



Commission amends ETS State aid Guidelines to tackle carbon leakage for more energy-intensive industries

Brussels, 23 December 2025

The European Commission has today adopted an [amendment](#) to the Guidelines on certain State aid measures in the context of the system for greenhouse gas emission allowance trading post-2021 ('ETS State aid Guidelines'). As announced in the [European Chemicals Industry Action Plan](#), the amendment addresses the increased risk of carbon leakage for additional energy-intensive industries, due to the sustained rise of emission costs under the [EU Emissions Trading System \(ETS\)](#) in the last years. The inclusion of additional sectors will contribute to the competitiveness of EU industry while incentivising their decarbonisation.

The ETS State aid Guidelines

The ETS State aid Guidelines aim to reduce the risk of 'carbon leakage', which occurs when companies relocate production to countries outside the EU with weaker emission constraints or when EU products are replaced by more carbon-intensive imports. This leads to less economic activity in the EU and does not reduce greenhouse gas emissions globally. The ETS State aid Guidelines enable Member States to compensate sectors at genuine risk of carbon leakage for part of the high electricity prices arising from the effect of carbon prices on electricity generation costs (so-called 'indirect emission costs').

The sustained rise in emission costs since the adoption of the ETS State aid Guidelines in 2020 has significantly increased the risk of carbon leakage for sectors that are exposed to international competition, but were not considered at genuine risk at that time. In this context, it is important to ensure that the ETS indirect compensation mechanism remains equitable and efficient, by maintaining an effective protection for certain sectors against carbon leakage while preserving their incentives to invest in decarbonisation.

To ensure a level playing field the ETS State aid Guidelines set out the conditions under which aid under these Guidelines can be cumulated with aid provided through other measures. In particular, such cumulation must not result in exceeding the maximum aid intensity or aid amount applicable to the aid under the ETS State aid Guidelines.

The amendment

Against this background, the Commission has adopted the following amendments to the current ETS State aid Guidelines:

- The extension of the list of industrial sectors eligible for compensation to include 20 new sectors and two new subsectors. This includes the manufacture of organic chemicals and certain activities in the ceramic, glass, and batteries sectors;
- An increase in the aid intensity from 75% to 80% for sectors that were already eligible before the amendment to cater for their increased risk of carbon leakage;
- The option for Member States to notify sectors or subsectors that are not included in the amended list of eligible sectors, if they can demonstrate these are at genuine risk of carbon leakage;
- The requirement for large beneficiaries to contribute to the green transition by, among others, investing a share of the aid in projects that contribute to reducing the costs of the electricity system;

The CO₂ emission factors and geographic areas are also updated for 2026-2030, based on the most recent data available. The CO₂ emission factors reflect the CO₂ emission content of fossil fuels used

for electricity production in a given geographic area and are used to determine the amount of compensation. The amendment allows Member States to apply a gradual transition from 2026 to 2030, where the decrease in the applicable maximum regional CO2 emission factor compared to the previous factor for 2021-2025 is particularly large.

Background

On 21 September 2020, the Commission [adopted](#) the ETS State Aid Guidelines, as part of the modernisation of all carbon leakage prevention tools related to the EU ETS, such as free allocation of CO2 emission allowances. The revised [ETS Guidelines](#) entered into force on 1 January 2021 with the start of the new EU ETS trading period and apply until 2030.

For the revision of the ETS State aid Guidelines for the new trading period, the Commission completed an extensive evaluation and Impact Assessment, in line with the [Better Regulation Guidelines](#). In this context, the Commission consulted relevant stakeholders and gathered input from interested sectors. All details about the public consultation are available [here](#).

The amendment adopted today builds on the findings of the Impact Assessment and aims to tackle the new reality in energy markets and the higher carbon leakage risk stemming from increased carbon prices.

The Commission has organised a call for evidence on this initiative. The details of this call for evidence and the contributions received are available [online](#).

For More Information

[Amendment of the ETS State aid Guidelines](#)

[ETS State aid Guidelines](#)

IP/25/3141

Press contacts:

[Thomas REGNIER](#) (+32 2 29 91099)

[Luuk DE KLEIN](#) (+32 2 299 47 74)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)