The Carbon Border Adjustment Mechanism

Dear participants,
Welcome to the webinar session on the

ELECTRICITY SECTOR

Please be patient, the webinar will start at 09:30 (CET).

The Carbon Border Adjustment Mechanism (CBAM)

Webinar session on the electricity sector

Please make sure that you appear in Zoom with your name and affiliation.

If needed, rename yourself:

- Click on the "Participants" icon in the Zoom toolbar.
- In the "Participants" window, next to your name click on "More" and choose "Rename".
- Enter a new name and click "Rename" to save it. You will see the new name showing in the "Participants" window.

Starting time: 09:30 AM (CET)

28 September 2023

Housekeeping rules

- ✓ All participants are muted
- ✓ Webinar is being recorded and will be made public
- ✓ Video recording is not allowed
- ✓ Please write your questions in the chat – they will be answered at the end of the webinar
- ✓ A feedback survey will appear on your screen at the end of webinar
- ✓ The presentation will be uploaded on the DG TAXUD CBAM webpage, where you can also find additional materials.

Zoom poll

Question:
Which entity defines you best?

- EU Member State
- EU Importers
- Non-EU country
- Non-EU producer
- Non-EU exporter
- International organisation
- NGO & think tank
- Law firm, consultancy
- Academia
- Other

Webinar Agenda

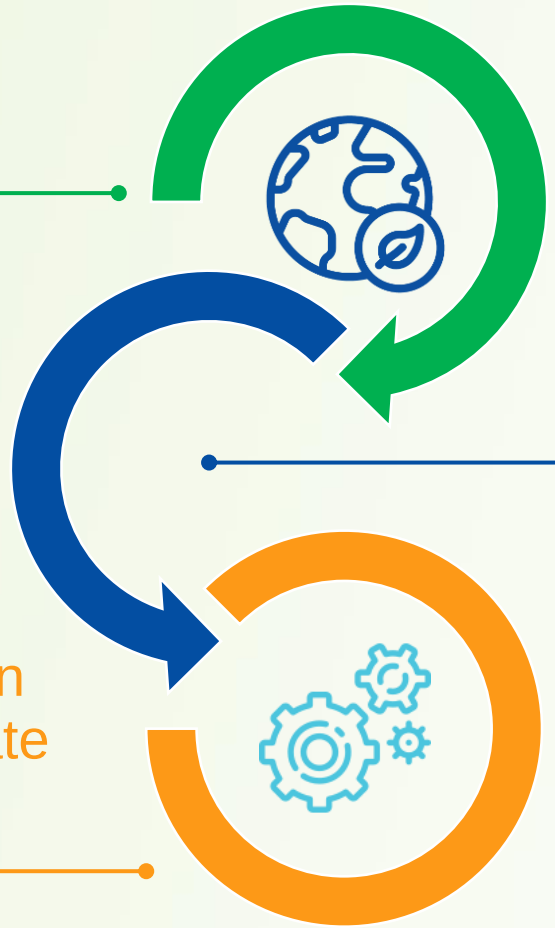
1. **CBAM general overview**
2. **Determination of embedded emissions in the electricity sector**
3. **Overview of CBAM actors & reporting declarants**
4. **Submitting CBAM reports**

Carbon Border Adjustment Mechanism

1 CBAM general overview

The aim of CBAM

Prevents carbon leakage
to ensure effectiveness of
EU climate policy



Complements and
reinforces the EU ETS

Contributes to decarbonisation
globally and to reaching climate
neutrality by 2050

Reporting obligations in the transitional phase

October 2023 – December 2025

CBAM Report containing the following:

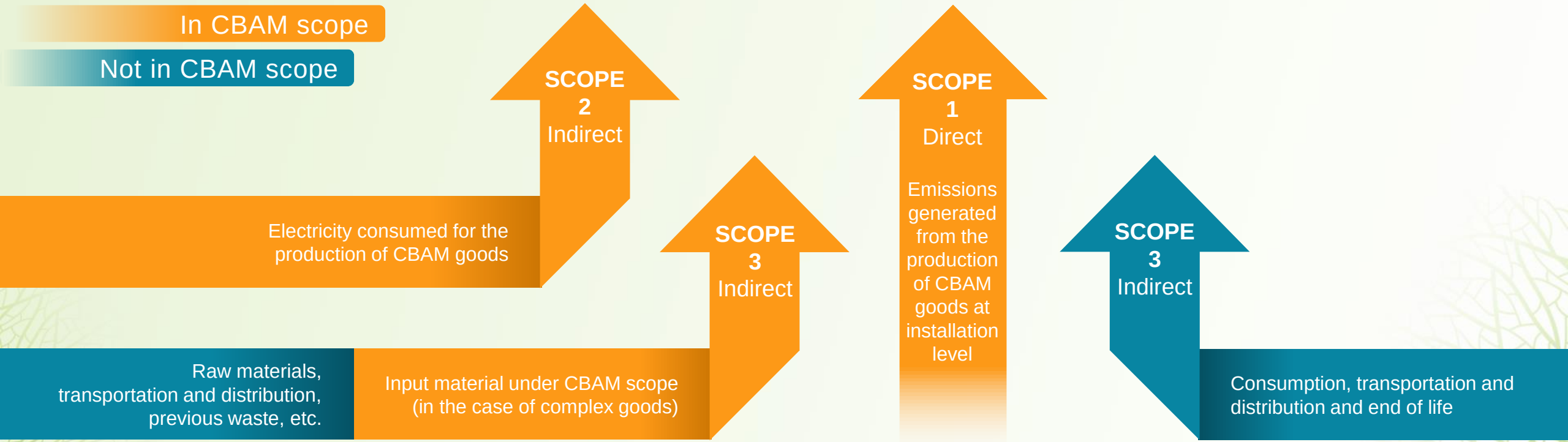
- Total quantity of goods imported during the preceding quarter
- Total embedded direct emissions (and total indirect embedded emissions for goods other than electricity)
- The carbon price due in the country of origin for the embedded emissions

Report to be submitted quarterly

No verification of emissions by EU-accredited verifier

No CBAM certificates

CBAM emissions during the transitional phase



Carbon Border Adjustment Mechanism

2 Determination of embedded emissions: Electricity

Electricity as a CBAM good

CN CODE	AGGREGATED GOODS CATEGORY	GREENHOUSE GAS
ELECTRICITY		
2716 00 00	Electricity	Carbon dioxide

Emissions linked to Electricity – Calculations

$$Em_{el} = E_{el} \cdot EF_{el}$$

WHERE:

- Em_{el} are the emissions related to electricity produced, expressed in t CO_2;
- E_{el} is the electricity produced expressed in MWh or TJ, and
- EF_{el} is the emission factor for electricity applied, expressed in t CO_2/MWh or t CO_2/TJ.

Monitoring – Hierarchy of emission factors

(a) CO_2 emission factor based on data from the International Energy Agency (IEA)

(b) CO_2 emission factor of the EU based on IEA data, if no value is available under (a)

(c) CO_2 emission factor based on reliable data demonstrated by the reporting declarant, if the values are lower than under (a) and (b) and if a specific methodology is used

(d) CO_2 emission factor based on actual CO_2 emissions of the installation, if certain conditions are met

CO_2 emission factor – Calculations for options (c) and (d) (1/2)

Calculation of

yearly CO_2 emission factor

$$Em_{el,y} = \frac{\sum_i^n EF_i \times E_{el,i,y}}{E_{el,y}}$$

WHERE:

- $Em_{el,y}$ is the yearly CO_2 emission factor for all fossil fuel technologies in the given year in the third country capable of exporting electricity to the EU;
- $E_{el,y}$ is the total gross electricity generation from all fossil fuel technologies in that year;
- EF_i is the emission factor for each fossil fuel technology 'i', and
- $E_{el,i,y}$ is the yearly gross electricity generation for each fossil fuel technology 'i'.

CO_2 emission factor – Calculations for options (c) and (d) (2/2)

Calculation of

moving average CO_2 emission factor

$$Em_{el} = \frac{\sum_{y-6}^{y-2} Em_{el,i}}{5}$$

WHERE:

- Em_{el} is the CO_2 emission factor resulting from the moving average of the CO_2 emission factors of the 5 previous years, starting from the current year, minus two years, until the current year, minus 6 years;
- $Em_{el,y}$ is the CO_2 emission factor for each year ' i ';
- i is the variable index for the years to consider, and
- y is the current year.

CO_2 emission factor – Criteria for reporting actual emissions (option (d))

Based on actual CO_2 emissions of the installation:

- Electricity covered by a power purchase agreement between the CBAM declarant and an electricity producer located in a third country.

- Installation producing electricity
  a) directly connected to the Union transmission system or
  b) no physical network congestion.

- Does not emit more than 550 grammes of CO_2 of fossil fuel origin per kWh of electricity.

- Electricity firmly nominated to the allocated interconnection capacity by all responsible transmission system operators.

Clarifications on electricity as CBAM good

Identification of the CBAM declarant

The declarant shall be the entity that appears as importer in the customs declaration.

This could be the person to whom the transmission capacity has been allocated for import and who nominates that specific capacity for import.

Default values in 3rd countries

Based on IEA data, representing a 5-year average.

Review of methodology to determine default values for the definitive period, which starts in January 2026.

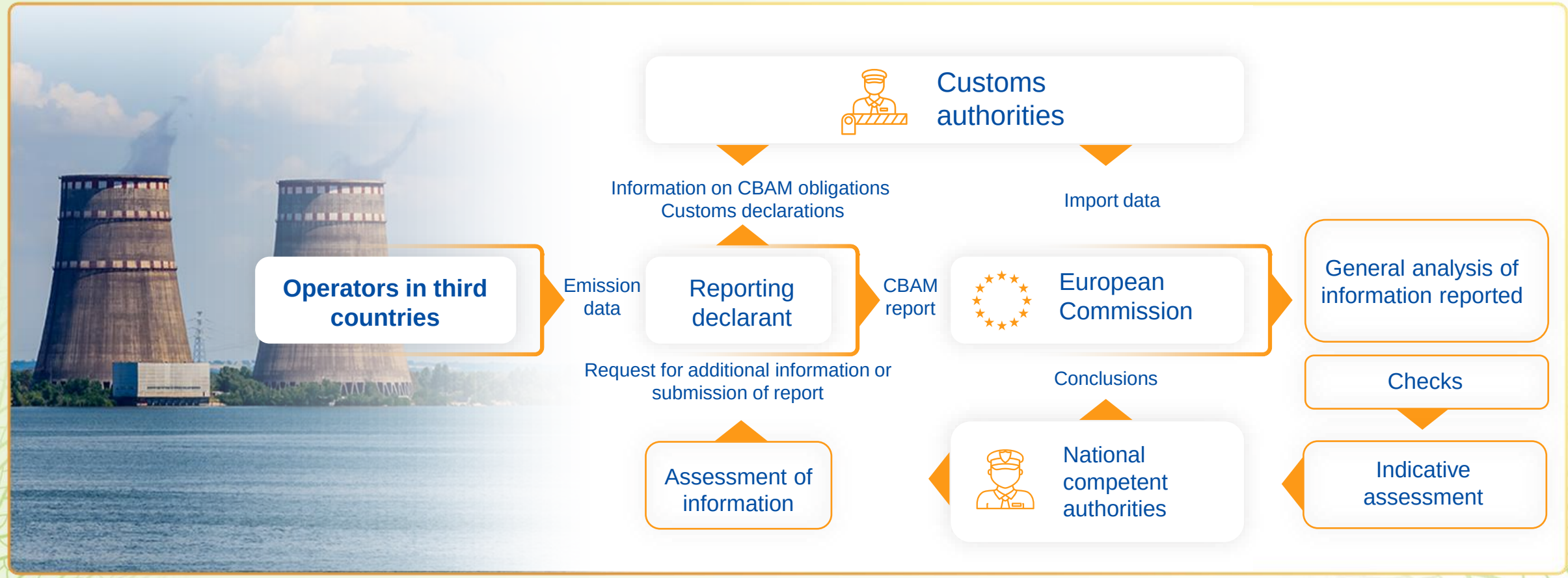
Trade via anonymous exchange-based platforms

The relevant information is the volume of electricity declared and the third-country where this volume is deriving from.

The Default Values for declarants, to claim actual emissions, were designed to assume that electricity being imported is coming mainly from fossil fuel plants.

3 Overview of CBAM actors & reporting declarants

Overview of the actors in CBAM



Who are the Reporting declarants?

Rules for Representatives

No representation by others - Own import

Direct customs representative (Status: Customs Declarant)

Importer is the CBAM reporting declarant

Indirect customs representative (Status: Importer)

Importer or indirect customs representative may be the reporting declarant

Subject to reporting obligations

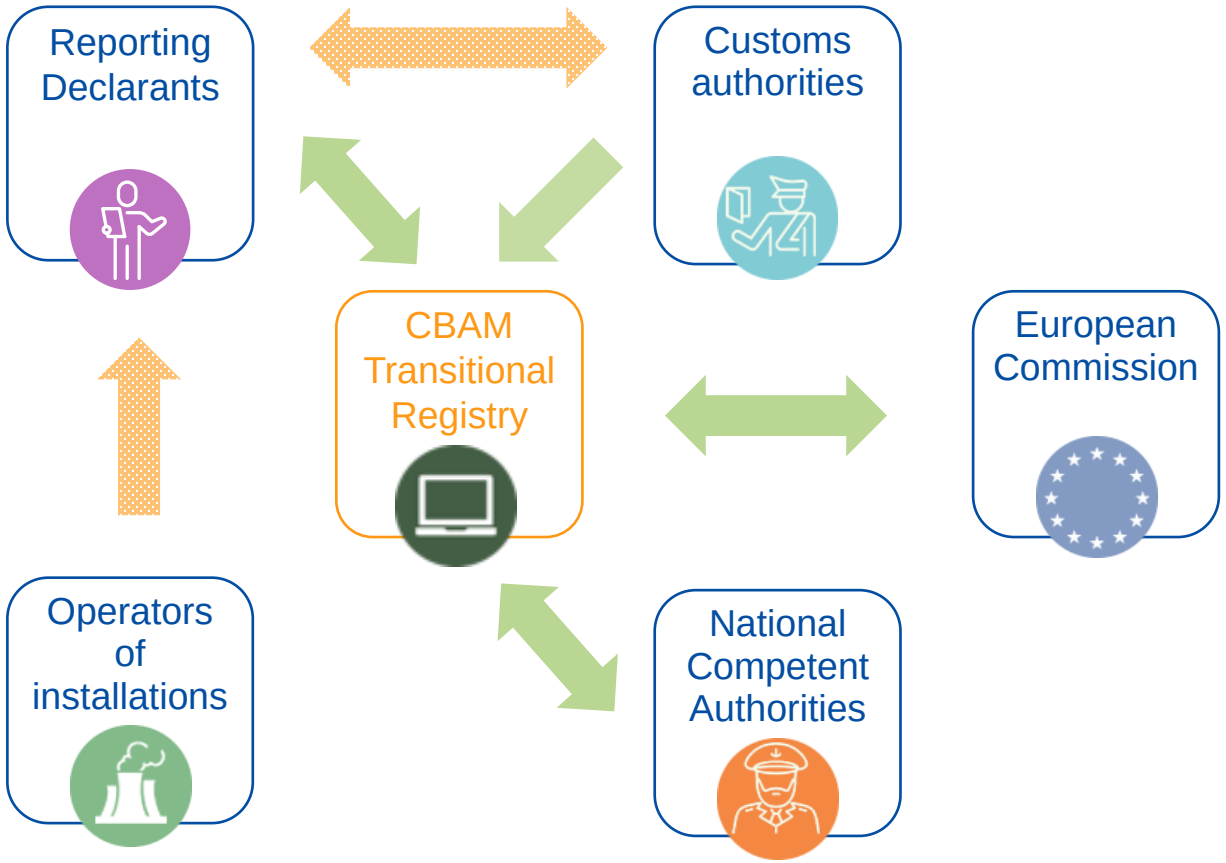
Reporting declarants – Requirements for the CBAM reporting

- Quantity of imported electricity
- Country of origin
- Direct emissions
- Carbon price due in jurisdiction (if any)

Carbon Border Adjustment Mechanism

4 Submitting CBAM reports

Reporting in the CBAM Transitional Registry



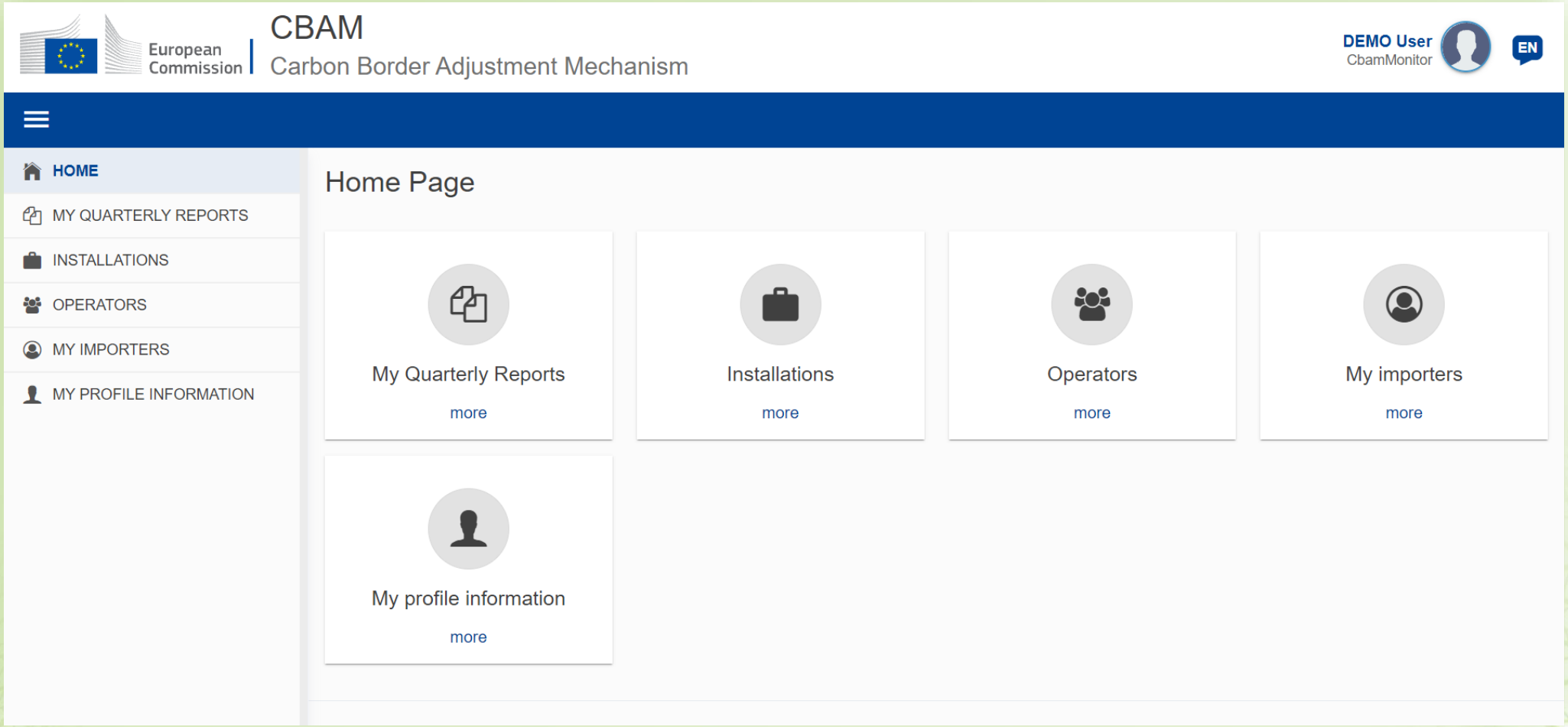
Key highlights

- Single platform to create synergies
- Tool to perform CBAM-related tasks
- Secured platform to ensure confidentiality of information

OUTSIDE THE REGISTRY

VIA THE REGISTRY

The CBAM Transitional Registry



Timeline for reporting declarants

REPORTING PERIOD	SUBMISSION DUE BY	MODIFICATION POSSIBLE UNTIL*
2023: October – December	**2024:** January 31	**2024:** July 31
2024: January – March	**2024:** April 30	**2024:** July 31
2024: April – June	**2024:** July 31	**2024:** August 30
2024: July – September	**2024:** October 31	**2024:** November 30
2024: October – December	**2025:** January 31	**2025:** February 28
2025: January – March	**2025:** April 30	**2025:** May 31
2025: April – June	**2025:** July 31	**2025:** August 31
2025: July – September	**2025:** October 31	**2025:** November 30
2025: October – December	**2026:** January 31	**2026:** February 28

**After the modification deadline, reporting declarants may request reopening of the file before the national competent authority for eventual corrections.*

Where to find further information on CBAM?

Visit the CBAM webpage regularly – our one-stop shop

https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

- 2 guidance documents
- Communication template between importers and operators
- Registration to dedicated webinars
- Link to our E-learning materials through the Customs and Tax EU Learning portal
- Q&A and factsheet
- Soon: link to the recording of these webinars

The Carbon Border Adjustment Mechanism-Electricity Sector

Thank you!