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Commission Takes Stock of EU ETS Implementation with Industry and Power Sector Operators

Key policies: EU Emissions Trading System (EU ETS), EU Climate Law, European Green Deal, Fit for 55 Package, ETS Directive, Carbon Pricing, Industrial Decarbonisation

The European Commission has launched a reality check of the EU Emissions Trading System (ETS), bringing together industry and power sector representatives to assess how the system is functioning in practice and identify opportunities to improve its implementation.

The workshop, held on 29 January 2026, gathered more than 50 representatives from stationary installations across the European Union, including operators from the chemicals, refining, cement, pulp and paper, glass and energy sectors.

The exercise forms part of the Commission's ongoing efforts to ensure that EU climate legislation remains effective, proportionate and practical for businesses while continuing to support the Union's climate objectives.

Taking stock of ETS implementation

The EU ETS is the European Union's flagship carbon pricing mechanism and one of the world's largest emissions trading systems. It plays a central role in reducing greenhouse gas emissions by putting a price on carbon emissions from energy-intensive industries, power generation and other covered sectors.

As the system continues to evolve and expand, stakeholders have provided feedback on various aspects of its practical implementation, including:

- Monitoring of greenhouse gas emissions
- Reporting obligations
- Verification procedures
- Activity level reporting
- Applications for free allocation of allowances
- Interactions between different ETS components

The reality check provided an opportunity to discuss these experiences directly with ETS operators and identify areas where administrative procedures could be improved.

Focus on stationary installations

The workshop specifically focused on so-called stationary installations, which include industrial facilities and power plants covered by the EU ETS.

Participating sectors included:

- Chemicals

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- Oil refineries
- Cement production
- Pulp and paper manufacturing
- Glass production
- Energy generation
- Other energy-intensive industries

These sectors are among the largest contributors to industrial greenhouse gas emissions in Europe and play a key role in achieving the EU's climate neutrality objectives.

Identifying opportunities for simplification

One of the main objectives of the reality check was to identify opportunities to make ETS implementation more efficient and user-friendly.

Discussions focused on areas where:

- Guidance could be clarified
- Administrative procedures could be simplified
- Reporting templates could be improved
- Implementation practices could be further harmonised across Member States
- Compliance processes could become more efficient

The Commission emphasised the importance of ensuring that climate legislation remains practical to implement while maintaining high environmental integrity and robust monitoring standards.

Supporting future ETS development

The findings from the workshop will contribute to the ongoing evaluation of the EU ETS and support preparations for the upcoming revision of the ETS Directive.

The reality check complements broader stakeholder engagement activities, including public consultations previously organised by the Commission.

Input gathered from operators will help policymakers better understand implementation challenges and identify areas where further improvements may be needed.

Ensuring effective climate policy

The Commission regularly conducts reality checks as part of its Better Regulation approach, which seeks to ensure that EU legislation remains fit for purpose and responsive to stakeholder experiences.

By engaging directly with companies responsible for implementing ETS requirements, the Commission aims to strengthen the effectiveness of the system while reducing unnecessary administrative burdens.

This approach helps ensure that climate policies continue to deliver environmental benefits while supporting industrial competitiveness and regulatory certainty.

Background

The EU Emissions Trading System (ETS) was launched in 2005 and remains the European Union’s primary market-based instrument for reducing greenhouse gas emissions.

The system operates on a “cap-and-trade” principle, setting a limit on emissions from covered sectors while allowing companies to buy and sell emission allowances. Over time, the cap is gradually reduced, encouraging investments in cleaner technologies and lower-carbon production processes.

The ETS has been significantly strengthened as part of the European Green Deal and the Fit for 55 package, supporting the EU’s objective of reducing net greenhouse gas emissions by at least 55% by 2030 and achieving climate neutrality by 2050.

As the system evolves, continuous dialogue with operators remains essential to ensure effective implementation, maintain regulatory certainty and support Europe's transition to a climate-neutral economy.

Source: https://climate.ec.europa.eu/news-other-reads/news/reality-check-commission-takes-stock-ets-implementation-stationary-installations-2026-02-02_en