

**Proposal for a Directive of the European Parliament and of the Council
amending Directive 2003/87/EC to enhance cost-effective emissions
reductions and low carbon investments**

Questions for clarification

In view of developing its comments on the proposal, the cement industry requires a number of questions to be answered:

Cap distribution

1. What is the anticipated allocation cap and what is the cap trajectory? Please provide absolute numbers for each year
2. Please confirm that the Modernisation Fund is 2% of the total allowance cap?
3. Please confirm that the Modernisation Fund is drawn only from the auction allocation?
4. Please confirm that the full 43% of the total allowances will be available for free allocation?
5. Please confirm that the initial allocation to the New Entrant Reserve and the Innovation Fund will come from unallocated allowances from Phase 3, and not from the Phase 4 free allocation – albeit that the New Entrant Reserve is ‘topped-up’ with unallocated free allowances throughout Phase 4.
6. Please confirm that a total of 450 million allowances in total will be available for the New Entrant Reserve and the Innovation Fund in combination? OR Are 400 million allowances allocated to the New Entrant Reserve and a further 450 million allowances allocated to the Innovation Fund?
7. Please confirm that 250 million allowances will be ring-fenced for new entrants and business growth?

Benchmark review

8. Please could you confirm that the revised benchmark value for each year within the period 2021-2025 will be the same value for each year?
9. In calculating the ‘observed average improvement’. Is the improvement taken from the top 10% benchmark plants or all plants in the sector?

HAL determination

10. Please could you give some clarification on which years the HAL will be determined? What impact will it have on the CSCF?

CSCF

11. Please clarify where and how the remaining allowances in the years where the sum of free allocations does not reach the maximum level that respects the Member State auctioning share will be used?
