EuLA's Feedback on the Revision of the Benchmark Values for Free Allocation of Emission Allowances (2026-2030)

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EuLA, the European Lime Association, represents European non-captive lime production through its 24 covered Member States (companies & national associations). Lime is one of the essential building blocks of modern industry. It is used in many essential processes, such as making construction buildings, producing iron and steel, treating contaminated land, purifying drinking water, making sugar and even cleaning gases from powers stations. Lime and its derivatives are also important additives for making paper, glass, and agricultural products.

Introduction

The European Lime Association (EuLA) appreciates the opportunity to provide feedback on the draft Commission Implementing Regulation determining revised benchmark values for free allocation for the period 2026–2030 pursuant to Article 10a(2) of Directive 2003/87/EC. EuLA acknowledges that the Commission has applied the benchmark methodology established under Article 10a ETS Directive as currently legislated. The proposed benchmark reductions reflect the prescribed methodology based on historical greenhouse gas efficiency data from 2021–2022 and the extrapolation approach foreseen under the Directive. However, the current benchmark methodology is misaligned with both industrial decarbonisation realities and the broader policy objectives of the EU ETS framework.

Benchmark methodology must reflect process-emission realities

EuLA supported broader industry calls in 2025–2026 for a freeze of benchmark reductions for the 2026–2030 period. This request was aimed to reflect the reality that energy-intensive industries are entering a fundamentally different phase of decarbonisation. Historically, benchmark improvements were driven by incremental efficiency gains and operational optimisation. Today, sectors like lime with a large share of process emissions have to transition toward capital-intensive decarbonisation pathways, such as carbon capture, utilisation and storage (CCUS), and other infrastructure-dependent technologies. The current methodology assumes that historical performance remains an appropriate proxy for future achievable performance. This assumption is increasingly disconnected from industrial reality.

For sectors with high process emissions such as lime, remaining emissions cannot be significantly reduced through marginal efficiency improvements alone. The lime sector faces specific challenges due to the high share of unavoidable process emissions arising from the calcination of limestone. Unlike sectors where emissions primarily stem from energy use, 69% of lime emissions are inherent to the chemical process itself. This limits the extent to which conventional efficiency measures can continue to deliver benchmark improvements.

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As a result, further emission reductions below currently achievable levels largely depend on the deployment of breakthrough technologies such as CCUS, as well as on the availability of CO_2 transport and storage infrastructure. These elements are largely external to individual installations and are not yet available at scale across Europe. In this context, a purely mechanical extrapolation of historical performance improvements may risk projecting benchmark values beyond what can realistically be achieved during the 2026–2030 period using currently deployable technologies.

For the 2026–2030 period, EuLA would also encourage the Commission to continue reflecting on how the benchmark update methodology is applied in practice, in particular where its outcome may lead to values that are below what can be achieved by the most efficient installations using currently available and scalable technologies. In such cases, exploring appropriate adjustments or flexibilities within the existing framework would help ensure that benchmarks remain a credible proxy for achievable performance, while preserving their incentive role and the effectiveness of carbon leakage protection.

In addition, consideration should be given to increasing the share of allowances available for free allocation to better reflect the emissions of sectors exposed to carbon leakage and/or to adjusting the Linear Reduction Factor to better align with the EU's 2050 climate neutrality objective. Maintaining adequate levels of free allocation without triggering the Cross-Sectoral Correction Factor is essential to preserve investment capacity and support continued industrial operations. Industrial installations require a predictable and sufficient allocation framework to remain competitive and continue operating, particularly in the face of increasing international competition and the significant investments required for deep decarbonisation.

Conclusion

For sectors with high process emissions such as lime, the current benchmark methodology risks becoming increasingly difficult to reconcile with technological and industrial realities. Future ETS revisions should therefore explore process-emission-specific solutions or sector-specific benchmark approaches that better take into account unavoidable emissions, the timing of technology deployment, and the infrastructure requirements associated with deep decarbonisation pathways such as CCUS.

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