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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Council (Environment) on 16 December 2025 Proposals to increase price predictability and frontload ETS2 revenues - Information from the Commission

The European Commission requests an information point to update on its proposals aiming to ensure a gradual and smooth launch of the new emissions trading system for road transport and building fuels (ETS2) and accelerate early investments in these sectors.

The Commission has proposed targeted changes to the ETS2 Market Stability Reserve to ensure stronger intervention if the price should go above a certain level, reinforce the capacity of the Market Stability Reserve to operate in the longer term and ensure earlier and smoother intervention to stabilize the supply of ETS2 allowances. The Commission has also proposed changes to the delegated Auctioning Regulation to allow for early auctioning of ETS2 allowances, to ensure a smooth start of the system and stable price development. Furthermore, the Commission is exploring the possibility for Member States to frontload ETS2 revenues, in cooperation with the EIB.

The ETS2 is at the heart of our climate policies. Alongside other policy measures and incentives, it will contribute to Europe's competitiveness and energy independence, reducing fossil fuel imports and decarbonising the economy in a technology-neutral way.