

Methodologies for Extending the Indirect Emissions Scope

A Eurelectric response to a consultation on CBAM

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: D/2025/12.105/19

WG Climate Change & Decarbonisation

Contact:
Ioana PETCU, Senior Advisor – Climate Change
ipetcu@eurelectric.org
and
Elliott ASSEO, Trainee
easseo@eurelectric.org

Targeted Stakeholder Survey - Methodologies for Extending the Indirect Emissions Scope

Fields marked with * are mandatory.

Section 1: Introduction to the survey

This survey has been prepared to gather input and opinions from stakeholders to feed into the study on indirect emissions within the European Union's Carbon Border Adjustment Mechanism (EU CBAM) carried out by Ricardo Energy & Environment (part of Ricardo Plc), Öko-Institut, Ludwig-Bölkow-Systemtechnik GmbH (LBST) and Trinomics, for the European Commission.

The content of the survey does not represent of views of Ricardo Energy & Environment (part of Ricardo Plc), Öko-Institut, Ludwig-Bölkow-Systemtechnik GmbH (LBST) and Trinomics, nor of its client (the European Commission) and cannot prejudice in any way the future policy decisions which will be made in relation to the CBAM.

The information that you provide will help us better understand issues and best practices for developing the regulation of indirect emissions under the CBAM for the definitive period. The answers received to this survey are an important element of our work. Your time and expertise are greatly appreciated and valued.

Please be aware that your organisation has been invited to fill in this survey and this invitation cannot be extended to other organisations. This survey shall be considered as a closed survey aimed at a group of selected organisations and shall not be considered an open public consultation. Therefore, please do not share your credentials to access this survey outside your organisation, and ensure that only one reply will be provided by your organisation.

Thank you in advance for your support.

Introduction to the Carbon Border Adjustment Mechanism (CBAM)

The [CBAM Regulation](#) (the Regulation) is a key component of the European Union's strategy to prevent carbon leakage risk and ensure that imported goods are subject to a comparable carbon cost as those produced within the EU. The regulation, which entered into force in 2023, applies to imports of carbon-intensive goods, including cement, iron & steel, aluminium, fertilizers, hydrogen, and electricity.

The CBAM is being implemented in phases:

- Transitional period (October 2023 – December 2025): Importers must report the embedded emissions of their goods, but there are no financial obligations.

- Definitive period (January 2026 onward): Importers will be required to purchase CBAM certificates to cover the carbon cost of their imports.
- 2026-2034: phase-in of CBAM adjustments in parallel phase-out of free allocation of emission allowances under the EU ETS.

Why this Survey?

The European Commission is assessing whether and how to extend the CBAM's coverage of indirect emissions (i.e. emissions linked to electricity consumption during the production of goods). Currently, under the definitive period the CBAM is expected to cover indirect emissions only for cement, fertilisers, and iron ore. Extending the CBAM's indirect emissions scope may require modifications to Indirect Cost Compensation (ICC), which currently provides financial support to European producers in certain sectors with high electricity costs.

This survey seeks to collect stakeholder perspectives on:

- The effectiveness of existing carbon leakage protection measures.
- The challenges and opportunities of expanding CBAM's indirect emissions coverage.
- Potential modifications to ICC to align with potential expansions of the scope of CBAM on indirect emissions.

Complementarity with the Prior Surveys

We are aware that you may have contributed written feedback during prior consultation under this project, and we confirm that this input has been taken into account and shared with the Commission.

This survey has a distinct focus. It aims to gather stakeholder input on the potential, priorities, and assessment criteria for technical options to possibly expand the CBAM's scope to include indirect emissions for CBAM products where this is currently not the case. In particular, the survey seeks your views on possible approaches, their feasibility, and their relevance across sectors.

We greatly appreciate your continued engagement and expertise in supporting this assessment.

Participation and Data Protection

- The survey will take approximately 20 minutes to complete.
- You may choose to respond only to specific topic areas.
- You can pause and resume at any time.
- You will be able to download a pdf with your answers.
- Responses will be used to inform future regulatory developments.

Your contribution will be processed by the study consortium. Contributions will also be shared with the European Commission. The results of the survey will be consolidated and anonymised in a stakeholder survey synopsis report as part of the study.

Privacy Statement Confirmation

Before beginning the survey, please read the enclosed privacy statement and confirm below:

[Privacy Statement - Stakeholder Survey.pdf](#)

☒ I have read the enclosed privacy statement and I agree with the personal data protection provisions.

Section 2: Respondent identification

This section gathers basic information about respondents to ensure a diverse range of perspectives are captured.

1. Please provide the name of your organisation or Member State (optional: your name).

Eurelectric

2. Which stakeholder category best identifies your organization?

- ☐ EU Member State public entity
- ☐ Third-country public entity
- ☐ International/intergovernmental organisation
- ☒ Industry representative or trade association (EU-based)
- ☐ Industry representative or trade association (Non-EU-based)
- ☐ Academia, research institution, or think tank
- ☐ Environmental group or NGO
- ☐ Other

2a. If other, please specify:

3. Which CBAM sector(s) are you involved or interested in?

(Multiple-choice, select all that apply)

- ☐ Cement
- ☐ Iron & Steel
- ☐ Aluminium
- ☐ Fertilisers
- ☒ Electricity
- ☐ Hydrogen
- ☐ Energy provider
- ☐ Producer of goods downstream from the CBAM sectors
- ☐ All
- ☐ N/A

4. Where is your organisation based?

- ☐ Austria
- ☐ Belgium

- ☒ Bulgaria
- ☐ Croatia
- ☐ Cyprus
- ☐ Czechia
- ☐ Denmark
- ☐ Estonia
- ☐ Finland
- ☐ France
- ☐ Germany
- ☐ Greece
- ☐ Hungary
- ☐ Ireland
- ☐ Italy
- ☐ Latvia
- ☐ Lithuania
- ☐ Luxembourg
- ☐ Malta
- ☐ Netherlands
- ☐ Poland
- ☐ Portugal
- ☐ Romania
- ☐ Slovak Republic
- ☐ Slovenia
- ☐ Spain
- ☐ Sweden
- ☐ Other

4a. If other, please specify:

Section 3: Preliminary guiding questions

This section gathers initial views on CBAM and its impact on stakeholders.

5. Do you believe CBAM's treatment of indirect emissions (covering electricity use in only agglomerated iron ore and the cement and fertiliser sectors) ensures that third-country producers of CBAM goods face a comparable carbon cost to EU producers resulting in a reduced risk of carbon leakage?

(Select one answer)

- ☐ Yes, the current rules reduce the risk of carbon leakage for CBAM goods.
- ☒ Partially, but adjustments are needed to reduce risks further.
- ☐ No, the current approach does not sufficiently reduce the risk of carbon leakage for CBAM goods.
- ☐ Unsure.

5a. Optional follow-up: Please provide a rationale for your opinion. If you answered "partially" or "no" what specific adjustments do you believe are needed?

The inclusion of indirect (scope 2) emissions in CBAM does not bring direct changes to the European power sector. We believe the regulation's accounting for indirect emissions should be generalised and expanded to all relevant simple and complex CBAM goods if an impact assessment carried out beforehand shows that benefits (extending carbon pricing) outweigh the costs (phasing out Indirect Cost Compensation)

6. To what extent do you think CBAM's treatment of indirect emissions supports the decarbonisation of the electricity grid in countries outside of the EU?

4

6a. Optional follow-up: Please provide a rationale for your opinion. What factors could improve CBAM's impact in this regard?

To a large extent. We believe that treating indirect (scope 2) CO2 emissions in all relevant sectors would effectively support the decarbonisation of the electricity grid in countries outside of the EU

7. To what extent do you think CBAM's treatment of indirect emissions encourages greater uptake of renewable electricity by producers outside the EU?

4

7a. Optional open-ended follow-up: Please provide a rationale for your opinion. What factors could improve CBAM's impact in this regard?

Putting a price on indirect (scope 2) emissions will encourage third countries to shift their power sectors from CO2-intensive electricity sources to clean ones. We advocate for a technologically neutral perspective and believe that CBAM treatment of indirect emissions will encourage greater uptake of clean and renewable electricity.

Section 4: Potential for extending CBAM's indirect emissions scope

This section gathers stakeholder views on whether and how CBAM should be expanded to include more indirect emissions.

8. Do you think extending CBAM to cover indirect emissions in more sectors would enhance its effectiveness in reducing carbon leakage risk?

- ☐ Yes, significantly.
- ☒ Yes, but only with specific safeguards.
- ☐ No, it would increase carbon leakage risks.
- ☐ Unsure.

8a. Optional follow-up: Would you like to expand your answer to this question?

We must make sure indirect CO2 emissions are properly accounted for

9. To what extent do you agree that the following are important benefits of extending the EU CBAM to include indirect emissions (from electricity used to produce CBAM goods) to additional sectors?

(Please rate each statement on a scale from 1 to 5, where 1 = Not a benefit at all, and 5 = Very important benefit.)

	1	2	3	4	5
Strengthening the incentives of the EU CBAM to decarbonise third-country electricity grids and to avoid increases in global emissions by covering more emissions.	☐	☐	☐	☐	☒
Reducing the risk of carbon leakage.	☐	☐	☐	☒	☐
Encouraging cleaner electricity use in production in third countries.	☐	☐	☐	☐	☒
Reducing reliance on Indirect Cost Compensation (ICC) under the EU ETS.	☐	☐	☒	☐	☐

9a. If other, please specify:

10. What are the biggest challenges in expanding CBAM's indirect emissions coverage?

(Please rank in order of concern)

Use drag&drop or the up/down buttons to change the order or accept the initial order.

☐ Ensuring accurate reporting and verification of indirect emissions.

☐ Administrative complexity and reporting burdens.

☐ Increased costs for EU consumers

☐ Increased costs for EU manufacturers of products downstream of covered CBAM goods

☐ Increased costs for non-EU producers.

☐ Potential trade disputes or WTO challenges.

☐ Uncertainty about how ICC and CBAM would interact.

☐ Risk of increased carbon leakage due to the specific functioning of the EU electricity market.

10a. If other, please specify:

Section 5: Interaction between CBAM and Indirect Cost Compensation (ICC)

This section explores the relationship between CBAM and ICC and the potential need for adjustments.

11. What key aspects should be considered for the interaction of ICC with an expansion of CBAM to include more indirect emissions?

Maximum 3 selection(s)

- ☒ Ensuring that EU producers of CBAM goods at risk of carbon leakage due to the carbon cost of indirect emissions remain protected
- ☒ Ensure equal treatment of domestic and imported goods
- ☒ Minimisation of administrative burden
- ☐ Other

11a. If other, please specify:

12. What would be your opinion on a gradual phase-out of ICC while gradually increasing CBAM obligations?

- ☐ Strongly support
- ☒ Somewhat support
- ☐ Neutral
- ☐ Somewhat oppose
- ☐ Strongly oppose
- ☐ Unsure

12a. Optional follow-up: What could be the proposed timeline for this phase-out?

While connecting the ICC phase-out to the gradual phase-in of CBAM is the correct principle, we ask the EC to carry out an impact assessment beforehand. This should study the competitiveness risk entailed by the phasing-out of ICC, the impact on European industry and electrification. ICC phase out in parallel to CBAM coverage of indirect emissions should be done if the benefits outweigh the costs, and as long as the same emission sources are concerned

13. Would you like to expand or clarify any of your answers on ICC?

ICC should be harmonised at EU level to ensure that sectors exposed to carbon leakage due to indirect costs are compensated equally, regardless of the Member State they are active in.

14. Are there any additional considerations, opportunities, or risks that should be taken into account when determining whether to expand CBAM to cover more indirect emissions?

Section 6: Criteria for assessing options to expand the CBAM's scope for indirect emissions

To ensure that any potential expansion of the CBAM's indirect emissions scope is effective, fair, and feasible, various assessment criteria will be considered. This section seeks stakeholder input on the relative importance of such criteria when evaluating different policy options.

15. Which of the following criteria do you consider most important when assessing options for expanding the CBAM's coverage of indirect emissions?

(1 = Most Important, 5 = Least Important)

	1	2	3	4	5
Enhancing CBAM's environmental integrity • Increase in the indirect embedded emissions covered under CBAM • Incentive for third countries to decarbonise their electricity grids	☒	☐	☐	☐	☐
Preventing carbon leakage • Promoting equivalent carbon costs for EU and non-EU producers	☒	☐	☐	☐	☐
Ensuring equal treatment of goods • Ensuring imported products are not treated less favourably than EU-produced goods	☐	☐	☒	☐	☐
Managing administrative complexity • Degree of administrative burden on all actors involved: EU importers, third-country producers (who may need to provide electricity data), Member State authorities, and the European Commission • Degree of complexity of Monitoring, Reporting, and Verification (MRV) processes, including data availability and traceability • Degree of complexity of the methodology used to calculate indirect emissions • Potential for administrative simplification if national Indirect Cost Compensation (ICC) schemes were phased out	☒	☐	☐	☐	☐

16. Are there any other criteria that should be considered when assessing options to expand CBAM's indirect emissions scope?

the grid mix in countries with high trade intensity/ climate neutrality commitments ; the credibility of 3rd country certification schemes etc

Section 7: Additional input & file upload

We welcome any additional feedback you may have regarding CBAM's indirect emissions scope or other aspects relevant to this study. If you wish to provide further comments or share supporting documents, please do so below.

17. Do you have any additional input or insights related to CBAM's indirect emissions scope that you would like to share?

18. Would you like to upload any relevant documents or data to support your response?

Thank you for taking the time to complete the survey!

Contact

[Contact Form](#)

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



Union of the Electricity Industry - Eurelectric aisbl
Boulevard de l'Impératrice, 66 – bte 2 - 1000 Brussels, Belgium
Tel: + 32 2 515 10 00 - VAT: BE 0462 679 112 • www.eurelectric.org
EU Transparency Register number: [4271427696-87](https://ec.europa.eu/transparency/regexpert/?s=details&id=4271427696-87)