



SMART ENERGY

Understanding CBAM and Its Market Impact

Ezgi Özkirim

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GEN-I Group

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Vice Chair of the Board
Energy Traders Europe

Montel CSEE Energy Day
Budapest, 24.04.2025



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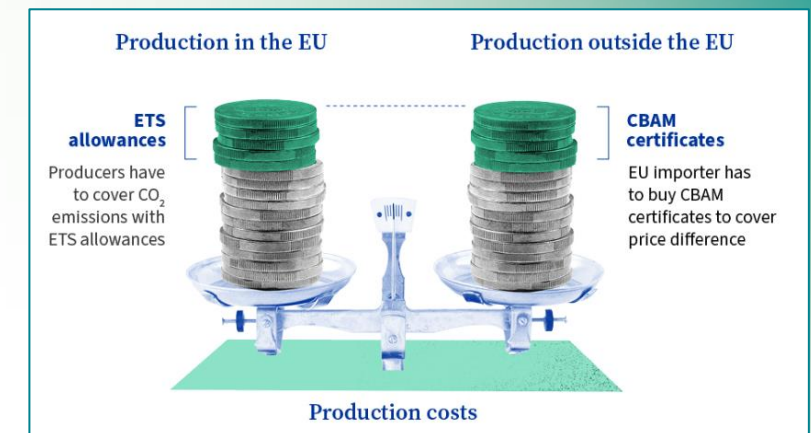
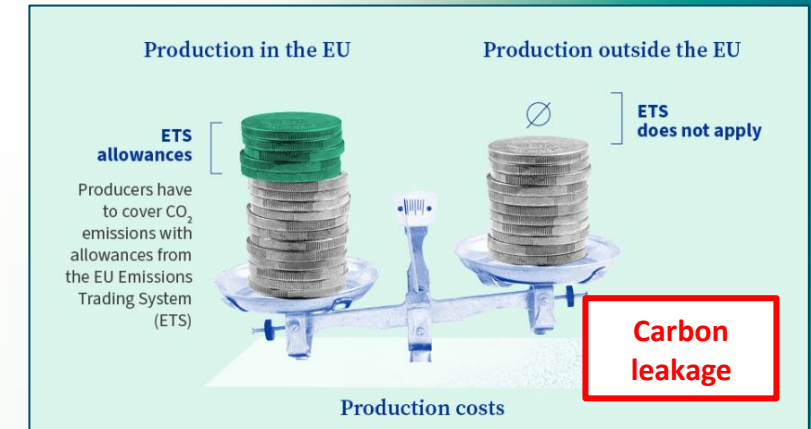
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I. CBAM Essentials

- Carbon Border Adjustment Mechanism (CBAM) is introduced as an additional tax for importing goods to EU, based on the total emissions embedded in the imported electricity.
- CBAM Transitional phase: Quarterly reporting since October 2023.
- Financial obligations begin in 2026, with adjustments payable from 2027 onward based on reported emissions and certificate prices.
- Price of CBAM certificates will mirror the EU ETS, i.e. weekly average auction price of EU ETS allowances expressed in €/ton of CO₂ emitted. The Commission shall calculate and publish the price of CBAM certificates.
- CBAM Certificates are not „tradable“
- Key differences of electricity from other sectors
 - Intangibility and real-time trading
 - Border Crossings ≠ Trade Transactions
 - High share of spot market trading (anonymized and exchange-based)

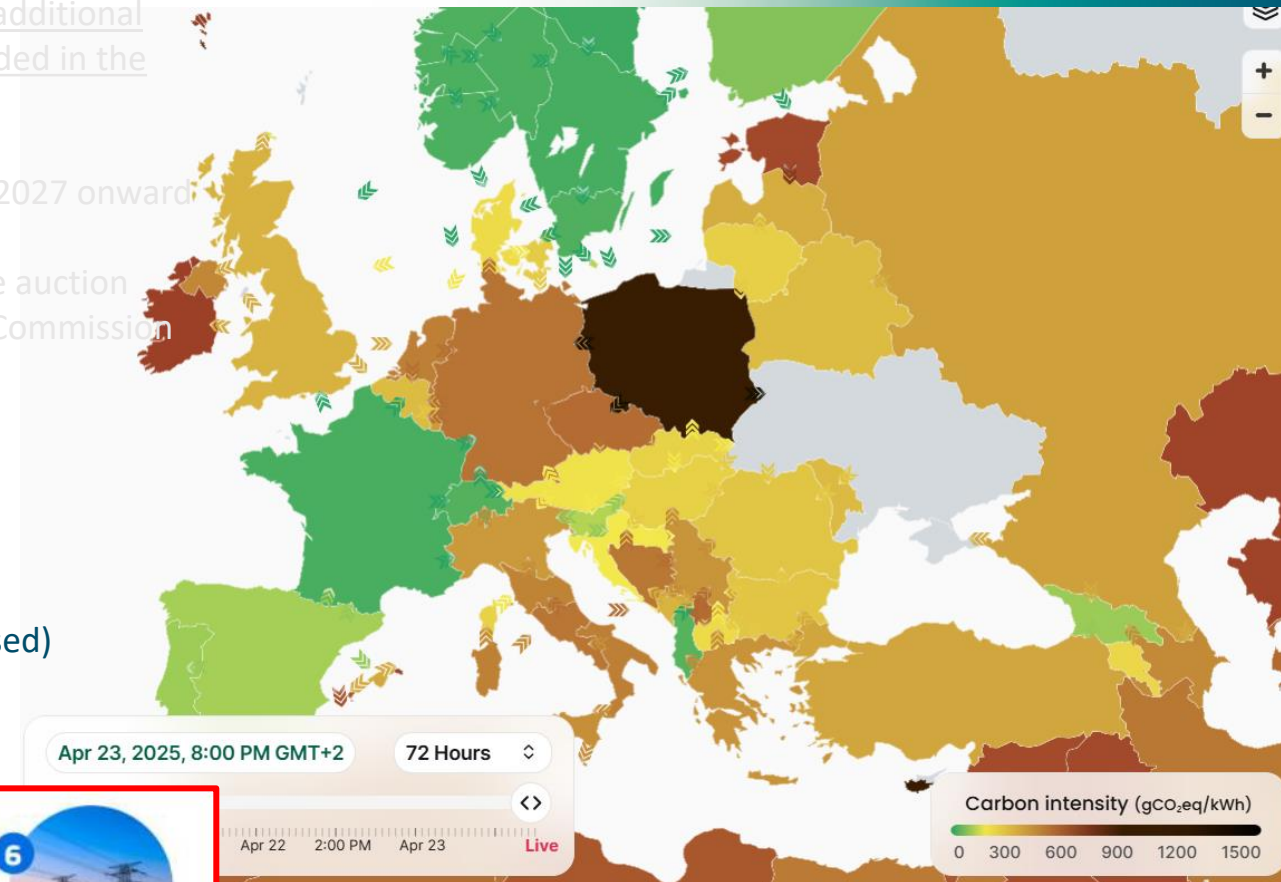
COVERED SECTORS



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<https://app.electricitymaps.com/map/72h/hourly>



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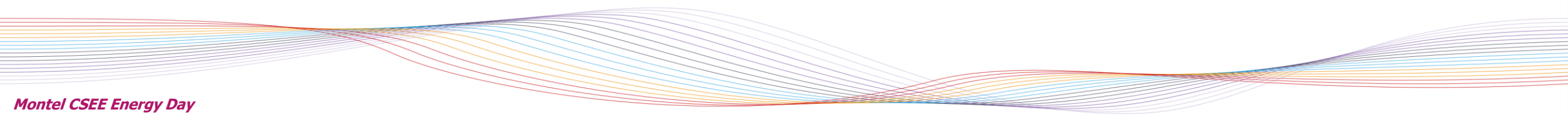
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II. Dispelling Popular CBAM Myths



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Example: including ETS (or similar) implementation by 2030

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In the absence of a technical solution that makes CBAM compatible with market coupling, countries that are not part of the EU Emissions Trading System (ETS) must...

Key take-away: CBAM remains „as is“, remains unclarified for key aspects of electricity, will enter its definitive period (payment exposures start) on 01.01.2026, and will not incentivise non-EU renewables investments or cross-border flows.

2030

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III. Immediate Market Impacts of CBAM

- Regulatory Uncertainty = Market Uncertainty
 - Uncertainty around CBAM treatment of OTC and exchange-based electricity trades
 - Hedging against potential CBAM liabilities as of 2026
- Perceived CBAM cost shaping market behavior
- Contractual shifts underway – demand for emission-related clauses in contracts
- “CBAM-Compliant” PPAs emerging – are they truly effective?

III. Immediate Market Impacts of CBAM

CBAM Cost estimates for 2024-2025

Sensitivity of CBAM Cost to EUA prices

Country	Emission Factor (t CO ₂ /MWh) Source: Default values in CBAM registry	Average EU ETS Price for Q1-24 (EUR/tCO ₂)	Average EU ETS Price for Q2-24 (EUR/tCO ₂)	Average EU ETS Price for Q3-24 (EUR/tCO ₂)	Average EU ETS Price for Q4-24 (EUR/tCO ₂)	Average EU ETS Price for Q1-25 (EUR/tCO ₂)	Estimated CBAM tax due if paid for 2025 (EUR/MWh)
Albania	0.00	59.60	67.94	66.93	65.53	73.45	0.00
Bosnia and Herzegovina	1.14						83.66
Kosovo	1.06						78.07
North Macedonia	0.93						68.13
Montenegro	0.97						71.40
Serbia	1.04						76.43
Ukraine	0.96						70.65
Moldova	0.52						38.25
Turkey	0.71						51.83

estimating future CBAM costs is highly complex...

IV. Advocacy Efforts

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- ✱ **Persistent lack of clarity** regarding the practical applicability of CBAM to electricity imports → **significant advocacy efforts** undertaken and currently ongoing
- ✱ **Expertise from members** and consensus positions by members → **dedicated working groups** monitoring ETS and CBAM implementation at EU level & national task forces monitoring local-level implementation
- ✱ Energy Traders Europe as a **Member of European Commission Informal Expert Group on CBAM**

MEMO

Energy Traders Europe memo on CBAM electricity

Brussels, 16 July 2024

We bring to the attention of the European Commission critical aspects concerning the conditions for applying actual embedded (direct and indirect) emissions on “electricity”, more specifically:

1. Definition of Power Purchase Agreement (PPA)
2. Application of congestion and firm nomination criteria
3. Reporting of cross-border flows (including transit)



Register of Commission Expert Groups and Other Similar Entities

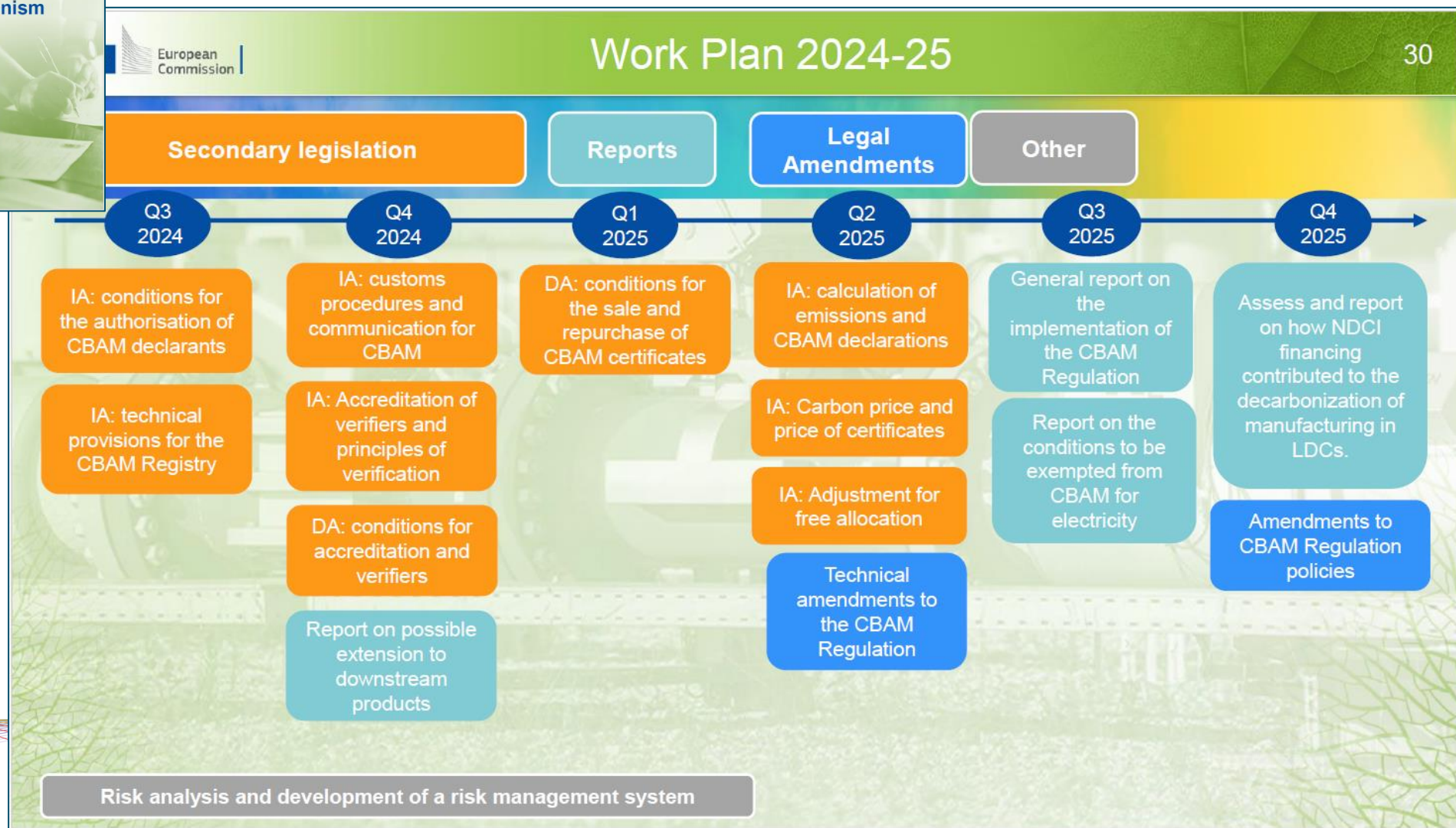
Home Expert Groups Meetings Members Calls for application News

Register

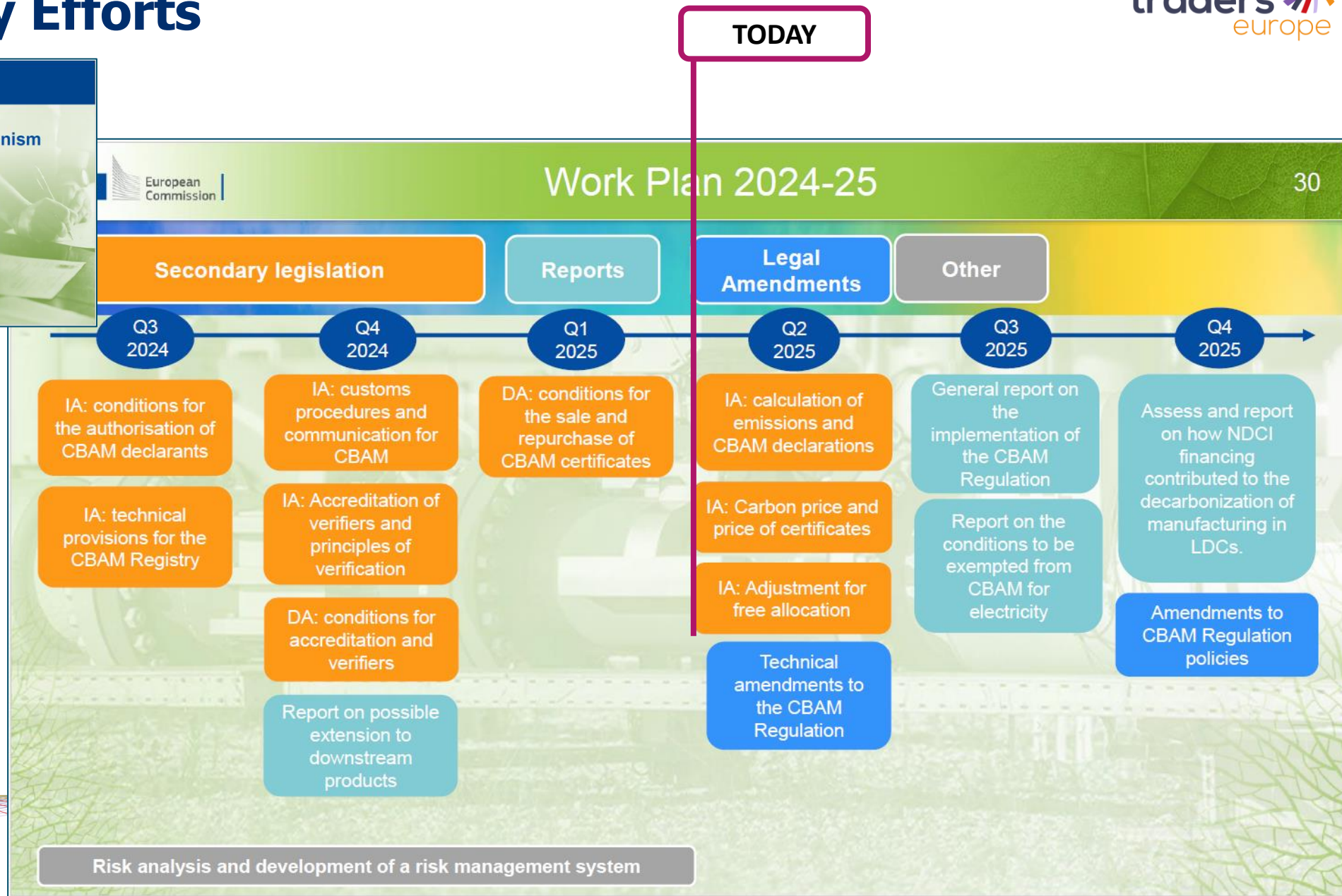
Informal Expert Group on the carbon border adjustment mechanism (CBAM)

Code	E03927
Type	Expert group
Lead DG	DG Taxation and Customs Union

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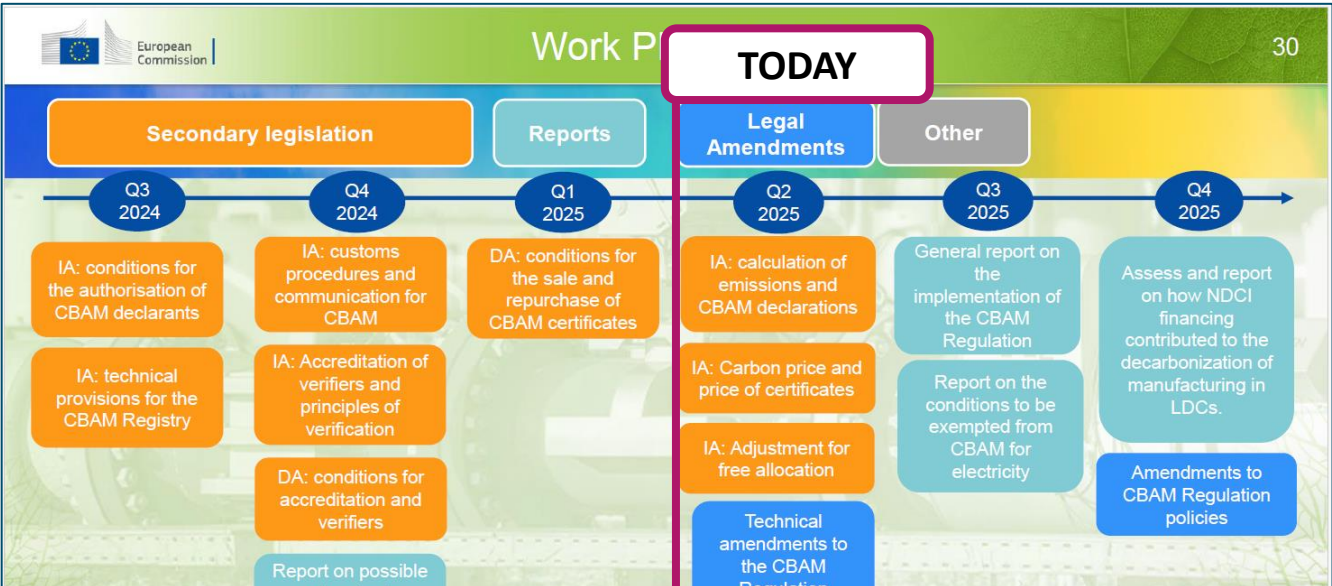
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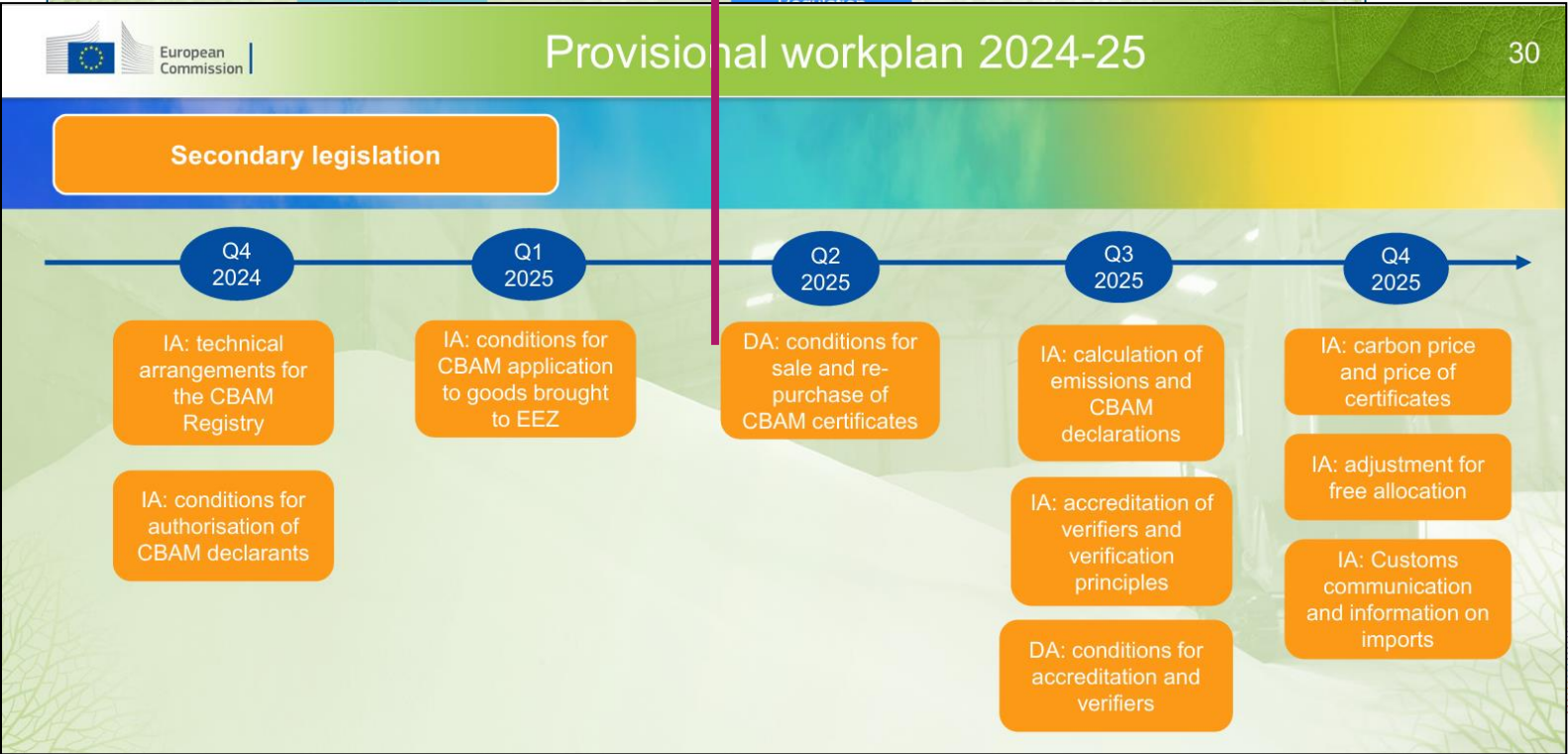
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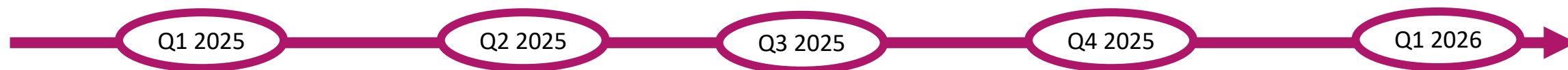
June 2024



November 2024



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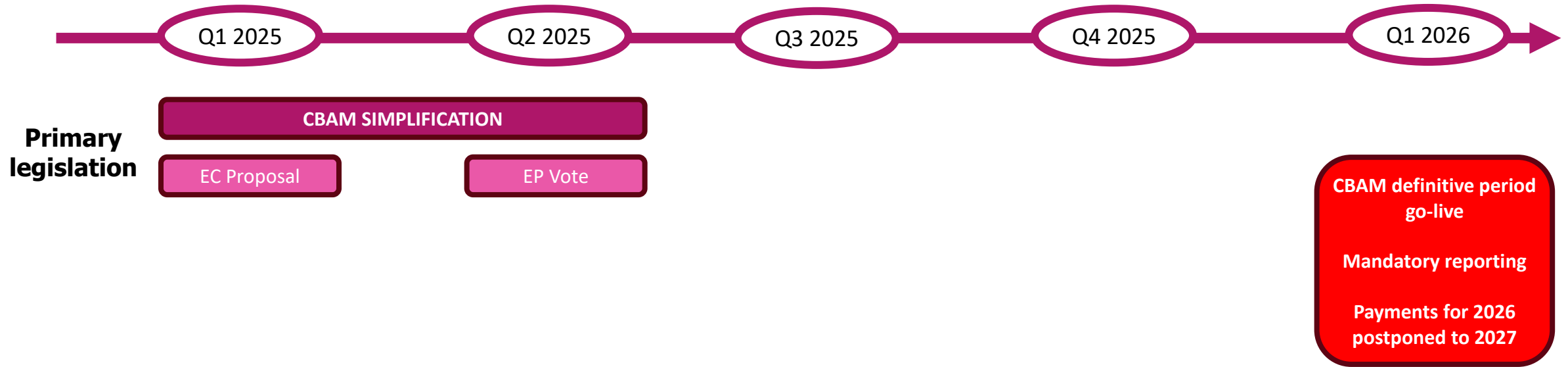


**CBAM definitive period
go-live**

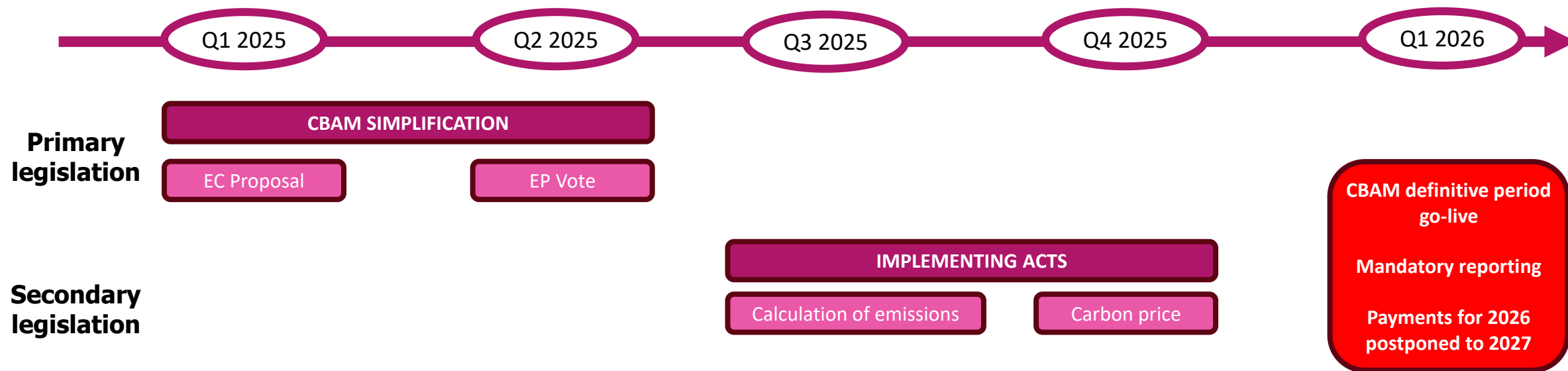
Mandatory reporting

**Payments for 2026
postponed to 2027**

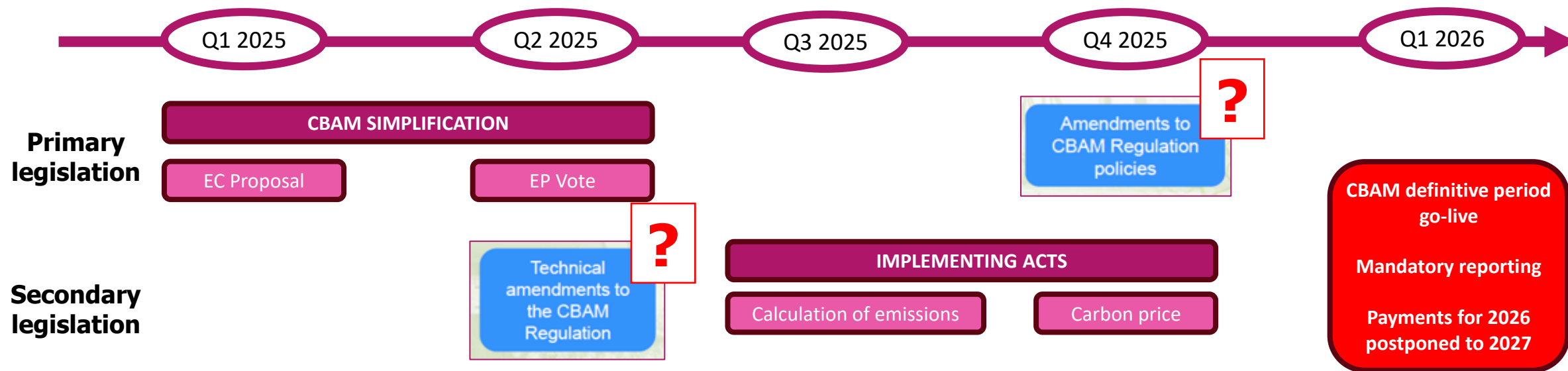
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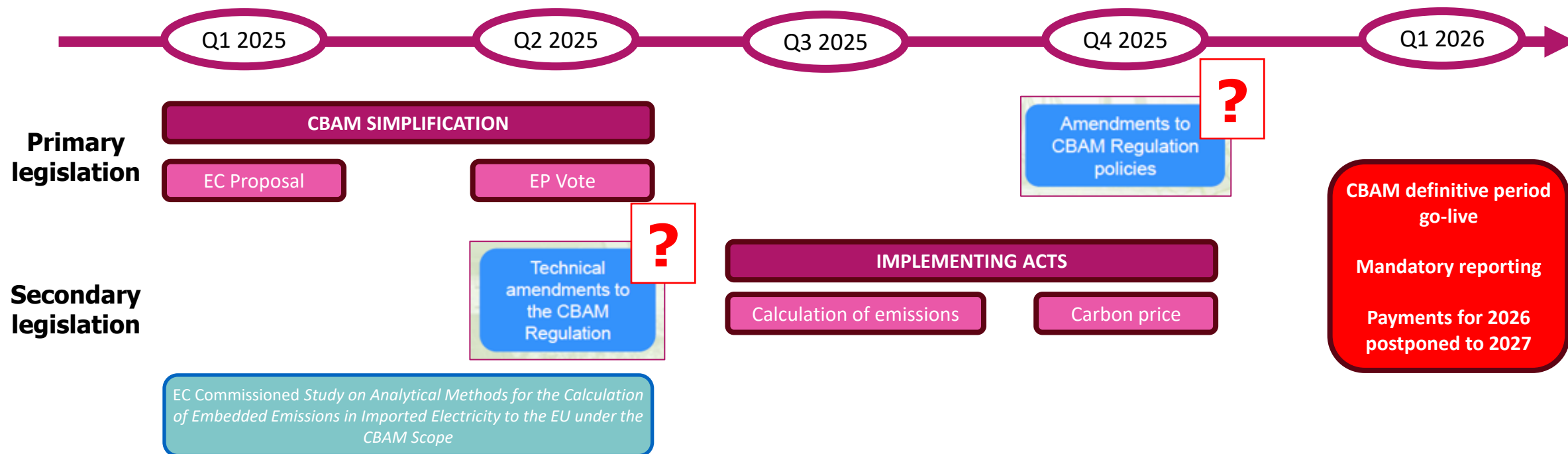
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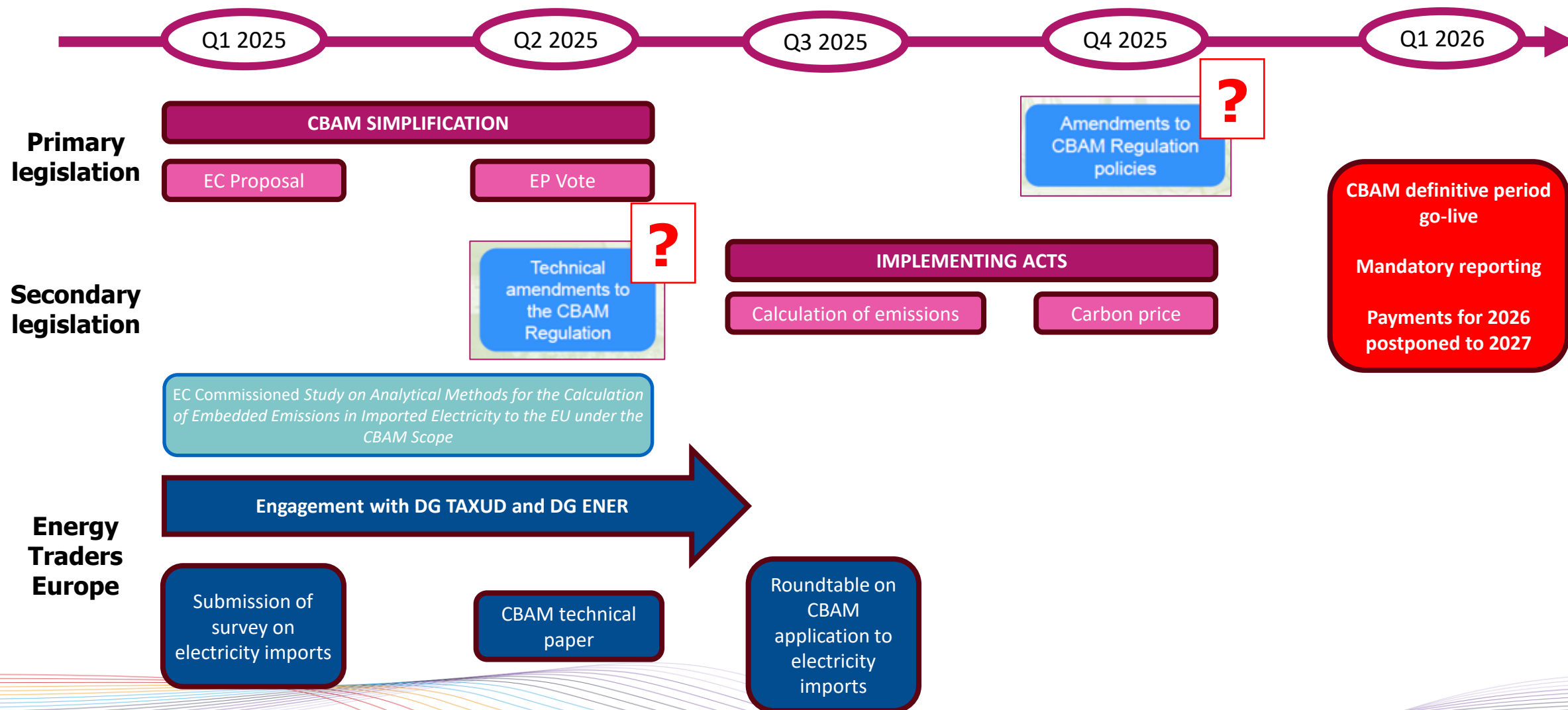
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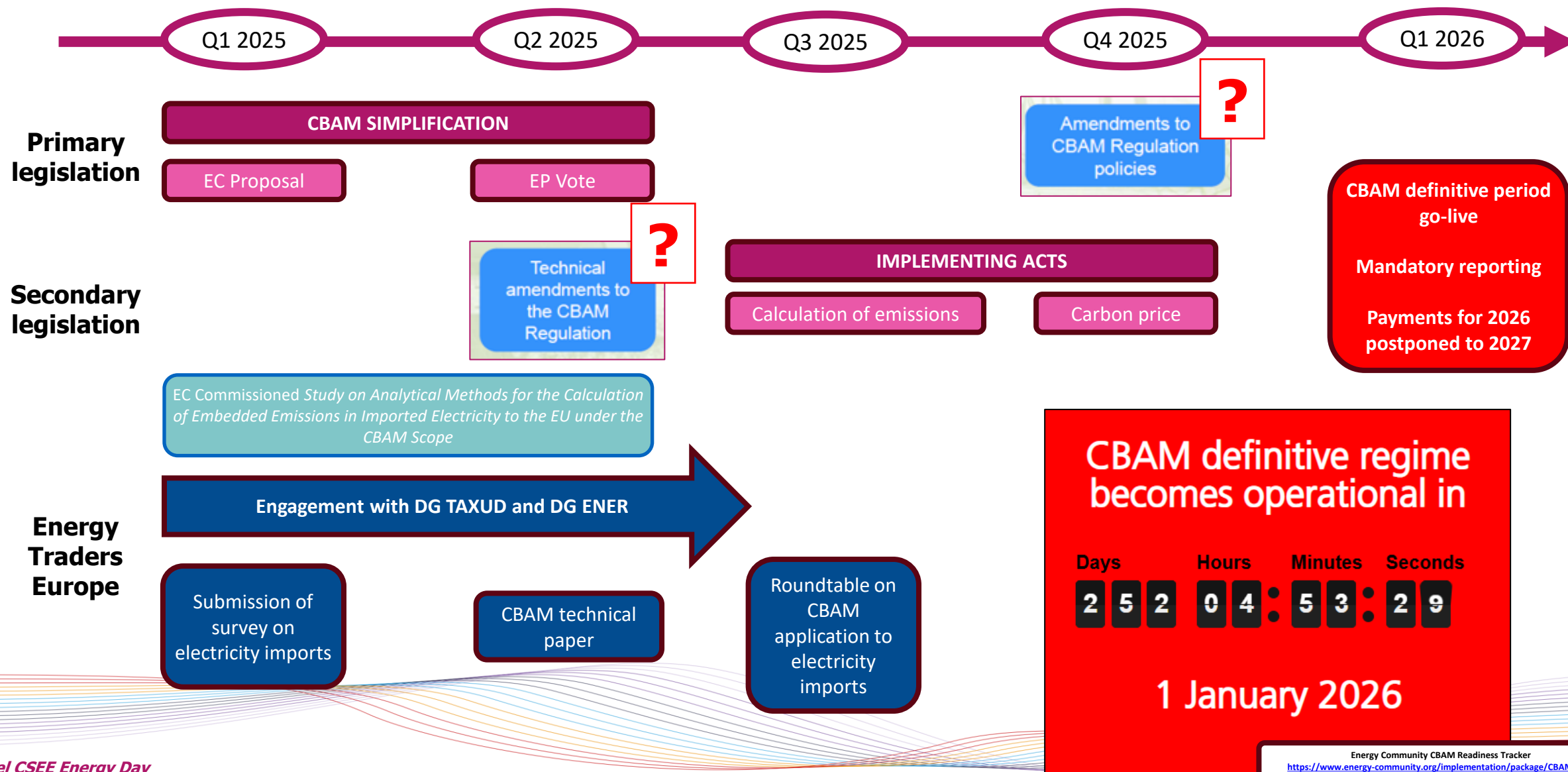
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Thank you ...

gen-i

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gen-i

... for your attention!

energy
traders
europe

The logo for Energy Traders Europe features a stylized sunburst or starburst icon composed of multiple colored lines (red, orange, yellow, green, blue, purple) radiating from a central point. Below the icon, the words "energy", "traders", and "europe" are stacked vertically in a sans-serif font. "energy" and "traders" are in dark blue, while "europe" is in orange.

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