



**Subject: Feedback to the proposed Delegated Act on 'EU Emission Trading Scheme (ETS) – Free Allocation Rules'**

European cements are among the most carbon intensive in the world, without clear signs of improvement. Clinker is the main cause of cement emissions, accounting for over 90% of the sector's carbon footprint. The share of clinker in cement remained high and stable in Europe over the last decade (c. 75%), sitting well above the global average (c. 63%). As safe, scalable, and cost-effective low clinker cements exist today, policies urgently need to incentivise low carbon substitute technologies which replace and reduce the volume of clinker in cement.

As Alliance for Low-Carbon Cement and Concrete (ALCCC - <https://allianceccc.com/>), we are committed to drive this change. Representing leading innovators and key stakeholders in the cement and concrete value chain, we target net-zero by 2040. This can be achieved if Europe shifts to ambitious – technology neutral – policies and standards for cement.

When done right, carbon pricing – through the ETS – will serve as a key driver of green innovation and decarbonisation in the cement industry. For this reason, the ALCCC has been actively and constructively contributing to the debate on the Free Allocation Rules (FAR), calling on several occasions for the adoption of a technology neutral framework, in line with the renewed ETS directive (see e.g. <https://allianceccc.com/policy/joint-position-feedback-on-free-allocation-rules-for-cement/>).

**Unfortunately, the draft DA on FAR fall short for low carbon cements.** While we acknowledge the fact that some minor improvements have been made to the framework, it does not create the much-needed level-playing field for clean clinker and cement technologies. Given that the revised ETS directive (recital 10) explicitly called for free allocation of emission allowances independent of the feedstock or type of production process, we call upon the European Commission to amend the proposal as follows:

- **Amending Recital (32) of the Delegated regulation:**

The proposed text by the European Commission:

*(32) Following the review, to incentivise low-carbon technologies for the production of alternative hydraulic binders as substitutes for white and grey cement clinker, it is appropriate to open the grey cement clinker and white cement clinker benchmarks to alternative products. Products covered by other product benchmarks and by-products or waste resulting from other processes should not be considered to avoid undue allocation*

The proposed text by the ALCCC:

*(32) Following the review, to incentivise low-carbon technologies for the production of alternative hydraulic binders as substitutes for white and grey cement clinker, it is appropriate to open the grey cement clinker and white cement clinker benchmarks to alternative products.*



**Justification:** in line with the principles of a circular economy, it is essential to retain the value of (by)products as much as possible to avoid the (over)consumption of primary natural resources. This is also endorsed by the European Green Deal and the Circular Economy Action Plan (CEAP). Therefore, the current draft needs to widen its scope. The risk of undue allocation is not justified as none of these industrial processes are set-up for the sake of producing by-products given that they only make up an – often negligible– output of the production process in volume. In other words, the risk of altering the business case for decarbonising these industries is non-existent.

- **Amending Annex (d) and (e) to proposed DA FAR**

The proposed text by the European Commission:

(d) the sixth row on grey cement clinker is replaced by the following:			
'Grey cement clinker'	Grey cement clinker or alternative hydraulic binders for the production of cement, as total amount of hydraulic binder produced.  Products produced within the system boundaries of other product benchmarks or as byproduct or waste of other production processes are not covered by this benchmark, including fly ash, blast-furnace slag, steel slag, silica fume, paper sludge.	All processes directly or indirectly linked to the production of grey cement clinker or alternative hydraulic binders are included	0,766
(e) the seventh row on white cement clinker is replaced by the following:			
'White cement clinker'	White cement clinker or alternative hydraulic binders for use as main binding component in the formulation of	All processes directly or indirectly linked to the production of White cement clinker	0,987



	<p>materials such as joint filers, ceramic tile adhesives, insulation, and anchorage mortars, industrial floor mortars, ready mixed plaster, repair mortars, and watertight coatings with maximum average contents of 0,4 mass-% Fe<sub>2</sub>O<sub>3</sub>, 0,003 mass-% Cr<sub>2</sub>O<sub>3</sub> and 0,03 mass-% Mn<sub>2</sub>O<sub>3</sub>. Expressed in tonnes of hydraulic binders (as 100 % clinker/alternative hydraulic binders).</p> <p>Products produced within the system boundaries of other product benchmarks or as byproduct or waste of other production processes are not covered by this benchmark, including fly ash, blast-furnace slag, steel slag, silica fume, paper sludge.</p>	<p>or alternative hydraulic binders are included</p>	
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The proposed text by the ALCCC:

(d) the sixth row on grey cement clinker is replaced by the following:			
'Grey cement clinker'	Grey cement clinker or alternative binders for the production of cement, as total	All processes directly or indirectly linked to the production of grey cement clinker or	0,766



	amount of hydraulic binder produced.	alternative hydraulic binders are included	
(e) the seventh row on white cement clinker is replaced by the following:			
'White cement clinker'	White cement clinker or alternative binders for use as main binding component in the formulation of materials such as joint filers, ceramic tile adhesives, insulation, and anchorage mortars, industrial floor mortars, ready mixed plaster, repair mortars, and watertight coatings with maximum average contents of 0,4 mass-% Fe <sub>2</sub> O <sub>3</sub> , 0,003 mass-% Cr <sub>2</sub> O <sub>3</sub> and 0,03 mass-% Mn <sub>2</sub> O <sub>3</sub> . Expressed in tonnes of hydraulic binders (as 100 % clinker/alternative hydraulic binders).	All processes directly or indirectly linked to the production of White cement clinker or alternative hydraulic binders are included	0,987

**Justification:** same justification as supra on recital (32)

Finally, and in addition to the above amendments to the draft DA FAR, we call upon the European Commission to place a targeted revision of the Emission Trading Directive (ETS) annex I on top of the priority list of the incoming European Commission. The current revision of FAR clearly showed that it proves impossible to fully live up to the wishes of the co-legislators (i.e. moving to a technology neutral free allocation) without further revisions to the annex I of the ETS directive. A targeted revision of this annex is therefore imperative to put European cement industry on track of the EU 2030, 2040 and 2050 targets.