

To:

President of the European Commission Ursula von der Leyen
President of the European Council Antonio Costa
European Commissioner for Climate, Net Zero and Clean Growth Wopke Hoekstra
European Commissioner for Energy and Housing Dan Jørgensen

10 October 2025

The signatories of this letter representing EU industry welcome the progress made on the EU-UK ETS negotiations since the 19 May EU-UK Summit and the Commission's intention to revise the rules on imported electricity within the CBAM framework.

However, we are concerned that the current design of the EU CBAM will create unintended negative consequences for renewable electricity trading between the EU and the UK, adding unnecessary costs and risks to wholesale electricity prices in Northwest Europe by overestimating emissions of electricity imports from the UK. This would jeopardise the efficient operation of electricity markets to the detriment of EU industry and consumers.

The North Sea is essential to securing Europe's energy independence and safeguarding the competitiveness of European industry and, at a time when the delivery of economically viable renewables projects is already being challenged, industry cannot afford additional policy uncertainty and market barriers.

We are equally concerned about the forthcoming UK CBAM, which would add administrative costs to energy-intensive EU exports.

While both the EU and UK share strong decarbonisation ambitions through similar carbon pricing mechanisms and climate policies, the actual differences in scope, coverage, and implementation timelines between the two CBAMs risks creating a fragmented regulatory landscape. This would impose additional compliance burdens on electricity traders and undermine the efficiency of cross-border flows, despite the significant investments already made in interconnectors and other shared infrastructure.

We therefore strongly advise that the Commission consider a time-limited mutual disapplication of CBAM between the EU and the UK while negotiations on linking the ETS systems continue. This could be achieved through a targeted amendment to the current legislation, building on the existing provisions that allow for adjustments based on carbon pricing equivalence or via the ongoing Implementing Acts. Such an approach would provide market certainty, avoid unnecessary compliance costs, and ensure efficient electricity trading to the benefit of EU consumers and industry.

We stand ready to discuss concrete proposals and to work with the Commission on identifying an acceptable way forward.

