

## MNI: Monthly European Carbon Market Policy Monitor

By Felicia Grosse & Scott Chen (29/09/2025)

### Highlights Summary:

- **EU Climate Target 2040:** The EU's 2040 climate target remains undecided following the postponement of a European Parliament vote on Ondrej Knotek's proposal to reject the target, originally scheduled for 23 September. Environment Commissioner Teresa Ribera has said the bloc aims to finalise the target "in the coming weeks."
- **EU 2035 NDC:** The EU Environment Council has approved a statement of intent outlining its indicative 2035 Nationally Determined Contribution (NDC) — a 66.25–72.5% GHG reduction vs 1990 levels. The final NDC is expected to be submitted ahead of COP30 in November.

### Policy Meeting Calendar

Date	Institution	Event
Sept 10	EU Parliament	CBAM Simplification Vote
Sept 16	N/A	EU Commission Head Meets Former Chinese Climate Envoy
Sept 18	ENVI	Council Meeting on Climate Target and NDC
Sept 23	ENVI	EU Climate Target Rejection Proposal Vote
Sept 24	UN	UN Climate Summit
Sept 30	N/A	EU ETS Surrender Deadline
Oct 6	EU Commission	2024 EU ETS Surrender Data Publication
Oct 6-9	EU Parliament Plenary	Parliament Plenary Session
Oct 8	EEX	Northern Ireland EUAs Auction
Oct 15	UK Environment and Climate Change Committee	TBC
Oct 17	IMO	Vote on IMO Net-Zero Framework
Oct 21	ENVI	EU Environment & Climate Ministers Meeting
Oct 23	European Council Summit	Discussions on 2040 Climate Target
Oct 29	N/A	Deadline UK Government Response to Committee on Climate Change Progress
Oct 31	N/A	CBAM Emissions Declarations Q3

## September Policy Review

### 10 September – EU CBAM Simplification Vote: EU Parliament

- The European Parliament voted on revised CBAM simplification measures, approving them with 617 votes in favour, 18 against, and 19 abstentions.
- The revisions are part of the Omnibus I package, aimed at reducing administrative burden for SMEs and the European Commission.
- Under the updated rules, around 90% of importers will be exempt, while still covering 99% of total CO<sub>2</sub> emissions under CBAM.
- The import threshold for sectors such as aluminum, iron, steel, fertilisers, and cement has been increased from 150 tonnes/year to 50 tonnes/year.
- CBAM will become fully operational on 1 January 2026.

### 16 September – EU–China Climate Talks: Ribera Meets Former Chinese Climate Envoy

- EU Commission Head Teresa Ribera met with Xie Zhenhua, China's former climate envoy, in Brussels.
- Zhenhua is expected to press for a more ambitious 2035 Nationally Determined Contribution (NDC) from the EU, and for greater diplomatic alignment ahead of COP30.

### 18 September – EU 2040 Climate Target Meeting: EU Environment Council

- Environment ministers met to debate the EU's proposed 2040 climate target and endorse a statement of intent on the 2035 NDC.
- The Council backed an indicative 2035 GHG emissions reduction target of 66.25–72.5% vs 1990 levels.
- This statement will be submitted to the UNFCCC Secretariat and the Paris Agreement Implementation and Compliance Committee, with full NDC submission planned ahead of COP30.
- The ministers also held a policy debate on the proposed amendment to the European climate law to review the progress of the negotiations on the amendment and provide further guidance. The Council made no breakthrough towards the finalisation of the 2040 climate target during the meeting.
- The EC's latest draft plans to introduce a 90% GHG reduction level target versus 1990 levels by 2040, while allowing EU countries to use international carbon credits to meet up to 3% of the bloc's new 2040 emissions-reduction target, starting from 2036.
- Several member states are hoping for a lower reduction target. Poland, the Czech Republic and Italy expressed strong opposition. However, so far only Italy has proposed an alternative target of 80-85%.
- Rabobank said in June reviews of the EU's 2040 climate targets, the inclusion of carbon removals and the potential EU-UK carbon market link significantly impact carbon prices. For this reason, the bank decided to keep its ETS price forecast unchanged for this and next year (as of June) – highlighting the importance of the upcoming policy events.

### 23 September - EU 2040 Climate Target Vote: EU Environment Council

- The European Parliament vote on Ondrej Knotek's proposal to reject the 2040 target was scheduled for 23 September but has been postponed.

- According to Borys Budka, the new date has not yet been confirmed. Sources suggested to Argus it could take place during the 7–9 October plenary, or be delayed further until the EU Summit on 23–24 October.
- Rapporteur Ondrej Kotlek published a proposal on 24 July that intended to reject the 2040 climate target proposal without proposing an alternative. The initial draft law proposed to reduce GHG emissions by 90% by 2040.

## 24 September – UN Climate Summit

EU to Finalise 2040 Climate Target in Coming Weeks, to Present NDC Before COP30

- At New York Climate Week, Teresa Ribera said the EU aims to finalise its 2040 climate target in the coming weeks, with plans to submit its 2035 NDC before COP30, after presenting a statement of intent. Lawmakers acknowledged that they would miss the end of September deadline to submit its NDC at the UN Climate Summit.
- EU countries including France and Poland, insist the target should be discussed at the EU leaders' level before formal approval. The next summit is on 23–24 October.

## China Pledges To Cut Emissions By 7-10% From Peak By 2035

- China pledged to cut emissions by 7–10% from peak levels by 2035, and to increase wind and solar capacity sixfold from 2020 levels within a decade, according to Chinese President Xi Jinping's speech.
- China also pledged to raise wind and solar power capacity by six times from 2020 levels within the next ten years and to boost the share of non-fossil fuels of the domestic energy consumption to over 30%.
- However, think tank E3G criticised the pledge as insufficient and misaligned with China's 2060 carbon neutrality target.

## 30 September – EU ETS Surrender Deadline

- The deadline for surrendering allowances in the EU ETS is on 30 September of the year following the emissions year.

## October Policy Outlook

### 6 October - EU Commission to Publish 2024 EU ETS Surrender and Compliance Data

- The European Commission will publish 2024 EU ETS surrender and compliance data on 6 October. Market impact is possible if the data shows under-surrendering or non-compliance, which could drive up permit prices.
- Total verified emissions under the EU ETS in 2024 rose by 3% year-on-year to 1,187mn tonnes CO<sub>2</sub>e, with the inclusion of shipping starting from 2024, EU Commission data show.
- Excluding the shipping sector, verified emissions from the stationary installations and aircraft operators declined by 5% year-on-year, reaching approximately 50% below 2005 levels, driven by a decline in power sector emissions.
- Electricity production emissions dropping 12%, driven by rise in renewables and decrease in gas and coal. Meanwhile, industrial emissions remained stable overall, largely due to shifts in production volumes.

**6-9 October – EU Parliament Plenary Session**

- The European Parliament is scheduled to hold its next plenary session from 6 to 9 October.
- According to sources cited by Argus, a vote/discussion on the 2040 Climate Target could take place during this session, although it may be postponed until the EU Leaders' Summit on 23–24 October. The latest agenda does not currently include the vote, and the draft schedule remains subject to change.

**8 October – Northern Ireland EUAs Auction**

- A volume of 796,500 EUAs will be auctioned, down 32% from the 1.17mn EUAs in the previous year.

**15 October – UK Environment and Climate Change Committee Meeting**

- The UK Environment and Climate Change Committee will meet in private on 15 October at 10:00 GMT. No public agenda has been released.

**17 October - Vote on IMO Net-Zero Framework**

- The IMO Marine Environment Protection Committee (MEPC) will meet on 14-17 October and will vote on 17 October on the IMO Net-Zero Framework, including the global fuel standard and GHG emissions pricing mechanism.
- The IMO introduced a \$100/tCO<sub>2</sub>e levy starting in 2028 and aims for net-zero shipping emissions by 2050.
- In April, 63 IMO member states (including China, Brazil, and EU countries) supported the levy; 16 voted against.
- Industry groups have voiced political concerns over Net-Zero Framework ahead of the vote, warning that the IMO could emerge as one of the largest banks, with the carbon levy functioning as a global tax system.
- “Do not make the IMO the biggest commercial bank in the world”, said International Chamber of Shipping.
- The Global Maritime Forum warned that failure to adopt the framework could undermine long-term investments and raise user costs.

**21 October – Meeting EU Environment & Climate Ministers**

- The next Environment and Climate Council meeting is scheduled for 21 October. The agenda will be released one week in advance.

**23 October – EU Council Summit, 2040 Climate Target Discussions**

- EU leaders are scheduled to debate the 2040 climate target during the EU leaders' summit on 23-24 October.

**29 October - Deadline UK Government Response to Committee on Climate Change Progress**

- The UK Government must respond to the Climate Change Committee's 2025 progress report by 29 October.

- This follows an earlier deadline extension from 15 October to allow for deeper consultation and a more robust policy response.

### **31 October – CBAM Emissions Declarations Q3**

- The CBAM Emissions Declarations for Q3 2025 are due on 31 October. During this transitional phase, importers of CBAM goods must report the embedded emissions of their imports each quarter — including both direct and indirect emissions — but no financial payments are required yet.