



2015/0148(COD)

4.8.2016

AMENDMENTS

80 - 177

Draft report

Ian Duncan

(PE582.397v02-00)

on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments

Proposal for a directive

(COM(2015)0337 – C8-0190/2015 – 2015/0148(COD))

Amendment 80
Matteo Salvini

Proposal for a directive

—

Proposal for rejection

The European Parliament rejects the Commission proposal.

Or. en

Amendment 81
Renate Sommer

Proposal for a directive

—

Proposal for rejection

The European Parliament rejects the Commission proposal.

Or. de

Amendment 82
Renate Sommer

Draft legislative resolution
Paragraph 2

Draft legislative resolution

2. Calls on the Commission to ***refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;***

Amendment

2. Calls on the Commission to ***withdraw its proposal and, if appropriate, to submit a new proposal, whereby the reference values for the fourth trading period must be in line with the real industrial and production situation in the economic sectors concerned and be explainable and understandable;***

Or. de

Amendment 83
Kateřina Konečn

Proposal for a directive
Recital 1

Text proposed by the Commission

(1) Directive 2003/87/EC of the European Parliament and of the Council¹⁵ established a system for greenhouse gas emission allowance trading within the Union in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner.

¹⁵ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

Amendment

(1) Directive 2003/87/EC of the European Parliament and of the Council¹⁵ established a system for greenhouse gas emission allowance trading within the Union in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner *as well as the sustainable strengthening of Union industry against the risk of carbon and investment leakage.*

¹⁵ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

Or. en

Justification

It should be clarified that the objective of the Directive is to achieve a certain level of emissions reductions in a way that does not lead to carbon and investment leakage. This is essential both from an environmental viewpoint (avoid relocation of emissions) and an economic one (relocation of activities and jobs). Therefore, it should be added to the first article so that it is fully acknowledged as a key objective.

Amendment 84
Ivo Belet, Francesc Gambs, Kriřjnis Kariņš, Elisabeth Kstinger, Andrey Kovatchev, Giovanni La Via, Peter Liese, Alojz Peterle

Proposal for a directive
Recital 2

Text proposed by the Commission

(2) The European Council of October 2014 made a commitment to reduce the overall greenhouse gas emissions of the Union by at least 40% below 1990 levels by 2030. All sectors of the economy should contribute to achieving these emission reductions and the target will be delivered in the most cost-effective manner through the Union emission trading system (EU ETS) delivering a reduction of 43% below 2005 levels by 2030. This was confirmed in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the UN Framework Convention on Climate Change on 6 March 2015¹⁶.

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<http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

Amendment

(2) The European Council of October 2014 made a commitment to reduce the overall greenhouse gas emissions of the Union by at least 40% below 1990 levels by 2030. All sectors of the economy should contribute to achieving these emission reductions and the target will be delivered in the most cost-effective manner through the Union emission trading system (EU ETS) delivering a reduction of 43% below 2005 levels by 2030. This was confirmed in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the UN Framework Convention on Climate Change on 6 March 2015¹⁶. ***The burden of the emission reductions should be fairly shared between sectors covered by the EU ETS, and comparable efforts should be made concerning aviation emissions from intra-Union flights.***

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<http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

Or. en

Amendment 85
Annie Schreijer-Pierik

Proposal for a directive
Recital 2

Text proposed by the Commission

(2) The European Council of October 2014 made a commitment to reduce the overall greenhouse gas emissions of the Union by at least 40% below 1990 levels by 2030. All sectors of the economy should contribute to achieving these emission reductions and the target will be delivered

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Amendment

(2) The European Council of October 2014 made a commitment to reduce the overall greenhouse gas emissions of the Union by at least 40% below 1990 levels by 2030. All sectors of the economy should contribute to achieving these emission reductions and the target will be delivered

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in the most cost-effective manner through the Union emission trading system (EU ETS) delivering a reduction of 43% below 2005 levels by 2030. This was confirmed in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the UN Framework Convention on Climate Change on 6 March 2015¹⁶.

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<http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

in the most cost-effective manner through the Union emission trading system (EU ETS) delivering a reduction of 43% below 2005 levels by 2030. This was confirmed in the intended nationally determined reduction commitment of the Union and its Member States submitted to the Secretariat of the UN Framework Convention on Climate Change on 6 March 2015¹⁶. ***The burden of the emission reductions should be fairly shared between the sectors falling under the EU ETS, whilst taking into careful consideration the respective socio-economic situation of each sector in a transparent and quantitative way.***

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<http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

Or. en

Amendment 86

Ivo Belet, Peter Liese, Michel Dantin, Francesc Gambús, Françoise Grossetête, Krišjānis Kariņš, Elisabeth Köstinger, Andrey Kovatchev, Wim van de Camp, Alojz Peterle

Proposal for a directive Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) In accordance with the Agreement adopted in Paris at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change of 12 December 2015 (the 'Paris Agreement') and in line with the commitment of the co-legislators expressed in Directive 2009/29/EC of the European Parliament and of the Council^{1a} and Decision No 406/2009/EC of the European Parliament and of the Council^{1b}, all sectors of the economy are required to contribute to the reduction of CO₂ emissions. To this end, efforts to limit international maritime emissions through

the International Maritime Organisation (IMO) are under way and should be encouraged, with the aim of establishing a clear IMO action plan for climate policy measures to reduce CO₂ emissions from shipping at a global level. The adoption of clear targets to reduce international maritime emissions through the IMO has become a matter of great urgency and a prerequisite for the Union not to act further on the inclusion of the maritime sector within the EU ETS.

^{1a} Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community (OJ L 140, 5.6.2009, p. 63).

^{1b} Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 (OJ L 140, 5.6.2009, p. 136).

Or. en

Amendment 87
Merja Kyllönen, Kateřina Konečná

Proposal for a directive
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) In line with the Agreement adopted in Paris at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change of 12 December 2015 (the 'Paris Agreement'), all sectors of the economy should contribute to the reduction of CO

emissions. To this end, efforts to limit international maritime emissions through the International Maritime Organisation (IMO) are under way and should be accelerated, with the aim of establishing an ambitious IMO action plan for climate policy measures to tackle CO emissions from shipping at a global level. Therefore, the Commission and Member States, while simultaneously seeking other measures to reduce CO emissions from shipping, should focus on ensuring the comprehensive implementation of Regulation (EU) 2015/757 of the European Parliament and of the Council^{1a} and its alignment with an international data-collection system, which is a prerequisite for any market-based measure, efficiency standard or other measure, whether applied at Union level or globally.

^{1a} *Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).*

Or. en

Amendment 88

Jens Gieseke, Gesine Meissner, Françoise Grossetête, Ulrike Müller, Annie Schreijer-Pierik

**Proposal for a directive
Recital 2 a (new)**

Text proposed by the Commission

Amendment

(2a) *In line with the Agreement adopted in Paris at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change of 12 December 2015 (the 'Paris*

Agreement'), all sectors of the economy should contribute to the reduction of CO₂ emissions. To this end, efforts to limit international maritime emissions through the International Maritime Organisation (IMO) are under way and should be encouraged, with the aim of establishing a clear IMO action plan for climate policy measures to tackle CO₂ emissions from shipping at a global level. Therefore, the Commission and Member States should focus on ensuring the implementation of Regulation (EU) 2015/757 of the European Parliament and of the Council^{1a} and its alignment with an international data-collection system, which is a prerequisite for any market-based measure, efficiency standard or other measure, whether applied at Union level or globally.

^{1a} Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

Or. en

Amendment 89
Jørn Dohrmann

Proposal for a directive
Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) In accordance with the Agreement adopted in Paris at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change of 12 December 2015 (the 'Paris Agreement'), all sectors of the economy should contribute to the reduction of CO₂

emissions. To this end, efforts to limit international maritime emissions through the International Maritime Organisation (IMO) are under way and should be encouraged, with the aim of establishing a clear IMO action plan for climate policy measures to tackle CO₂ emissions from shipping at a global level. The Commission and Member States should focus on ensuring the implementation of Regulation 2015/757 of the European Parliament and of the Council^{1a}, which is a prerequisite for any market-based measure, efficiency standard or other measure, whether applied at Union level or globally.

^{1a} Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

Or. en

Justification

All sectors need to contribute to the reduction of CO₂ emissions including shipping. However, maritime transport and services operate in a globalized context whereby regional measures have a directly distorting impact on EU operators. Consequently, any market based measure aiming to reduce the CO₂ emissions from shipping should be rooted at UN level in the IMO. Including shipping in the ETS is premature as the MRV Regulation is yet to enter into force and thus provide an initial baseline for the calculations of the CO₂ emissions from European shipping.

Amendment 90
Bas Eickhout

Proposal for a directive
Recital 2 a (new)

(2a) The ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) is to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The Paris Agreement on Climate Change (the “Paris Agreement”), approved at the 21st conference of the parties (COP-21) to the UNFCCC, marks a new level of global commitment to limit and reduce greenhouse gas emissions, with all countries engaging in the efforts. The Paris Agreement set to strengthen the global response by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C. The Paris Agreement also aims to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity.

Or. en

Amendment 91

Jytte Guteland, Matthias Groote, Miriam Dalli, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Caterina Chinnici, Seb Dance, Carlos Zorrinho, Karin Kadenbach, José Blanco López, Nikos Androulakis, Simona Bonafè, Kathleen Van Brempt, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola Caputo, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive

Recital 2 a (new)

(2a) It is important that the EU ETS, despite being the Union's primary tool for achieving the Union's long-term climate and energy targets, should be

complemented by equivalent additional actions taken in other legal acts and instruments dealing with greenhouse gas emissions from sectors not covered by the EU ETS, in order to honour the agreed commitment that all sectors of the economy contribute to the fulfilment of the target of reducing the overall greenhouse gas emissions of the Union by at least 40% below 1990 levels by 2030.

Or. en

Justification

EU ETS interaction with additional legal measures, underscores the importance of ensuring ambition both in the ETS as well as in non-ETS sectors, not least in view of the upcoming revision of ESD and LULUCF.

Amendment 92
Bart Staes, Michèle Rivasi

Proposal for a directive
Recital 3

Text proposed by the Commission

(3) The **European Council confirmed that a well-functioning**, reformed EU ETS **with an instrument to stabilise the market will be the main European instrument to achieve this target, with** an annual reduction factor of **2.2%** from 2021 onwards, **free allocation not expiring but existing** measures **continuing after 2020** to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in **other major economies, without reducing** the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Amendment

(3) The reformed EU ETS **needs to set** an annual reduction factor of **4.2%** from 2021 onwards **and revise** measures to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in **third countries or subnational regions, increasing** the share of allowances to be auctioned. The auction share should be expressed as a **minimum** percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Amendment 93**Bas Eickhout****Proposal for a directive****Recital 3***Text proposed by the Commission*

(3) The **European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with** an annual reduction factor of **2.2%** from 2021 onwards, **free allocation not expiring but existing** measures **continuing after 2020** to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in **other major economies, without reducing** the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Amendment

(3) The reformed EU ETS **needs to set** an annual reduction factor of **2.8%** from 2021 onwards **and revise** measures to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in **third countries or subnational regions, increasing** the share of allowances to be auctioned. The auction share should be expressed as a **minimum** percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Or. en

Amendment 94

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Giorgos Grammatikakis, Carlos Zorrinho, Pavel Poc, Nikos Androulakis, Simona Bonafè, Kathleen Van Brempt, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Nicola Caputo, José Blanco López, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive**Recital 3***Text proposed by the Commission*

(3) The European Council confirmed that a well-functioning, reformed EU ETS

Amendment

(3) The European Council confirmed that a well-functioning, reformed EU ETS

with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing *temporarily* after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable. ***However, in order to reflect the Paris Agreement, it is essential that the Union, as part of the international community, increases its efforts and commitment with a view to limiting the increase in the global average temperature to well below 2°C above pre-industrial levels as well as to pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, and therefore the annual reduction factor in the Phase IV of the EU ETS should increase to at least 2.4% by 2021.***

Or. en

Justification

EC calculations laying the foundation for the ETS reform proposal were made pre-COP21 and are hence based merely on the 2°C goal, but fall short of COP21 agreement to pursue efforts to limit further, to 1.5°C commitment. After COP21, these calculations must be updated to reflect the EU's increased ambition. The proposed LRF of 2.2% must therefore be updated, as well as to reach even the low end of the EU 2050 climate and energy target to reduce CO2 emissions by 80-95%.

Amendment 95

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive
Recital 3

Text proposed by the Commission

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. ***The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.***

Amendment

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. ***However, at the last UNFCCC Conference of the Parties (COP21 in Paris), it has been widely recognised that an effort should be done to keep the average temperature well below 2°C, possibly within 1.5°C degrees, by the end of the century. In order to attain this objective, a higher percentage of annual reduction is needed, with a view to guaranteeing that the overall emissions reduction will actually meet the reduction targets set for 2030 and 2050.***

Or. en

Amendment 96

Ivo Belet, Pilar Ayuso, Michel Dantin, Francesc Gambús, Elisabetta Gardini, Françoise Grossetête, Krišjānis Kariņš, Andrey Kovatchev, Giovanni La Via, Peter Liese, Massimiliano Salini, Antonio Tajani, Alojz Peterle

Proposal for a directive
Recital 3

Text proposed by the Commission

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual

Amendment

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with an annual

reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. ***The auction share*** should be ***expressed as a percentage figure*** in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

reduction factor of 2.2% from 2021 onwards, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. ***There*** should be ***clarity on the amount of auctioned allowances*** in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Or. en

Amendment 97

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 3

Text proposed by the Commission

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with ***an annual*** reduction factor of 2.2% from 2021 ***onwards***, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Amendment

(3) The European Council confirmed that a well-functioning, reformed EU ETS with an instrument to stabilise the market will be the main European instrument to achieve this target, with ***a linear*** reduction factor of 2.2% from 2021 ***to 2030***, free allocation not expiring but existing measures continuing after 2020 to prevent the risk of carbon leakage due to climate policy, as long as no comparable efforts are undertaken in other major economies, without reducing the share of allowances to be auctioned. The auction share should be expressed as a percentage figure in the legislation, to enhance planning certainty as regards investment decisions, to increase transparency and to render the overall system simpler and more easily understandable.

Or. pl

Amendment 98

Jytte Guteland, Matthias Groote, Miriam Dalli, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Caterina Chinnici, Seb Dance, Carlos Zorrinho, Pavel Poc, Karin Kadenbach, José Blanco López, Nikos Androulakis, Simona Bonafè, Kathleen Van Brempt, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola Caputo, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive

Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) The Union has both the responsibility and capability to act in a vigorous and cost-effective manner to mitigate climate change and honour the Paris Agreement to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The environmental and socio-economic benefits for the Union to increase its efforts to mitigate climate change by far outweigh the costs which will inevitably incur for the Union if it fails to take sufficient action.

Or. en

Justification

Honour COP21 agreement to pursue efforts to limit the increase in global average temperature to 1.5°C commitment. The costs of meeting the challenge of climate change will keep increasing with the passing of time.

Amendment 99

Bas Eickhout

Proposal for a directive

Recital 3 b (new)

(3b) In order to enhance ambition in the pre-2020 period and to reflect the well below 2°C global objective, the Union 2020 greenhouse reduction target of 20% below 1990 levels should be achieved with Union efforts solely. An amount of allowances up to the level of international credits (Certified Emission Reductions from the Clean Development Mechanism and Emission Reduction Units from Joint Implementation) that have been used in the EU ETS should be cancelled from the Market Stability Reserve.

Or. en

Justification

The EU 2020 emission reduction target is not consistent with a pre-Paris 2°C objective and will be largely overachieved in terms of real emissions. To be more consistent with the Paris Agreement it is proposed to cancel allowances corresponding to the amount of international credits (CDM, JI) used under ETS (app. 1.5 billion allowances) from the MSR for the ETS 2020 target to represent a domestic effort and to limit the carry-over of overachievement from pre-2020 period undermining the EU 2030 emission reduction target. Majority of such credits have also been proven to be of poor quality.

Amendment 100
Anne-Marie Mineur

Proposal for a directive
Recital 3 a (new)

(3a) In the light of the climate agreement adopted in Paris at the 21st session of the Conference of the Parties to the UNFCCC, considers that it should be borne in mind that the current and reformed EU ETS will not sufficiently guarantee that emissions fall in accordance with the aim of the agreement; calls, therefore, for other

forms of carbon pricing to be investigated, such as a fixed price, so that the unpredictable impact of the market can be taken out of the equation;

Or. nl

Amendment 101

Jo Leinen

Proposal for a directive

Recital 3 c (new)

Text proposed by the Commission

Amendment

(3c) The inevitable action to mitigate climate change will have an impact on employment and social economic structures in the Union and such structural changes need to be accompanied by effective measures to avoid inequalities, social injustice and to incentivise investment activities and job creation in a sustainable economy.

Or. en

Amendment 102

Bas Eickhout

Proposal for a directive

Recital 3 d (new)

Text proposed by the Commission

Amendment

(3d) Parties to the UNFCCC requested the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report in 2018 on the 1.5°C objective, and decided to organise a facilitative dialogue to take stock of the collective ambition and progress in implementing commitments, with a view to informing Parties before their final submissions of Nationally Determined Contributions. The Paris Agreement also provides for a

periodical stocktake of the implementation to assess the collective progress made towards the agreement's long-term goals, starting in 2023 and occurring every five years thereafter. The EU ETS should provide for regular reviews in order to update and enhance the Union's climate action in a manner that is consistent with the Paris Agreement.

Or. en

Amendment 103
Bas Eickhout

Proposal for a directive
Recital 3 e (new)

Text proposed by the Commission

Amendment

(3e) Least Developed Countries (LDCs) are especially vulnerable to the effects of climate change, and are responsible only for very low levels of greenhouse gas emissions. Therefore, particular priority should be given to addressing the needs of LDCs through the use of EU ETS allowances to fund climate action, in particular adaptation to the impacts of climate change through the Green Climate Fund.

Or. en

Amendment 104

Ivo Belet, Pilar Ayuso, Michel Dantin, Francesc Gambús, Elisabetta Gardini, Françoise Grossetête, Krišjānis Kariņš, Andrey Kovatchev, Giovanni La Via, Peter Liese, Markus Pieper, Massimiliano Salini, Antonio Tajani, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive
Recital 4

Text proposed by the Commission

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. Implementing the ambition decided in the 2030 framework contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

Amendment

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. ***If the EU ETS is to remain the main Union instrument, its interaction with other Union and national policies that have an impact on the demand for EU ETS allowances needs to be taken into account.*** Implementing the ambition decided in the 2030 framework ***and adequately addressing the progress on other aspects of the Energy Union*** contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

Or. en

Amendment 105
Jan Huitema

Proposal for a directive
Recital 4

Text proposed by the Commission

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS

Amendment

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS

as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. Implementing the ambition decided in the 2030 framework contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷, **while ensuring that such other aspects, such as those related to energy efficiency and renewable energy sources, enhance the goals of the EU ETS and do not undermine its market effectiveness**. Implementing the ambition decided in the 2030 framework contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

Or. en

Amendment 106

Eleonora Evi, Marco Affronte, Piernicola Pedicini, Dario Tamburrano

Proposal for a directive

Recital 4

Text proposed by the Commission

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. **Implementing** the ambition decided in the 2030 framework contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a

Amendment

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this requires continuation of ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. **Scaling up** the ambition decided in the 2030 framework, **in order to guarantee that the reduction targets set for 2050 will be met**, contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.

¹⁷ COM(2015)80, establishing a

Amendment 107

Jadwiga Wiśniewska, Boleslaw G. Piecha

Proposal for a directive

Recital 4

Text proposed by the Commission

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this *requires continuation of* ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷. *Implementing the ambition decided in the 2030 framework contributes to delivering a meaningful carbon price and continuing to stimulate cost-efficient greenhouse gas emission reductions.*

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

Amendment

(4) It is a key Union priority to establish a resilient Energy Union to provide secure, sustainable, competitive and affordable energy to its citizens. Achieving this *while continuing* ambitious climate action with the EU ETS as the cornerstone of Europe's climate policy, and progress on the other aspects of Energy Union¹⁷, *requires that measures be put in place to reduce the negative impact of climate policy on the security of energy supplies, on energy poverty and on the competitiveness of European industry.*

¹⁷ COM(2015)80, establishing a Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy

Amendment 108

Luděk Niedermayer, Bendt Bendtsen

Proposal for a directive

Recital 4 a (new)

(4a) The EU ETS was designed to play a key role in reaching the Union policy goals in the area of sustainable climate policy. The price of allowances should incentivise sectors where the reduction of CO₂ emissions is most efficient and lead to the gradual fulfilment of those goals. The fact that the allowance price is too low, as a consequence of factors that were not predicted or are by definition unpredictable, as such undermines the system. Possible broader recourse to national measures such as a carbon tax, is likely to lead to the fragmentation of the market with suboptimal economic implications. The high price or excess volatility undermines the system, increases the cost of necessary decarbonisation of the economy and harms responsible companies. Current measures have failed so far to stabilise the allowance price. The result is, in some cases, the penalisation of companies that took measures to reduce their CO₂ emissions, and a short term profit for companies that keep employing or are even reemploying technologies that are benefiting from the low allowance price. An allowance price that is sufficient to motivate investments in the decarbonisation of production is the key for a functional EU ETS market. Low volatility and predictability of the allowance price precludes reaching of climate goals.

Or. en

Amendment 109
Annie Schreijer-Pierik

Proposal for a directive
Recital 4 b (new)

(4b) In accordance with the UNFCCC Paris Agreement, all sectors of the economy are required to contribute to the reduction of CO₂ emissions. Binding targets and globally valid market-based measures agreed at an international level (such as in ICAO or IMO) should be welcomed and should achieve adequate reductions in emissions. Such targets and measures should safeguard the necessity of a level playing field globally and prevent relocation as well as carbon and investment leakage in all economic sectors falling under the EU ETS due to well-established economic interdependence of industry and global mobility modalities, considering the Union's re-industrialisation target of an increase from 16% to 20%.

Or. en

Amendment 110

Peter Liese

Proposal for a directive

Recital 4 c (new)

Text proposed by the Commission

Amendment

(4c) Increased ambition in energy efficiency compared to the 27% target adopted by the Council, should lead to more free allowances for industry at risk of carbon leakage.

Or. en

Justification

President Juncker supported a target of energy efficiency of at least 30%. The majority of the EP would even like to go further. This will of course lead to more emission reductions in the effort sharing. Therefore, the cap for the effort sharing should be reduced and the space

should be used for protection of industry at risk of carbon leakage.

Amendment 111

Jørn Dohrmann

Proposal for a directive

Recital 4 d (new)

Text proposed by the Commission

Amendment

(4d) Given the progress at international level in the IMO on CO₂ data collection and reduction of emissions, and in light of the fact that CO₂ emissions from maritime transport should be regulated at global level in order to be effective, regional Union market based measures that apply to the maritime transport services sector, should be avoided.

Or. en

Amendment 112

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive

Recital 5

Text proposed by the Commission

Amendment

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning ***over time***. Avoiding carbon leakage is a justification to postpone full ***transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in greenhouse gas emissions in third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not***

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning, ***starting from 2021***. Avoiding carbon leakage is ***not*** a justification to postpone full ***auctioning, even in the light of the most recent data showing that no carbon leakage has occurred so far nor is it expected to emerge as a major problem with a CO₂ price as high as EUR 60 per ton.***

undertaken by other major economies.

Or. en

Justification

ec.europa.eu/clima/policies/ets/allowances/leakage/docs/cl_evidence_factsheets_en.pdf.

Amendment 113

Ivo Belet, Francesc Gambús, Elisabetta Gardini, Jens Gieseke, Françoise Grossetête, Krišjānis Kariņš, Andrey Kovatchev, Giovanni La Via, Peter Liese, Massimiliano Salini, Antonio Tajani, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive

Recital 5

Text proposed by the Commission

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon leakage is a justification to postpone **full** transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in greenhouse gas emissions **in** third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies.

Amendment

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon **and investment** leakage is a justification to postpone **such a** transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in **global** greenhouse gas emissions **and diversion of investments to** third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies. **Additional achievements in sectors not falling under the scope of the EU ETS and not subject to a risk of carbon leakage, in particular in the building sector and sustainable transport, will decrease the amount of effort needed from the Union's industry.**

Or. en

Amendment 114

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Giorgos Grammatikakis, Seb Dance, Pavel Poc, José Blanco López, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Nicola Caputo, Christel Schaldemose, Gilles Pargneaux

Proposal for a directive

Recital 5

Text proposed by the Commission

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon leakage is a justification to postpone full transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in greenhouse gas emissions in third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies.

Amendment

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon leakage is a justification to *temporarily* postpone full transition, and *precisely* targeted free allocation of allowances to industry is *a justified exception from the principle that the polluter should pay only as long as no over-allocation occurs*, in order to address genuine risks of increases in greenhouse gas emissions in third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies.

Or. en

Justification

Underlining the important principle that free allocation is the exception, not rule, for the allocation of allowances in the ETS and can only be justified as a temporary measure which must be used in a precise and balanced manner.

Amendment 115

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 5

Text proposed by the Commission

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon leakage is a justification to postpone full transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in greenhouse gas emissions in third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies.

Amendment

(5) Article 191(2) of the Treaty on the Functioning of the European Union requires that Union policy is based on the principle that the polluter should pay and, on this basis, Directive 2003/87/EC provides for a transition to full auctioning over time. Avoiding carbon **and investment** leakage is a justification to postpone full transition, and targeted free allocation of allowances to industry is justified in order to address genuine risks of increases in greenhouse gas emissions in third countries where industry is not subject to comparable carbon constraints as long as comparable climate policy measures are not undertaken by other major economies.

Or. pl

Amendment 116

Eleonora Evi, Piernicola Pedicini, Marco Affronte, Dario Tamburrano

Proposal for a directive
Recital 6

Text proposed by the Commission

(6) The auctioning of allowances remains the **general rule, with free allocation as the exception**. Consequently, **and as confirmed by the European Council**, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should **not be reduced**. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this **57% share** is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time

Amendment

(6) The auctioning of allowances remains the **rule**. Consequently, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should **be raised to 100%, starting from the fourth allocation period**. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve

because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the Council¹⁹.

¹⁸ *SEC(2015)XX*

¹⁹ Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (*OJ L [...], [...], p. [...]*).

established by Decision (EU) 2015/1814 of the European Parliament and of the Council¹⁹.

¹⁸ *SWD(2015)135*

¹⁹ Decision (EU) 2015/1814 of the European Parliament and of the Council of **6 October 2015** concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (*OJ L 264, 9.10.2015, p. 1*).

Or. en

Amendment 117 **Matteo Salvini**

Proposal for a directive **Recital 6**

Text proposed by the Commission

(6) The auctioning of allowances *remains* the general rule, with free allocation as the exception. ***Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the***

Amendment

(6) The auctioning of allowances ***should remain*** the general rule, with free allocation as the exception.

Council¹⁹.

¹⁸ SEC(2015)XX

¹⁹ *Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L [...], [...], p. [...]).*

Or. en

Amendment 118
Christofer Fjellner

Proposal for a directive
Recital 6

Text proposed by the Commission

(6) The auctioning of allowances remains the general rule, *with* free allocation *as the exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the Council¹⁹.*

Amendment

(6) The auctioning of allowances remains the general rule, *however, full* free allocation *should be ensured for the most efficient installations in sectors at risk of carbon leakage.*

¹⁸ SEC(2015)XX

¹⁹ Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L [...], [...], p. [...]).

Or. en

Amendment 119
Marian-Jean Marinescu

Proposal for a directive
Recital 6

Text proposed by the Commission

(6) The auctioning of allowances remains the general rule, with free allocation as the exception. ***Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the Council¹⁹.***

¹⁸ SEC(2015)XX

¹⁹ *Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission*

Amendment

(6) The auctioning of allowances remains the general rule, with free allocation as the exception. The share of allowances to be auctioned should not be ***fixed in order to guarantee long-term sustainability of the EU ETS system, introduce flexibility for different decarbonisation sectors and therefore enable the transfer of allowances from the auctioning share to the free allowances share.***

Amendment 120

Jytte Guteland, Matthias Groote, Giorgos Grammatikakis, Seb Dance, Pavel Poc, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola Caputo, Gilles Pargneaux

Proposal for a directive

Recital 6

Text proposed by the Commission

(6) The auctioning of allowances remains the general rule, with free allocation as the exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) **2015/...** of the European Parliament and of the Council¹⁹.

¹⁸ **SEC(2015)XX**

¹⁹ Decision (EU) **2015/...** of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (**OJ L [...], [...], p. [...]**).

Amendment

(6) The auctioning of allowances remains the general rule, with free allocation as the **temporary** exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced **and should increase to 100% over time**. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) **2015/1814** of the European Parliament and of the Council¹⁹.

¹⁸ **SWD(2015)135**

¹⁹ Decision (EU) **2015/1814** of the European Parliament and of the Council of **6 October 2015** concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (**OJ L 264,**

Justification

Underlining the important principle that free allocation is the exception, not rule, for the allocation of allowances in the ETS and can only be justified as a temporary measure which must be used in a precise and balanced manner.

Amendment 121

Ivo Belet, Pilar Ayuso, Francesc Gambús, Elisabetta Gardini, Andrey Kovatchev, Peter Liese, Giovanni La Via, Alojz Peterle, Massimiliano Salini, Antonio Tajani, Annie Schreijer-Pierik

Proposal for a directive

Recital 6

Text proposed by the Commission

(6) The auctioning of allowances remains the general rule, with free allocation as the exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share *and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the Council¹⁹.*

¹⁸ SEC(2015)XX

¹⁹ *Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and*

Amendment

(6) The auctioning of allowances remains the general rule, with free allocation as the exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 52% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share. *Allowances originally covered by the transitional Union-wide rules for harmonised free allocation (which include allowances set aside for new entrants but not allocated and allowances that are unallocated due to closures and partial cessations) should not be considered to be auctioned allowances for the purposes of the calculation of the auction share.*

¹⁸ SWD(2015)135

Amendment 122

Soledad Cabezón Ruiz, José Blanco López

Proposal for a directive

Recital 6

Text proposed by the Commission

(6) *The auctioning of allowances remains the general rule, with free allocation as the exception. Consequently, and as confirmed by the European Council, the share of allowances to be auctioned, which was 57% over the period 2013-2020, should not be reduced. The Commission's Impact Assessment¹⁸ provides details on the auction share and specifies that this 57% share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) 2015/... of the European Parliament and of the Council¹⁹.*

¹⁸ *SEC(2015)XX*

¹⁹ Decision (EU) 2015/... of the European Parliament and of the Council of ... concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L [...], [...], p. [...]).

Amendment

(6) The share of allowances to be auctioned should **be 52%. This 52%** share is made up of allowances auctioned on behalf of Member States, including allowances set aside for new entrants but not allocated, allowances for modernising electricity generation in some Member States and allowances which are to be auctioned at a later point in time because of their placement in the Market Stability Reserve established by Decision (EU) **2015/1814** of the European Parliament and of the Council (*the 'MSR'*)¹⁹.

¹⁹ Decision (EU) **2015/1814** of the European Parliament and of the Council of **6 October 2015** concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L **264**, **9.10.2015**, p. 1).

Amendment 123

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive**Recital 7***Text proposed by the Commission*

(7) *To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce*

Amendment

(7) *The study commissioned by the Commission from a consortium of research and analysis centres in 2013 has concluded that during the years 2005-2012 no carbon leakage as defined by the Directive has occurred and that the slight fluctuations in imports/exports observed is attributable to the global demand development and input price differences. According to a recent study, differences in electricity prices are unlikely to significantly affect the Union market and, even for energy intensive sectors, the electricity price could account for roughly the 0.01% of changes in the market flow. The same study has concluded that with a CO₂ price of EUR 40-65 per ton imports would increase by less than 0.05% and exports would decrease approximately by 0.2%.*

Justification

ec.europa.eu/clima/policies/ets/allowances/leakage/docs/cl_evidence_factsheets_en.pdf.

Amendment 124

Jytte Guteland, Matthias Groote, Miriam Dalli, Jo Leinen, Seb Dance, Pavel Poc, Nicola Caputo, Gilles Pargneaux

Proposal for a directive

Recital 7

Text proposed by the Commission

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, **a threshold** determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the

Amendment

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should **temporarily continue in a precise and targeted manner** to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, **thresholds** determined by taking into account the respective possibility for sectors and sub-

sector or sub-sector should be deemed at **risk** of carbon leakage. **Others should be considered at a low risk or** at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at **varying risks** of carbon leakage. **The varying degree to which sectors and sub-sectors are at risk of carbon leakage should be reflected in the amount of free allocation received. Sectors below the aforementioned threshold should be deemed** at no risk of carbon leakage **and therefore should not benefit from free allocation**. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

Or. en

Justification

Carbon leakage exposure varies between sectors and this shall be reflected in the amount of free allowances received.

Amendment 125 **Marijana Petir**

Proposal for a directive **Recital 7**

Text proposed by the Commission

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are

Amendment

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are

able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. ***In addition, the Commission should also include geographical criteria in its assessment of the risk of carbon leakage, since the position of Member States on the EU's external borders with third countries makes other sectors vulnerable.*** Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

Or. hr

Amendment 126

Ivo Belet, Francesc Gambús, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive

Recital 7

Text proposed by the Commission

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation

Amendment

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation

of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage, ***taking into account that sectors that increase their trade intensity because of rising exports, would not be expected to be subject to an increased risk of carbon leakage.*** However, where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices ***without losing market share*** should also reduce windfall profits.

Or. en

Amendment 127

Peter Liese

Proposal for a directive

Recital 7

Text proposed by the Commission

(7) To preserve the environmental benefit of emission reductions in the Union

Amendment

(7) To preserve the environmental benefit of emission reductions in the Union

while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk or at no risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits. ***In order to address the problem of investment leakage, the 5% most efficient installations should get an extra amount of free allowances.***

Or. en

Justification

It is important not only to address the question of carbon leakage but also the question of investment leakage. Companies that invest in very modern technology and that are even more ambitious than the benchmarks should be rewarded by getting an extra amount of free allowances. A similar system of super credits has been proved successful in the CO2 car regulation.

Amendment 128

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 7

Text proposed by the Commission

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk **or at no risk** of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

Amendment

(7) To preserve the environmental benefit of emission reductions in the Union while actions by other countries **or actions under other EU policies** do not provide comparable incentives to industry to reduce emissions, free allocation should continue to installations in sectors and sub-sectors at genuine risk of carbon leakage. Experience gathered during the operation of the EU ETS confirmed that sectors and sub-sectors are at risk of carbon leakage to varying degrees, and that free allocation has prevented carbon leakage. While some sectors and sub-sectors can be deemed at a higher risk of carbon leakage, others are able to pass on a considerable share of the costs of allowances to cover their emissions in product prices without losing market share and only bear the remaining part of the costs so that they are at a low risk of carbon leakage. The Commission should determine and differentiate the relevant sectors based on their trade intensity and their emissions intensity to better identify sectors at a genuine risk of carbon leakage. Where, based on these criteria, a threshold determined by taking into account the respective possibility for sectors and sub-sectors concerned to pass on costs in product prices is exceeded, the sector or sub-sector should be deemed at risk of carbon leakage. Others should be considered at a low risk of carbon leakage. Taking into account the possibilities for sectors and sub-sectors outside of electricity generation to pass on costs in product prices should also reduce windfall profits.

Amendment 129

Seb Dance

Proposal for a directive

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) The zero-rating of emissions from biomass in the EU ETS constitutes a support scheme within the meaning of the Renewable Energy Directive. Bioliquids, biofuels and solid and gaseous biomass can only receive support and count towards the national targets where they comply with sustainability criteria set out in the Renewable Energy Directive / Sustainable Bioenergy Policy. Consequently, the sustainability criteria should be applied for all sources of bioenergy that are consumed and zero-rated for greenhouse gas emissions within an installation or an aircraft operator's activities covered by the EU ETS.

Or. en

Justification

ETS currently excludes installations using exclusively biomass from its scope, treats all biomass used in installations as carbon neutral and does not subject solid biomass to any sustainability criteria. As a consequence, a significant share of emissions are unaccounted. It is essential to end the zero-counting of biomass and to subject it to sustainability criteria.

Amendment 130

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) Those sectors characterised by so-called unavoidable process emissions deserve particular attention. Those emissions arise as a result of a production process for which no alternatives exist and which are independent of energy inputs. Those sectors should be protected from adjusting the number of free emission allowances with regard to unavoidable sectoral emissions.

Or. pl

Amendment 131

Ivo Belet, Francesc Gambús, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive

Recital 7 b (new)

Text proposed by the Commission

Amendment

(7b) The EU ETS and the Union-wide rules for harmonised free allocation should not give incentives to increase emissions. The emissions intensity of the relevant sectors should therefore always be determined on the basis of the lowest value since the establishment of the EU ETS.

Or. en

Amendment 132

Marian-Jean Marinescu

Proposal for a directive

Recital 7 c (new)

Text proposed by the Commission

Amendment

(7c) The qualitative assessment possibility should continue to be available

to all sectors and subsectors regardless of their quantitative assessment criteria which are too narrow and do not reflect the characteristics of some sectors.

Or. en

Amendment 133

Eleonora Evi, Marco Affronte, Piernicola Pedicini, Dario Tamburrano

Proposal for a directive

Recital 8

Text proposed by the Commission

Amendment

(8) In order to reflect technological progress in the sectors concerned and adjust them to the relevant period of allocation, provision should be made for the values of the benchmarks for free allocations to installations, determined on the basis of data from the years 2007-8, to be updated in line with observed average improvement. For reasons of predictability, this should be done through applying a factor that represents the best assessment of progress across sectors, which should then take into account robust, objective and verified data from installations so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data shows a difference from factor reduction of more than 0.5% of the 2007-8 value higher or lower per year over the relevant period, the related benchmark value shall be adjusted by that percentage. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

deleted

Or. en

Amendment 134

György Hölvényi, András Gyürk

Proposal for a directive

Recital 8

Text proposed by the Commission

(8) In order to reflect technological progress in the sectors concerned and adjust them to the relevant period of allocation, provision should be made for the values of the benchmarks for free allocations to installations, determined on the basis of data from the years **2007-8, to be updated in line with observed average improvement**. For reasons of predictability, **this** should be done **through applying a factor that represents the best assessment of progress across sectors, which should then take** into account robust, objective and verified data from installations **so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data shows a difference from factor reduction of more than 0.5% of the 2007-8 value higher or lower per year over the relevant period, the related benchmark value shall be adjusted by that percentage**. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

Amendment

(8) In order to reflect technological progress in the sectors concerned and adjust them to the relevant period of allocation, provision should be made for the values of the benchmarks for free allocations to installations, determined on the basis of **recent verified** data from the years **2016-2017**. For reasons of predictability **and reliability, adjustment** should be done **2 years before the beginning of each allocation period taking** into account robust, objective and **recently** verified data from installations. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

Or. en

Amendment 135

Ivo Belet, Pilar Ayuso, Francesc Gambús, Elisabetta Gardini, Krišjānis Kariņš, Elisabeth Köstinger, Andrey Kovatchev, Giovanni La Via, Peter Liese, Massimiliano Salini, Antonio Tajani, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive
Recital 8

Text proposed by the Commission

(8) In order to reflect technological progress in the sectors concerned and adjust them to the relevant period of allocation, *provision* should be *made for the values of the benchmarks for free allocations to installations, determined on the basis of data from the years 2007-8, to be updated in line with observed average improvement*. For reasons of predictability, *this* should be done through applying a factor that represents the best assessment of progress across sectors, which should *then take into account* robust, objective and verified data from installations so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data *shows a* difference from factor reduction *of more than 0.5% of the 2007-8 value higher or lower per year* over the relevant period, the related benchmark value shall be adjusted *by that percentage*. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

Amendment

(8) In order to reflect technological progress in the sectors concerned and adjust them to the relevant period of allocation, *benchmarks for free allocations to installations*, should be *updated before the start of the fourth trading period in order to base* free allocations *on actual technological progress. That update should be carried out on the basis of robust, objective and verified data from installations*. For reasons of predictability, *further updates* should be done through applying a factor that represents the best assessment of progress across sectors, which should *also be based on* robust, objective and verified data from installations so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data *show a substantial* difference from *that* factor reduction over the relevant period, the related benchmark value shall be adjusted. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

Or. en

Amendment 136
Christofer Fjellner

Proposal for a directive
Recital 8

Text proposed by the Commission

(8) In order to reflect technological

Amendment

(8) In order to reflect technological

progress in the sectors concerned and adjust them to the relevant period of allocation, *provision should be made for the values of the benchmarks for free allocations to installations, determined on the basis of data from the years 2007-8, to be updated in line with observed average improvement.* For reasons of predictability, *this* should be done through applying a factor that represents the best assessment of progress across sectors, which should *then take into account* robust, objective and verified data from installations so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data shows a difference from *factor reduction of more than 0.5% of the 2007-8 value higher or lower per year* over the relevant period, the related benchmark value shall be adjusted by that percentage. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

progress in the sectors concerned and adjust them to the relevant period of allocation, *benchmarks for free allocation should be updated before the start of the trading period to ensure that free allocation is based on real technological progress. The update should be carried out on the basis of robust, objective and verified data from installations.* For reasons of predictability, *subsequent updates* should be done through applying a factor that represents the best assessment of progress across sectors, which should *be based on* robust, objective and verified data from installations so that sectors whose rate of improvement differs considerably from this factor have a benchmark value closer to their actual rate of improvement. Where the data shows a *significant* difference from *the factor reduction* over the relevant period, the related benchmark value shall be adjusted by that percentage. To ensure a level playing field for the production of aromatics, hydrogen and syngas in refineries and chemical plants, the benchmark values for aromatics, hydrogen and syngas should continue to be aligned to the refineries benchmarks.

Or. en

Amendment 137

Jytte Guteland, Matthias Groote, Miriam Dalli, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Seb Dance, Pavel Poc, José Blanco López, Simona Bonafè, Kathleen Van Brempt, Christel Schaldemose, Nicola Caputo, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Gilles Pargneaux

Proposal for a directive Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) In order to make the EU ETS fit for the purpose of reducing emissions while stimulating low-carbon production and investments in phase IV, more

stringent earmarking is necessary. Unless otherwise specified in this Directive, Member States should thus spend 100% of the auction revenues on climate actions listed in this Directive, and undertakings receiving allocations exceeding the actual size of their emissions should use these resources exclusively for investments in the decarbonisation of their production.

Or. en

Justification

100% earmarking of auctioning revenues for climate action.

Amendment 138

Ivo Belet, Pilar Ayuso, Michel Dantin, Francesc Gambús, Giovanni La Via, Alojz Peterle, Annie Schreijer-Pierik

Proposal for a directive

Recital 8 b (new)

Text proposed by the Commission

Amendment

(8b) Sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices, should at least partially be compensated on the basis of harmonised arrangements in pursuing the goal of a level playing field. It should be possible for Member States to top up the compensation at Union level in accordance with state aid rules.

Or. en

Amendment 139

Ivo Belet, Pilar Ayuso, Michel Dantin, Francesc Gambús, Françoise Grossetête, Krišjānis Kariņš, Elisabeth Köstinger, Andrey Kovatchev, Peter Liese, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) *Member States should partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices.* The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Amendment

(9) The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also ***address the social aspects of decarbonising their economies and*** use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 140

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) ***Member States should partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices.*** The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Amendment

(9) The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 141
Matteo Salvini

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) Member States should ***partially*** compensate, ***in accordance with state aid***

Amendment

(9) Member States should ***fully*** compensate certain installations in sectors

rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. ***The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities.*** Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues ***should*** also be used for ***climate financing actions in vulnerable third countries, including*** adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. ***Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.***

or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. ***Member States should use auction revenues to promote skill formation, reallocation and social protection schemes of labour affected by the transition of jobs in a decarbonising economy.*** Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues ***could*** also be used for adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes.

Or. en

Amendment 142

Elisabetta Gardini, Massimiliano Salini, Antonio Tajani, Giovanni La Via, Alberto Cirio

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) ***Member States should partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in***

Amendment

(9) ***A centralised mechanism at Union level should be set up to fully compensate installations which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually the result of greenhouse gas emission costs passed on in electricity prices. The***

electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 143

Massimo Paolucci, Renata Briano, Damiano Zoffoli, Simona Bonafè, Elena Gentile, Nicola Caputo, Caterina Chinnici

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Member States *should partially* compensate, *in accordance with state aid rules*, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of

Amendment

(9) Member States *will* compensate, *through a centralised arrangement at Union's level*, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. *A harmonised system will therefore avoid competitive distortions between Members States*. The Protocol and accompanying decisions

climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 144

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Seb Dance, Carlos Zorrinho, José Blanco López, Kathleen Van Brempt, Christel Schaldemose, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Member States should partially compensate, ***in accordance with state aid rules***, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and

Amendment

(9) ***For the purpose of avoiding competitiveness distortions***, Member States should partially compensate, ***through a centralised system at Union level***, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to

capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 145

Françoise Grossetête, Andrzej Grzyb, Angélique Delahaye, Michel Dantin

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Member States should **partially** compensate, **in accordance with state aid rules, certain** installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue

Amendment

(9) Member States should **fully** compensate **indirect costs for** installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. **That objective should be achieved through a harmonised Union approach.** The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities.

to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Justification

Compensation for indirect costs remains optional through state aid at the discretion of the Member States. This generates a difference of treatment without any reasonable basis. Therefore, the measures shall be mandatory and harmonised at EU level.

Amendment 146

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 9

Text proposed by the Commission

(9) Member States should partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and

Amendment

(9) Member States should ***be able to*** partially compensate, in accordance with state aid rules ***and to the extent defined in the Directive***, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of

capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. pl

Amendment 147 **Christofer Fjellner**

Proposal for a directive **Recital 9**

Text proposed by the Commission

(9) ***Member States should partially compensate, in accordance with state aid rules, certain installations in*** sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising

Amendment

(9) Sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices ***should be compensated by means of a fully harmonised system at Union level in order to ensure a level playing field.*** The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in

resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 148 **Bas Eickhout**

Proposal for a directive **Recital 9**

Text proposed by the Commission

(9) Member States should partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate

Amendment

(9) Member States should ***be allowed to*** partially compensate, in accordance with state aid rules, certain installations in sectors or sub-sectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate

finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 149
Marian-Jean Marinescu

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) Member States should *partially* compensate, *in accordance with state aid rules, certain installations in sectors or sub-sectors* which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation

Amendment

(9) Member States should compensate *indirect costs for sectors or sub-sectors (including electricity intensive sectors)* which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices. The Protocol and accompanying decisions adopted by the Conference of the Parties in Paris need to provide for the dynamic mobilisation of climate finance, technology transfer and capacity building for eligible Parties, particularly those with least capabilities. Public sector climate finance will continue to play an important role in mobilising resources after 2020. Therefore, auction revenues should also be used for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate. The amount of climate finance to be mobilised will also depend on the ambition and quality of the proposed Intended Nationally Determined Contributions (INDCs), subsequent investment plans and national adaptation planning processes. Member States should

planning processes. Member States should also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

also use auction revenues to promote skill formation and reallocation of labour affected by the transition of jobs in a decarbonising economy.

Or. en

Amendment 150

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive

Recital 10

Text proposed by the Commission

(10) The main long-term incentive from this Directive for ***the capture and storage of CO₂ (CCS)***, new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently ***stored or*** avoided. In addition, to supplement the resources already being used to accelerate demonstration of ***commercial CCS facilities and*** innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of ***CCS facilities***, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ ***stored or*** avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. ***The majority of*** this support should be dependent on verified avoidance of greenhouse gas emissions, ***while some support may be given when pre-determined milestones are reached taking into account the technology deployed.*** The maximum percentage of project costs to be supported may vary by category of project.

Amendment

(10) The main long-term incentive from this Directive for new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently avoided. In addition, to supplement the resources already being used to accelerate demonstration of innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. This support should be dependent on verified avoidance of greenhouse gas emissions. The maximum percentage of project costs to be supported may vary by category of project.

Or. en

Amendment 151

Miriam Dalli

Proposal for a directive

Recital 10

Text proposed by the Commission

(10) The main long-term incentive from this Directive for the capture and storage of CO₂ (CCS), new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of CCS facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Amendment

(10) The main long-term incentive from this Directive for the capture and storage of CO₂ (CCS), new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes **and small-scale innovative projects** is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of CCS facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes, **even at smaller scales**, in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Or. en

Justification

Small scale innovative projects in low-carbon technologies should also be eligible for support through the Directive, including through the Innovation Fund, especially when it comes to

investments made in smaller Member States.

Amendment 152

Ivo Belet, Michel Dantin, Francesc Gambús, Jens Gieseke, Françoise Grossetête, Krišjānis Kariņš, Andrey Kovatchev, Peter Liese, Annie Schreijer-Pierik, Alojz Peterle

Proposal for a directive

Recital 10

Text proposed by the Commission

(10) The main long-term incentive from this Directive for *the* capture and storage of **CO₂ (CCS)**, new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of CCS facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Amendment

(10) The main long-term incentive from this Directive for **carbon** capture and storage (**CCS**) **and carbon capture and use (CCU)**, new renewable energy technologies and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial **CCS and CCU** facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of **CCS and CCU** facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Or. en

Amendment 153

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Seb Dance, Carlos Zorrinho, Pavel Poc, José Blanco López, Nikos Androulakis, Simona Bonafè, Christel Schaldemose, Nicola Caputo, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Gilles Pargneaux

Proposal for a directive

Recital 10

Text proposed by the Commission

(10) The main long-term incentive from this Directive for the capture and storage of CO₂ (CCS), ***new renewable energy technologies*** and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of CCS facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Amendment

(10) The main long-term incentive from this Directive for ***new renewable energy technologies***, capture and storage of CO₂ (CCS) and breakthrough innovation in low-carbon technologies and processes is the carbon price signal it creates and that allowances will not need to be surrendered for CO₂ emissions which are permanently stored or avoided. In addition, to supplement the resources already being used to accelerate demonstration of commercial CCS facilities and innovative renewable energy technologies, EU ETS allowances should be used to provide guaranteed rewards for deployment of CCS facilities, new renewable energy technologies and industrial innovation in low-carbon technologies and processes in the Union for CO₂ stored or avoided on a sufficient scale, provided an agreement on knowledge sharing is in place. The majority of this support should be dependent on verified avoidance of greenhouse gas emissions, while some support may be given when pre-determined milestones are reached taking into account the technology deployed. The maximum percentage of project costs to be supported may vary by category of project.

Or. en

Amendment 154

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive
Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) Pursuant to the provisions of the Paris Agreement, both reducing emissions and boosting capacities for the removal of emissions are of equal importance in reducing CO₂ concentrations in the atmosphere. The EU ETS, as the EU's most important climate policy instrument, should therefore contain mechanisms that encourage boosting the natural potential for removing emissions provided primarily by forests. Removal units and the possibility of including them in EU ETS should encourage operators and Member States to invest in the development of forest areas.

Or. pl

Amendment 155
Gerben-Jan Gerbrandy, Jasenko Selimovic

Proposal for a directive
Recital 11

Text proposed by the Commission

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while

(11) A Modernisation Fund should be established from **10% of the allowances to be auctioned and** 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments

avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process ***unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund.*** Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

modernising their energy sector ***in line with the Union's long-term climate and energy objectives***, while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise ***and investment criteria*** of the EIB in the decision-making process. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Or. en

Justification

The Commission proposes the redistribution of 10% of EU allowances for auctions for the purposes of solidarity and growth in lower-income Member States, at the expense of the auctioning share of higher-income Member States. Adding these allowances to the Modernisation Fund instead would keep the same level of support for lower-income Member States, but strengthen the governance for the use of the additional auctioning revenues. This arrangement would ensure that the 10% redistribution of allowances truly supports low-emissions economic development.

Amendment 156 **Bas Eickhout**

Proposal for a directive
Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from **2%** of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund ***and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market.*** The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the

Amendment

(11) A Modernisation Fund should be established from **3%** of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Modernisation Fund could be provided through different forms.

Or. en

Justification

The amendment is linked to the proposal to delete changes to Article 10c. The increase in the share for the Modernisation Fund reflects the proposal to streamline mechanisms designed to support modernisation of the electricity systems in low-income Member States in one instrument, i.e. the Modernisation Fund.

Amendment 157

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Jo Leinen, Claudiu Ciprian Tănăsescu, Seb Dance, Carlos Zorrinho, Pavel Poc, Karin Kadenbach, José Blanco López, Nikos Androulakis, Kathleen Van Brempt, Christel Schaldemose, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive

Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector ***in line with the Union 2030 and 2050 climate and energy goals***, while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation

participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States ***and all financing from the fund should comply with specific eligibility criteria.*** To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Or. en

Amendment 158

Jadwiga Wiśniewska, Bolesław G. Piecha

Proposal for a directive

Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and ***auctioned*** in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and ***should be sold at auction by the European Investment Bank (EIB)*** in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union

Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. *That governance structure should be composed of an investment board and a management committee* and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. *Member States, as the beneficiaries of the fund, should be supported by an advisory board*, and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Or. pl

Amendment 159

Massimo Paolucci, Renata Briano, Damiano Zoffoli, Simona Bonafè, Elena Gentile, Nicola Caputo

Proposal for a directive

Recital 11

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an *investment board and a management committee* and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector *in line with the Union 2030 and 2050 climate and energy goals*, while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an *advisory* board and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Amendment 160
Nikos Androulakis

Proposal for a directive
Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013, **in 2014 or in 2015** had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed

from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Or. en

Amendment 161

Ivo Belet, Francesc Gambús, Maria Spyrali, Alojz Peterle, Annie Schreijer-Pierik

Proposal for a directive

Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. ***The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds.***

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 ***or 2014*** had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning for electricity generation by using the option of free allocation in order to transparently promote real investments modernising their energy sector while avoiding distortions of the internal energy market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. ***Such rules should be transparent, balanced and commensurate with the purpose of ensuring the appropriate use of the funds. The***

That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

Or. en

Amendment 162

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive

Recital 11

Text proposed by the Commission

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning **for electricity generation** by using the option of free allocation in order to **transparently promote real investments modernising their energy sector** while avoiding **distortions of the internal energy**

Amendment

(11) A Modernisation Fund should be established from 2% of the total EU ETS allowances, and auctioned in accordance with the rules and modalities for auctions taking place on the Common Auction Platform set out in Regulation 1031/2010. Member States who in 2013 had a GDP per capita at market exchange rates of below 60% below the Union average should be eligible for funding from the Modernisation Fund and derogate up to 2030 from the principle of full auctioning by using the option of free allocation in order to **stimulate the introduction and the dissemination of renewables** while avoiding **any funding for any fossil fuel based power plant**. The rules for governing

market. The rules for governing the Modernisation Fund should provide a coherent, comprehensive and transparent framework to ensure the most efficient implementation possible, taking into account the need for easy access by all participants. The function of the governance structure should be commensurate with the purpose of ensuring the appropriate use of the funds. That governance structure should be composed of an investment board and a management committee and due account should be taken of the expertise of the EIB in the decision-making process unless support is provided to small projects through loans from a national promotional banks or through grants via a national programme sharing the objectives of the Modernisation Fund. Investments financed from the fund should be proposed by the Member States. To ensure that the investment needs in low income Member States are adequately addressed, the distribution of funds will take into account in equal shares verified emissions and GDP criteria. The financial assistance from the Modernisation Fund could be provided through different forms.

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Or. en

Amendment 163
Bas Eickhout

Proposal for a directive
Recital 12

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the

Amendment

deleted

Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Justification

The amendment is linked to the proposal to delete changes to Article 10c. It is proposed to streamline mechanisms designed to support modernisation of the electricity systems in low-income Member States in one instrument, i.e. the Modernisation Fund.

Amendment 164 **Jens Gieseke**

Proposal for a directive **Recital 12**

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of **€10** million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of **EUR 20** million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy

Union objectives. Investments with a value of less than **€10** million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Union objectives. ***The cogeneration of heat and power (CHP) should also be eligible for the optional free allocation to modernise the energy sector or in the case of electricity consumed by industry which is produced by high-efficiency industrial CHP plants. Use of high-efficiency CHP allows industry to achieve industrial self-support in terms of energy with CHP-produced electricity.*** Investments with a value of less than **EUR 20** million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation ***and the results should be made available to the public.*** The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Justification

CHP produce steam and electricity which are both used in production processes. Self-produced electricity by high efficient industrial CHP plants is one of the most efficient and climate / environmental friendly. Electricity is to be seen as a by-product resulting from the need to bring the boilers' high steam pressure down to lower levels of heat required for the factory process. CHP provides energy self-sufficiency to sectors whose factories are in rural areas where raw materials are produced which, in most cases, are not equipped to satisfy their energy-intensive needs.

Amendment 165 **Marian-Jean Marinescu**

Proposal for a directive **Recital 12**

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States

should be improved. Investments with a value of **€10** million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. Investments with a value of less than **€10** million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

should be improved. Investments with a value of **EUR 20** million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. Investments with a value of less than **EUR 20** million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Amendment 166 **Marijana Petir**

Proposal for a directive **Recital 12**

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. ***The cogeneration of or combined heat and power (CHP) should also be eligible for free allocation to modernise the energy sector or in the case of electricity consumed by industry which***

clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

is produced by high-efficiency industrial CHP plants. Use of high-efficiency CHP allows industries to achieve industrial self-support in terms of energy with CHP-produced electricity. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Amendment 167
Gerben-Jan Gerbrandy

Proposal for a directive
Recital 12

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments ***with a value of €10 million or more*** should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. ***Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria.*** The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

selection of investment projects as well as of their implementation.

Or. en

Justification

The EUR 10 million threshold creates a severe risk of arbitrage by project developers. Modernisation investments above the threshold could be distributed over smaller projects falling below the threshold, which would reduce transparency and increase the risk of energy market distortions. Therefore the threshold should be removed.

Amendment 168

Jytte Guteland, Matthias Groote, Soledad Cabezón Ruiz, Jo Leinen, Claudiu Ciprian Tănăsescu, Seb Dance, Carlos Zorrinho, Pavel Poc, Karin Kadenbach, José Blanco López, Nikos Androulakis, Simona Bonafè, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola Caputo, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive Recital 12

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments modernising the energy sector in line with the Energy Union objectives. ***The list of projects, both selected and non-selected projects, should be made available to the public.*** Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public

of their implementation.

should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Amendment 169

Eleonora Evi, Marco Affronte, Dario Tamburrano, Piernicola Pedicini

Proposal for a directive

Recital 12

Text proposed by the Commission

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments *modernising the energy sector* in line with the Energy Union objectives. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Amendment

(12) The European Council confirmed that the modalities, including transparency, of the optional free allocation to modernise the energy sector in certain Member States should be improved. Investments with a value of €10 million or more should be selected by the Member State concerned through a competitive bidding process on the basis of clear and transparent rules to ensure that free allocation is used to promote real investments *in promoting the large scale use of renewables*, in line with the Energy Union objectives. Investments with a value of less than €10 million should also be eligible for funding from the free allocation. The Member State concerned should select such investments based on clear and transparent criteria. The results of this selection process should be subject to public consultation. The public should be duly kept informed at the stage of the selection of investment projects as well as of their implementation.

Or. en

Amendment 170

Jytte Guteland, Matthias Groote, Miriam Dalli, Soledad Cabezón Ruiz, Jo Leinen, Giorgos Grammatikakis, Caterina Chinnici, Seb Dance, Carlos Zorrinho, Pavel Poc, José Blanco López, Nikos Androulakis, Simona Bonafè, Kathleen Van Brempt, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola

Caputo, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive
Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) *To increase the environmental benefits of emissions reductions in the Union without causing undesired social effects, financial support should be given to regions and sectors which depend on carbon-intensive activities, so as to enable a just and fair transition to a Union low-carbon society. The impact of the energy transition on such regions and sectors should be better assessed and taken into account, especially considering the future of those workers who will be affected by the transition to a Union low-carbon society.*

Or. en

Amendment 171

Gerben-Jan Gerbrandy, Jasenko Selimovic, José Inácio Faria

Proposal for a directive
Recital 13

Text proposed by the Commission

Amendment

(13) EU ETS funding should be coherent with other Union funding programmes, including European Structural and Investment Funds, so as to ensure the effectiveness of public spending.

(13) EU ETS funding should be coherent with other Union funding programmes, including ***Horizon 2020, the European Fund for Strategic Investments, European Structural and Investment Funds, and the European Investment Bank Climate Investment Strategy***, so as to ensure the effectiveness of public spending.

Or. en

Justification

The innovation fund should operate in co-ordinated manner with Horizon 2020 and EFSI. With regard to the Modernisation Fund and transitional free allocation, the climate and energy investment criteria developed by the EIB must be taken into account.

Amendment 172

Jytte Guteland, Soledad Cabezón Ruiz, Jo Leinen, Pavel Poc, Susanne Melior, José Blanco López, Simona Bonafè, Kathleen Van Brempt, Massimo Paolucci, Damiano Zoffoli, Renata Briano, Elena Gentile, Christel Schaldemose, Nicola Caputo, Bas Eickhout, Gerben-Jan Gerbrandy, José Inácio Faria, Tibor Szanyi, Gilles Pargneaux

Proposal for a directive

Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) In line with the commitment of the co-legislators expressed in Directive 2009/29/EC of the European Parliament and of the Council^{1a} and Decision No 406/2009/EC of the European Parliament and of the Council^{1b}, all sectors of the economy should contribute to achieving greenhouse gas emission reductions, including international maritime shipping and aviation. The aviation sector is contributing to the reductions through its inclusion in the EU ETS. In the absence of an international agreement which includes international maritime emissions in its reduction targets through the International Maritime Organization, the sector should be included under the EU ETS and a fund should be established for ship operators' contributions and collective compliance relating to CO₂ emissions already covered by the EU MRV system^{1c} (emissions released in Union ports and during voyages to and from such ports). A share of revenues from the auction of allowances to the maritime sector should be used to improve energy efficiency and support investments in innovative technologies to reduce CO₂ emissions in the maritime sector, including short sea shipping and ports.

^{1a} Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community (OJ L 140, 5.6.2009, p. 63).

^{1b} Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 (OJ L 140, 5.6.2009, p. 136).

^{1c} Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

Or. en

Amendment 173

Ivo Belet, Pilar Ayuso, Michel Dantin, Francesc Gambús, Elisabetta Gardini, Jens Gieseke, Françoise Grossetête, Krišjānis Kariņš, Elisabeth Köstinger, Andrey Kovatchev, Giovanni La Via, Peter Liese, Massimiliano Salini, Antonio Tajani, Alojz Peterle, Annie Schreijer-Pierik, Markus Pieper, Paul Rübzig

Proposal for a directive

Recital 14

Text proposed by the Commission

(14) The existing provisions which are in place for small installations to be excluded from the EU ETS allow the installations which are excluded to remain so, and it should be made possible for Member States to update their list of excluded installations and for Member States currently not making use of this option to do so at the beginning of each

Amendment

(14) The existing provisions which are in place for small installations to be excluded from the EU ETS allow the installations which are excluded to remain so, and it should be made possible for Member States to update their list of excluded installations and for Member States currently not making use of this option to do so at the beginning of each

trading period.

trading period. *Member States should ensure that alternative measures for installations that have opted out do not result in higher compliance costs. For small emitters covered by the EU ETS, monitoring, reporting and verification requirements should be simplified for such installations.*

Or. en

Amendment 174

Eleonora Evi, Dario Tamburrano, Marco Affronte, Piernicola Pedicini

Proposal for a directive

Recital 16

Text proposed by the Commission

(16) Decision (EU) **2015/...** establishes a Market Stability Reserve for the EU ETS in order to make auction supply more flexible and make the system more resilient. This decision also provides for allowances not allocated to new entrants up to 2020 and not allocated because of cessations and partial cessations to be placed in the Market Stability Reserve.

Amendment

(16) Decision (EU) **2015/1814** establishes a Market Stability Reserve for the EU ETS in order to make auction supply more flexible and make the system more resilient. This decision also provides for allowances not allocated to new entrants up to 2020 and not allocated because of cessations and partial cessations to be placed in the Market Stability Reserve. *From 2021 onwards, allowances that have not been allocated to any installation should be permanently cancelled.*

Or. en

Amendment 175

Eleonora Evi, Marco Affronte, Piernicola Pedicini, Dario Tamburrano

Proposal for a directive

Recital 17

Text proposed by the Commission

(17) In order to adopt non-legislative acts of general application to supplement

Amendment

(17) In order to adopt non-legislative acts of general application to supplement

or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 3d(3), Article 10(4), Article 10a(1) and (8), Article **10b**, **Article 10d**, Article 14(1), Article 15, Article 19(3), Article 22, Article 24, Article 24a and Article 25a of Directive 2003/87/EC. In order to reduce delegations to the minimum, the existing powers in respect of the operation of the special reserve, for attributing quantities of international credits which may be exchanged and placing further standards for what may be exchanged and for further rules on double counting in Article 3f(9), Article 11a(9) and Article 11b(7) of Directive 2003/87/EC are deleted. Acts adopted pursuant to those provisions continue to apply. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council. As regards the delegation in respect of Article 10(4) of Directive 2003/87/EC, those Member States which do not use the common platform for auctioning may continue not to do so.

or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 3d(3), Article 10(4), Article 10a(1) and (8), Article 14(1), Article 15, Article 19(3), Article 22, Article 24, Article 24a and Article 25a of Directive 2003/87/EC. In order to reduce delegations to the minimum, the existing powers in respect of the operation of the special reserve, for attributing quantities of international credits which may be exchanged and placing further standards for what may be exchanged and for further rules on double counting in Article 3f(9), Article 11a(9) and Article 11b(7) of Directive 2003/87/EC are deleted. Acts adopted pursuant to those provisions continue to apply. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council. As regards the delegation in respect of Article 10(4) of Directive 2003/87/EC, those Member States which do not use the common platform for auctioning may continue not to do so.

Or. en

Amendment 176
Gilles Pargneaux

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission

Amendment

(17a) The delegated acts referred to in Articles 14 and 15 should simplify the

rules of monitoring, reporting and verification as far as possible in order to reduce red tape for operators. The delegated act referred to in Article 19.3 should facilitate access to and the use of the registry, especially for small operators.

Or. fr

Amendment 177
Kateřina Konečná, Merja Kyllönen

Proposal for a directive
Recital 19 a (new)

Text proposed by the Commission

Amendment

(19a) As regards the empowerment of the Commission to adopt delegated acts provided for in this Directive, particularly in respect of Articles 14, 15 and 19, those acts should give attention to simplification and should reduce the administrative burden related to the efforts required, insofar as those acts do not undermine the environmental integrity, security or reliability of the EU ETS.

Or. en

Justification

Obligation for simplification and reduce of administrative burden is important.