

CBAM COMPLIANCE CROSS-CHECK TABLES

This table has been prepared for the purpose of developing the CBAM-compliant power purchase agreement ("**CBAM PPA**") on the basis of Regulation (EU) 2023/956 ("**CBAM Regulation**") and other official guidance publicly available on 12 February 2025. As the recognition of electrical energy as a CBAM good pursuant to Annex I to the CBAM Regulation is subject to additional requirements compared to other CBAM goods (e.g. including requiring a direct physical connection to the EU electricity transmission networks), the CBAM PPA has been designed primarily for the purpose of demonstrating indirect emissions for the remaining CBAM goods (i.e. aluminium, iron & steel, fertiliser, cement and hydrogen).

Renewable PPA CBAM requirements – indirect emissions	CBAM PPA clause
Existence of a PPA , defined as " <i>a contract under which a person agrees to purchase electricity directly from an electricity producer</i> ". (Points 1 & 6 of Annex IV)	Legal contract between producer and declarant; physical delivery of electricity
Conditions for a PPA: (a) seller is a "producer of electricity located in a third country" ; (b) buyer is the authorised CBAM declarant ; and (c) the amount of electricity sold under the PPA is " <i>equivalent to the amount for which the use of a specific value is claimed</i> " by the buyer in respect of indirect emissions. (Point 6 of Annex IV)	Electricity delivered under the PPA is done under a full-offtake / "pay as produced" model pursuant to clause 2 & Annex 3 (<i>Delivery of Electricity</i>).
PPA not expressly required to involve the delivery of electricity from a renewable source – the existence of a PPA entitles the authorised CBAM declarant to claim actual embedded emissions instead of default values for the purpose of Article 7(4). Regarding the use of a PPA to applying actual embedded emissions for the import of electrical energy as a CBAM good (as opposed to other goods), it must be demonstrated that the " <i>installation producing electricity does not emit more than 550 grammes of CO₂ of fossil fuel origin per kilowatt-hour of electricity</i> " (Point 5(c) of Annex IV). This may be understood as a good practice emissions cap, however it may be reasonably anticipated that declarants may wish to use a PPA to purchase and consume renewable source electricity (i.e. emissions of 0 grammes CO ₂) in line with market PPA practice.	Undertaking of the seller that the CO ₂ emissions of the generating installation are capped at 550 grammes of CO ₂ of fossil fuel origin per kWh of electricity (clause 8.3.1), however PPA designed in line with renewable PPA delivery principles, in particular EAC transfer pursuant to clause 2 and Annex 4 (<i>Environmental Attributes</i>).
Whilst not an express condition under the CBAM Regulation, to demonstrate the consumption of renewable source electricity specifically, it is common practice in renewable PPAs to transfer environmental attribute certificates ("EACs") . Without the use of EACs, it would be practically impossible to demonstrate the emissions factor of electricity purchased by a producer of CBAM goods from a generator, e.g. from a fully renewable generation source. Indeed, in the context of the production of certain goods using electricity purchased under a PPA (including renewable source hydrogen produced by electrolyzers under Regulation (EU) 2023/1184), certification bodies such as REDcert and ISCC EU expressly require the use of EACs those which meet the requirements of EU guarantees of origin as set out in Article 19 of Directive (EU) 2018/2001. These criteria generally require a robust and transparent EAC system including initial verification and ongoing audit rights of the installation, prevent double-counting of the underlying renewable attributes, and through the transfer and cancellation of the EACs, demonstrate the consumption of such electricity by the buyer.	PPA designed in line with renewable PPA delivery principles, in particular EAC transfer pursuant to clause 2 and Annex 4 (<i>Environmental Attributes</i>). Annex 4 (<i>Environmental Attributes</i>) furthermore sets out representations and warranties of the seller with respect to the EACs to ensure these are part of a robust and transparent system.