only be finalised after the year ends and then applied retroactively. This creates uncertainty, as the final value may continue to evolve throughout the year and affect earlier trades.

Therefore, a **more granular approach to default carbon prices (quarterly or monthly)** would reduce this exposure by allowing costs to be determined progressively over the year.

We point out that in the ongoing co-legislative procedure on 2025/0419(COD), some parliamentarians are proposing to change the granularity on which carbon prices paid in third countries are assessed from yearly to monthly (cf. amendment 397 [AM Com LegOpinion](#)). This would be a big improvement, as it would limit exposure of today's trades to future developments in carbon prices in both the EU and third countries significantly, without compromising the intent of the regulation. If a switch from yearly to monthly is made via 2025/0419(COD), the formulas in article 6 must be adjusted accordingly, so that both EU and third country carbon prices are assessed at a monthly granularity.

#### **4. Align exchange rates and CBAM reference prices with the same granularity**

For consistency with the timeline of the publication of carbon prices in third country, both the exchange rate and the CBAM reference price should also be calculated **on the same shorter granularity (quarterly or monthly)**.

#### **5. Do not require extra proof where carbon costs are already internalized**

The very detailed reporting, certification, and accreditation requirements may create a significant administrative burden and potential implementation challenges for electricity importers.

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 CO<sub>2</sub>-price before eventually exporting it.

In countries where existing and recognized carbon pricing mechanism, **no additional evidence should be required to calculate the reduction in CBAM certificates to be surrendered.** Similarly, independent verification should not be necessary.

## Contact

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