

# Ensuring an Ambitious Implementation of ETS2

## *Open Letter*

To:

Commission President Ursula Von Der Leyen

European Commissioner for Climate, Net Zero & Clean Growth, Wopke Hoekstra

European Commissioner for Energy and Housing, Dan Jørgensen

Executive Vice-President for a Clean, Just and Competitive Transition, Teresa Ribera

EU Heads of State and Government

European Parliament Political Groups leaders

**The 77 undersigned companies, industry associations, and civil society organisations call on the European Commission, the European Parliament and Member States to ensure an ambitious and timely implementation of ETS2.**

ETS2 is a cornerstone of Europe's strategy to strengthen competitiveness, accelerate investments in clean technologies across small and medium-sized industries, buildings and road transport, and reach the EU's climate objectives. The system will generate significant revenues that should be used to support vulnerable households and enterprises in the energy transition. This presents a historic opportunity to drive deep, structural transformation in the two sectors, allowing households and businesses to take advantage of the long-term benefits of a decarbonised energy system.

However, recent discussions on postponing and revising key elements of ETS2 risk substantially weakening the instrument's effectiveness and undermining the regulatory stability that businesses and households rely on to make long-term investment decisions. The one-year delay will cost Member States €50 billion in lost auctioning revenues<sup>1</sup> and the suggested Market Stability Reserve (MSR2) reform would significantly disincentivise the EU's much-needed modernisation of supply chains and increase the system's carbon budget.

EU citizens<sup>2</sup> and businesses<sup>3</sup> see an ambitious and predictable energy transition as a solution for prosperity, competitiveness and stability. In an increasingly tense geopolitical context,

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<sup>1</sup> Öko-Institut (2025), [The EU's 2040 climate target Assessment of the proposal by the European Council](#).

<sup>2</sup> European Commission (2025), [Eurobarometer. Climate Change](#).

<sup>3</sup> Corporate Leaders Group (2025). [Strengthening Europe's industrial edge: A business roadmap for resilience and competitiveness](#).

reducing dependence on volatile imported fossil fuels is both an economic and strategic imperative. Thus, EU policymakers should ensure legal and investment certainty by swiftly implementing agreed-upon legislation. ETS2, combined with complementary policies and the effective deployment of associated revenues, including the Social Climate Fund and the EIB Frontloading Facility, provides a cost-efficient pathway to accelerate clean and efficient heating and transport while ensuring social fairness.

**We call on the Commission, the Parliament and Member States to:**

- **Operationalise ETS2 in 2028, with no further delays or increased carbon budget.** Maintaining a robust and credible carbon pricing framework is essential to accelerate the uptake of renewable and energy-efficient technologies and to strengthen European competitiveness. Citizens and market actors require predictability to inform their spending and investment decisions. Regulatory rollback pushes technology providers to scale down investments, delaying adoption and disincentivising the much-needed decarbonisation and modernisation of supply chains. In a volatile global geopolitical setting, ETS2 will also accelerate the phase-out of fossil fuels, contributing to the Union's energy security, resilience and strategic autonomy in a cost-effective way.
- **Implement strong complementary climate, social and fiscal policy.** The best way to protect against the risk of too high prices is for Member States to introduce strong complementary policies to reduce the demand for emission allowances, facilitate investments and support lower-income groups. Complementary policies with a pre-2030 impact and a strong investment signal are particularly important, such as support for renovations, renewable energy communities, heat pump roll out, public transport, electric-vehicles, charging, storage and other energy infrastructure. Ambitious climate policy promotes the development of EU lead markets for clean heating, efficient buildings and zero-emission transport. This all strengthens the competitiveness of the clean tech industry in Europe.
- **Ensure broad transparency and public participation in national ETS2 investments.** ETS2 is set to generate hundreds of billions of euros in revenues that can help households access clean technologies to reduce their cost of living while improving their quality of life and drive decarbonisation. ETS2 revenues should be transparently invested into energy performance of buildings, zero-emission transportation, renewables, grids and flexibility, thus reducing the cost of the transition while safeguarding social fairness. Stakeholders, including businesses and civil society, must be included in the overall planning of how ETS2 revenues will be managed. This will ensure social buy-in and provide certainty for businesses on the path to decarbonisation.

We call on the Commission, the European Parliament and Member States to protect the ETS2 and ensure its timely and ambitious implementation. Addressing these concerns is pivotal to ensure the EU's energy security and geopolitical independence, competitiveness, decrease emissions and protect the most vulnerable.

The undersigned organisations.

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