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EU Strengthens Emissions Trading System with New Rules for Low-Carbon Fuels and Aviation

Key policies: *EU Emissions Trading System (ETS), European Green Deal, Fit for 55 Package, Sustainable Aviation Fuels (SAFs) Framework, EU Climate Adaptation Strategy*

On 23 September, the European Commission adopted amendments to the **EU Emissions Trading System (ETS) Monitoring and Reporting Regulation (Implementing Regulation (EU) 2018/2066)**, introducing significant updates to address low-carbon fuel use, sustainable aviation, and comprehensive monitoring of climate impacts. These changes aim to strengthen the ETS as a cornerstone of the EU's climate policy, driving the transition to a net-zero economy by 2050.

Key Revisions to the ETS

1. **Zero-Rating of Certain Low-Carbon Fuels**
   Emissions from specific low-carbon fuels, including renewable fuels of non-biological origin (RFNBOs) and synthetic low-carbon fuels, will now be zero-rated under the ETS. This revision incentivizes the adoption of cleaner energy sources and supports the EU's transition to sustainable energy systems.

2. **Improved Rules for Biomass and Sustainable Aviation Fuels**
   The amendments include enhanced sustainability and greenhouse gas savings criteria for biomass fuels and sustainable aviation fuels (SAFs). These measures ensure compliance with EU standards while preventing double counting of emissions, boosting the credibility and effectiveness of these fuels in reducing carbon footprints.

3. **Addressing Carbon Transfer and Chemically Bound CO2**
   Updates to the regulation address the transfer of CO2 and emissions permanently chemically bound in products, ensuring accurate accounting and reflecting real-world reductions in emissions.

4. **Non-CO2 Effects from Aviation**
   For the first time, the ETS will include monitoring, reporting, and verification requirements for non-CO2 effects from aviation, such as persistent contrails and nitrogen oxides (NOx). These non-CO2 effects are significant contributors to global warming, and their inclusion marks a critical step in addressing the full climate impact of aviation. The new system will become operational in 2025, reinforcing the EU's leadership in sustainable aviation.

Advancing EU Climate Goals

These updates align with the EU's broader climate objectives under the **European Green Deal** and the **Fit for 55 package**, which seek to cut emissions by at least 55% by 2030 compared to 1990 levels. By refining the ETS to include low-carbon fuels, sustainable aviation, and broader climate effects, the EU ensures its flagship climate policy remains robust and adaptive to emerging challenges.

Towards Comprehensive Climate Accountability

This project is supported by the Interreg Danube Region Programme co-funded by the European Union.

The revised ETS rules reflect the EU's commitment to transparency and accountability in emissions reductions. By broadening the scope of monitoring and reporting, these measures strengthen the system's integrity and its ability to drive meaningful climate action across industries.

The new rules are a step forward in achieving climate neutrality while fostering innovation in sustainable fuels and aviation practices.

For further details, visit the Monitoring, Reporting and Verification of EU ETS Emissions.

Source: https://climate.ec.europa.eu/news-your-voice/news/adoption-revised-eu-ets-monitoring-and-reporting-regulation-2024-09-25_en

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