OPINION

of the Committee on Development

for the Committee on the Environment, Public Health and Food Safety


Rapporteur: Jordi Sebastià
SHORT JUSTIFICATION

The 5th Assessment Report by the Intergovernmental Panel on Climate Change (IPCC), completed in 2014, confirmed and further detailed the extreme gravity of the climate challenge and underlined the urgency of stepping up climate action. The response to this challenge represented by the intended nationally determined contributions (INDCs), submitted by Parties to the United Nations Framework Convention on Climate Change is far from sufficient, but represents major progress.

The Paris Agreement specifies the aim of global climate action to "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". Through this agreement, all countries are engaging in this endeavour. The agreement has also created better conditions for steady upward revision of efforts towards levels commensurate with the climate challenge.

The opportunity to effect a step change in global climate action must be fully exploited. As a big emitter with considerable resources, the EU has great responsibility. It must help foster a process in which the countries of the world under the influence of each other's increased efforts increase their own ones, making the steady upward revision of the global effort happen.

A key task for the EU in this is to repair its Emissions Trading System (ETS) and make it a truly efficient instrument for reduction of emissions, as well as for generation of funds for promotion of renewable energy, energy savings and support for adaptation to impacts of climate challenge both within the EU and in vulnerable developing countries, in particular the least developed countries (LDCs).

The Commission proposal for amending the ETS directive is insufficient for turning the ETS into the instrument that is now needed. Your draftsman therefore proposes amendments that:

- strengthen the environmental integrity through aligning the emission cap represented by the linear reduction factor, as a first step to the higher end of the current EU 2050 economy wide GHG reduction target, i.e. 95% compared to 1990, and, as a second step, through including a regular 5-yearly review of the cap, following the UNFCCC and Paris Agreement collective reviews;

- remove allowances from the surplus placed in the Market Stability Reserve that correspond to the use of international CDM and JI credits under the ETS, thereby making the achievement of the ETS' GHG reduction target a domestic effort;

- auction all ETS allowances and earmark all of the revenues to climate action, with half of the revenues going to vulnerable developing countries, and establish an allowance import requirement for the import of energy intensive goods in order to prevent potential carbon leakage;

- ensure the aviation sector contributes to the 2030 GHG reduction target at the same level as other sectors under the EU ETS, and earmark all revenues from aviation to climate action in vulnerable developing countries
- include international shipping under climate targets through a collective fund for ship operators' contributions in respect of emissions in EU ports and during voyages to and from EU ports;

- limit the zero emission factor for biomass to waste and residues in order to reduce incentives for land-grabbing in developing countries to supply the EU market for bioenergy. Global deforestation and loss of forest carbon stock is estimated to be responsible for approximately 20% of climate change. Increasing EU demand for forest biomass through questionable zero carbon accounting risks to be at best inefficient and at worst counterproductive from the perspective of mitigating climate change.

The earmarking of ETS revenues and inclusion of international shipping emissions in the scheme are also in line with the EP position on the issue in the 2008 climate package, repeated also on other occasions.

**AMENDMENTS**

The Committee on Development calls on the Committee on the Environment, Public Health and Food Safety, as the committee responsible, to take into account the following amendments:

**Amendment 1**

**Proposal for a directive**

**Recital 2 a (new)**

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
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<tr>
<td>(2a) Climate and environmental challenges are global in nature. The ultimate objective of the</td>
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<td>United Nations Framework Convention on Climate Change (UNFCCC) is to stabilise greenhouse gas</td>
<td>objective of the United Nations Framework Convention on Climate Change</td>
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<td>concentrations in the atmosphere at a level that would prevent dangerous anthropogenic</td>
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<td>at a level that would prevent dangerous anthropogenic interference with</td>
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<td>, approved at the 21st conference of the parties (COP-21) to the UNFCCC, marks a new level of</td>
<td>the climate system. The Paris Agreement on Climate Change (the ‘Paris</td>
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<td>global commitment to limit and reduce greenhouse gas emissions, with all countries engaging in</td>
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<td>greenhouse gas emissions, with all countries engaging in the efforts.</td>
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Amendment 2
Proposal for a directive
Recital 2 b (new)

Text proposed by the Commission
(2b) The Union and its Member States, having signed the Paris Agreement, committed themselves to holding “the increase in the global average temperature to well below 2°C above pre-industrial levels” and to pursuing “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. Those commitments should guide work towards emissions reductions and investment in renewable energy and energy efficiency.

Amendment 3
Proposal for a directive
Recital 2 c (new)

Text proposed by the Commission
(2c) The Paris Agreement represents a global accord to limit and reduce greenhouse gas emissions, and seeks to achieve a 'just transition', from which developing nations are also to benefit.

Amendment 4
Proposal for a directive
Recital 2 d (new)

Text proposed by the Commission
(2d) Developing countries are the most vulnerable to the impact of climate
change. The Union should step up its support for such countries in order to strengthen their ability to adapt and their resilience to climate change. Policy coherence at Union level should be enhanced so that the EU ETS can provide an effective complement to development cooperation policy, particularly in the context of the 2030 Agenda for Sustainable Development and the fight against climate change.

Amendment 5
Proposal for a directive
Recital 2 e (new)

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<td>(2e) Account should be taken of the progress represented by the Paris Agreement and of the better conditions it has created for steady upward revision of targets and efforts towards levels commensurate with the challenge posed by climate change. One of the best tools at the Union's disposal to meet the commitments laid down in the Paris Agreement is the EU ETS. As part of such efforts, it is essential that the EU ETS become a more efficient instrument for reduction of emissions, and that it support the transition to renewable energy, maximise energy efficiency and foster clean technology growth globally.</td>
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Amendment 6
Proposal for a directive
Recital 3

<table>
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<td>(3) The European Council confirmed that a well-functioning, reformed EU ETS</td>
<td>(3) The reformed EU ETS should set an annual reduction factor of 2.8% from</td>
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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 7
Proposal for a directive
Recital 3 a (new)

Text proposed by the Commission Amendment

(3a) In order to enhance ambition in the pre-2020 period and to reflect the well below 2°C global objective, the EU 2020 greenhouse reduction target of 20% below 1990 levels should be achieved with domestic efforts. 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 withdrawn from the Market Stability Reserve.

Amendment 8
Proposal for a directive
Recital 3 b (new)
(3b) Parties to the UNFCCC have 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 consistent with the Paris Agreement.

Amendment 9

Proposal for a directive
Recital 7 a (new)

Text proposed by the Commission

(7a) The zero-rating of emissions from biomass in the EU ETS constitutes a support scheme within the meaning of Directive 2009/28/EC of the European Parliament and of the Council[1a]. Bioliquids, biofuels and solid and gaseous biomass should only receive support and count towards the national targets where they comply with sustainability criteria set out in Directive 2009/28/EC or the 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
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 10

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

Amendment

(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. **Acknowledging the global responsibility of the Union, Member States should promptly financially support efforts undertaken by the least developed countries (LDCs) aimed at developing low emission**
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.

technologies based on the principle of technological neutrality and mitigation of climate change impact. In this regard a significant percentage of revenues generated by the auctioning of allowances by Member States should be granted to international funds, particularly: the Green Climate Fund, the Least Developed Countries Fund and the Special Climate Change Fund. 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 11

Proposal for a directive
Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) 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.

Amendment 12

Proposal for a directive
Recital 13 a (new)
(13a) In line with the commitment of the co-legislators expressed in Directive 2009/29/EC of the European Parliament and of the Council¹a and Decision No 406/2009/EC of the European Parliament and of the Council¹b, all sectors of the economy should contribute to achieving greenhouse gas emission reductions, including international maritime shipping and aviation. Aviation is contributing to the reductions through its inclusion in the EU ETS. Since no international agreement which includes international maritime emissions in its reduction targets has been adopted through the International Maritime Organisation, a fund should be established for collecting ship operators’ contributions relating to CO₂ emissions released in Union ports and during voyages to and from such ports. The contributions should be set at the level of the market price for allowances, or higher. The fund should finance adaptation and mitigation in vulnerable developing countries. Operators of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council¹c should be subject to the EU ETS in respect of any shortfall in contributions.


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,


Amendment 13
Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2003/87/EC
Article 3d

Text proposed by the Commission

(1) **In Article 3d(3), the second subparagraph** is replaced by the following:

“The Commission shall be empowered to adopt a delegated act in accordance with Article 23”.

Amendment

(1) **Article 3d** is replaced by the following:

“Article 3d

Method of allocation of allowances for aviation through auctioning

The total quantity of allowances for aviation activities shall decrease annually by the same linear factor as for other activities under the Community scheme. All allowances for aviation activities shall be auctioned and the revenues used for climate financing in vulnerable developing countries, including adaptation to the impacts of climate change.”

Justification

The aviation sector should contribute to the 2030 GHG reduction target at the same level as other sectors under the EU ETS. In line with EP position on the aviation ETS proposal in 2007, and in order to be consistent with international aviation law, all revenues from EU ETS for aviation should be used to tackle climate change. In order to build confidence in developing countries regarding the EU policy measure, all revenues of aviation ETS should be earmarked for international climate finance.
Amendment 14

Proposal for a directive
Article 1 – paragraph 1 – point 1 a (new)
Directive 2003/87/EC
Article 3e

Text proposed by the Commission

Amendment

(1a) Article 3e is deleted.

Justification

Linked to Amendment 9. All allowances to aviation sector should be auctioned by Member States.

Amendment 15

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2003/87/EC
Article 9 – paragraphs 2 and 3

Text proposed by the Commission

Amendment

"Starting in 2021, the linear factor shall be 2.2%." "Starting in 2021, the linear factor shall be 2.8%.”

Justification

In the Paris Agreement countries agreed to hold the temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C. The proposed ETS linear factor does not even lead to the low end of the EU target for 2050 of 80-95% below 1990 levels, agreed on the basis of a 2°C objective. To be more consistent with the Paris Agreement, it is proposed to adjust the linear factor to 2.8%, corresponding to an economy wide reduction of 95% below 1990 for 2050, i.e. the upper end of the EU 2050 target, and as a second step provide for a review clause for adjusting the linear factor after UN reviews

Amendment 16

Proposal for a directive
Article 1 – paragraph 1 – point 4 – point a
Directive 2003/87/EC
Article 10 – paragraph 1 – subparagraph 1 a

Text proposed by the Commission

Amendment

(a) three new subparagraphs are added (a) the following subparagraphs are
"From 2021 onwards, the share of allowances to be auctioned by Member States shall be 57%.

2% of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States as set out in Article 10d of this Directive (“the Modernisation Fund”).

2% of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish the International Climate Action Fund to support climate action in vulnerable developing countries with low capacity, especially the Least Developed Countries, Small Island Development States and countries in Africa, in particular for adaptation to the impacts of climate change. Financial resources from the International Climate Action Fund shall be used to replenish the United Nations Green Climate Fund on an annual basis, which has a goal to allocate 50% for adaptation, with half of that amount destined for highly vulnerable countries.

2% of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish the Just Transition Fund to support local communities and workers in regions impacted most strongly by the ongoing transition to a decarbonised economy. The resources of that fund shall be used for investments aimed at creating jobs, financing job training and other employment and health services in alternative economic activities in regions where traditional carbon intensive sectors are expected to lose a large number of jobs as a result of decarbonisation. A specific plan shall be developed by each Member State applying to utilise resources from the Just Transition Fund, in close partnership with the municipal and local authorities of the
The total remaining quantity of allowances to be auctioned by Member States shall be distributed in accordance with paragraph 2.

**Justification**

*The European Commission should:*

- institute a Just Transition Fund as a strong EU-wide support mechanism for workers and regions that will lose out in the low-carbon transition.

- institute an International Climate Action Fund that would directly replenish the Green Climate Fund and would help put a stop to relying on aid budgets alone for the provision of international climate finance.

*The share of allowances for the Modernisation fund, Just Transition fund, and International Climate Action Fund should be added to the auctioned allowances.*

**Amendment 17**

*Proposal for a directive*

**Article 1 – paragraph 1 – point 4 – point b a (new)**

Directive 2003/87/EC

**Article 10 – paragraph 3 – introductory part**

*Present text*

3. Member States shall determine the use of revenues generated from the auctioning of allowances. At least 50% of the revenues generated from the auctioning of allowances referred to in paragraph 2, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c), or the equivalent in financial value of these revenues, should be used for one or more of the following:

*Amendment*

(Principal) in paragraph 3, the introductory part is replaced by the following:

“3. Member States shall determine the use of revenues generated from the auctioning of allowances. At least 50% of the revenues generated from the auctioning of allowances referred to in paragraph 2, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c), or the equivalent in financial value of these revenues, shall be used for financing climate action in vulnerable developing countries, including to reduce greenhouse gas emissions, and to adapt to the impact of climate change. The rest shall be used for one or more of the following:”
Justification

In line with the EP position for the 2008 climate package, all revenues (or the equivalent in financial value) from EU ETS should be earmarked for climate action and 50% should be dedicated to EU’s collective contribution to international climate finance. Collective pledging by the EU and its Member States would increase EU influence in UNFCCC negotiations and effectiveness of EU climate finance.

Amendment 18

Proposal for a directive
Article 1 – paragraph 1 – point 4 – point c

<table>
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<th>Directive 2003/87/EC</th>
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<td>Article 10 – paragraph 3 – point k</td>
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Text proposed by the Commission

(k) for climate financing actions in vulnerable third countries, including adaptation to the impacts of climate change;

Amendment

(k) for financing of adaptation to impacts of climate change and of other climate actions in vulnerable third countries that is additional to the financing of actions through development cooperation instruments; this climate financing shall count towards the fulfilment of the Union’s climate financing commitments, but be additional to, and not count as financing for, development;

Amendment 19

Proposal for a directive
Article 1 – paragraph 1 – point 5 – point a

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<td>Article 10a – paragraph 1</td>
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Text proposed by the Commission

(a) the second paragraph of paragraph 1 is replaced by the following:

"The Commission shall be empowered to adopt a delegated act in accordance with Article 23. This act shall also provide for additional allocation from the new entrants reserve for significant production increases by applying the same thresholds and allocation adjustments as apply in

Amendment

(a) paragraph 1 is replaced by the following:

"300 million allowances shall be used to finance climate action in Least Developed Countries, in particular for adaptation to the impacts of climate change, through the United Nations Green Climate Fund."
respect of partial cessations of operation."

Justification

LDCs are especially vulnerable to the effects of climate change and are responsible only for a very low level 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. Collective pledging by the EU would increase EU influence in the UNFCCC negotiations while contribution through the Green Climate Fund would also encourage others to contribute a portion of their own carbon pricing schemes to the Fund.

Amendment 20

Proposal for a directive
Article 1 – paragraph 1 – point 5 – point d
Directive 2003/87/EC
Article 10 a – paragraph 6 – subparagraph 1

Text proposed by the Commission
"Member States should adopt financial measures in favour of sectors or sub-sectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, taking into account any effects on the internal market. Such financial measures to compensate part of these costs shall be in accordance with state aid rules."

Amendment
"Member States may adopt financial measures in favour of sectors or sub-sectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, taking into account any effects on the internal market. Such financial measures to compensate part of these costs shall be in accordance with state aid rules."

Justification

The proposed wording 'should' is legally ambiguous. While a harmonised system may be desirable, forcing Member States to use state aid is legally unsound, therefore the word 'may' has been restored.

Amendment 21

Proposal for a directive
Article 1 – paragraph 1 – point 7
Directive 2003/87/EC
Article 10 d – paragraph 1 – subparagraph 1
1. A fund to support investments in modernising energy systems and improving energy efficiency in Member States with a GDP per capita below 60% of the Union average in 2013 shall be established for the period 2021-30 and financed as set out in Article 10.

Amendment

1. A fund to support investments in modernising energy systems and improving energy efficiency (including as regards thermal energy, district heating, high efficiency cogeneration, renewable energy, and geothermal heat) in Member States with a GDP per capita below 60% of the Union average in 2013 shall be established for the period 2021-30 and financed as set out in Article 10.

Justification

Mentioned small-scale investments have a crucial role for modernization of the energy system and transition toward low emission economy, therefore should be underlined explicitly.

Amendment 22

Proposal for a directive
Article 1 – paragraph 1 – point 7
Directive 2003/87/EC
Article 10 d – paragraph 2

Text proposed by the Commission

2. The fund shall also finance small-scale investment projects in the modernisation of energy systems and energy efficiency. To this end, the investment board shall develop guidelines and investment selection criteria specific to such projects.

Amendment

2. The fund shall also finance small-scale investment projects in the modernisation of energy systems and energy efficiency (including as regards thermal energy, district heating, high efficiency cogeneration, renewable energy, and geothermal heat). To this end, the investment board shall develop guidelines and investment selection criteria specific to such projects.

Justification

Beneficiary Member States shall be given the right to select small-scale projects on their own especially when their fulfilment is envisaged within the existing national plan/programme in order to tailor the MF for national situation. In such a case only simple information to the advisory board should suffice.
Amendment 23

Proposal for a directive
Article 1 – paragraph 1 – point 10 a (new)
Directive 2003/87/EC
Article 11 c (new)

Text proposed by the Commission

(10a) The following article is inserted:

“Article 11c
Contribution from shipping to funding action in vulnerable developing countries
As from 2019, in the absence of a comparable system operating under the IMO, a fund shall be established for ship operators to contribute to in respect of CO2 emissions released in Union ports and during voyages to and from Union ports of call, at least at the level of the market price for allowances in the preceding year. The revenues of the fund shall be used to finance adaptation and mitigation in vulnerable developing countries.

Contributions as referred to in the first paragraph shall be made public.
Operators of ships that fall under the scope of Regulation (EU) 2015/757 shall be required to surrender allowances in respect of any shortfall in contributions. If mitigation financed by the contributions does not result in reduced emissions equal to the level of emissions from contributors, the difference shall be cancelled in the Market Stability Reserve.”


Justification

In line with the EP position on ETS in 2008 and the agreement on the climate package in 2009, all sectors of the economy should contribute to emission reductions, including international maritime shipping and aviation. In the absence of action under the IMO a Fund should be established for ship operators to contribute to in respect of emissions in EU ports.
and for voyages to and from EU ports. If the climate action does not result in reduced emissions equal to the emissions of the covered operators, the difference should be cancelled from the Market Stability Reserve.

Amendment 24

Proposal for a directive
Article 1 – paragraph 1 – point 22 a (new)

Directive 2003/87/EC
Article 27 – paragraph 1

Present text

1. Following consultation with the operator, Member States may exclude from the Community scheme installations which have reported to the competent authority emissions of less than 25 000 tonnes of carbon dioxide equivalent and, where they carry out combustion activities, have a rated thermal input below 35 MW, **excluding emissions from biomass**, in each of the three years preceding the notification under point (a), and which are subject to measures that will achieve an equivalent contribution to emission reductions, if the Member State concerned complies with the following conditions:

(a) it notifies the Commission of each such installation, specifying the equivalent measures applying to that installation that will achieve an equivalent contribution to emission reductions that are in place, before the list of installations pursuant to Article 11(1) has to be submitted and at the latest when this list is submitted to the Commission;

(b) it confirms that monitoring arrangements are in place to assess whether any installation emits 25 000 tonnes or more of carbon dioxide equivalent, **excluding emissions from biomass**, in any one calendar year. Member States may allow simplified monitoring, reporting and verification measures for installations with

Amendment

(22a) In Article 27, paragraph 1 is replaced by the following:

"1. Following consultation with the operator, Member States may exclude from the Community scheme installations which have reported to the competent authority emissions of less than 25 000 tonnes of carbon dioxide equivalent and, where they carry out combustion activities, have a rated thermal input below 35 MW, in each of the three years preceding the notification under point (a), and which are subject to measures that will achieve an equivalent contribution to emission reductions, if the Member State concerned complies with the following conditions:

(a) it notifies the Commission of each such installation, specifying the equivalent measures applying to that installation that will achieve an equivalent contribution to emission reductions that are in place, before the list of installations pursuant to Article 11(1) has to be submitted and at the latest when this list is submitted to the Commission;

(b) it confirms that monitoring arrangements are in place to assess whether any installation emits 25 000 tonnes or more of carbon dioxide equivalent, in any one calendar year. Member States may allow simplified monitoring, reporting and verification measures for installations with average annual verified emissions between

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average annual verified emissions between 2008 and 2010 which are below 5 000 tonnes a year, in accordance with Article 14;

(c) it confirms that if any installation emits 25 000 tonnes or more of carbon dioxide equivalent, excluding emissions from biomass, in any one calendar year or the measures applying to that installation that will achieve an equivalent contribution to emission reductions are no longer in place, the installation will be reintroduced into the Community scheme;

(d) it publishes the information referred to in points (a), (b) and (c) for public comment.

Hospitals may also be excluded if they undertake equivalent measures.

Amendment 25

Proposal for a directive
Article 1 – paragraph 1 – point 22 b (new)

Text proposed by the Commission

(22b) The following article is inserted:

“Article -28a

Adjustments following global stocktake under the UNFCCC and the Paris Agreement

Within six months of the facilitative dialogue to be convened under the UNFCCC in 2018 to take stock of the collective efforts of Parties in relation to progress towards the global long-term goal, and within six months of the global stocktake in 2023 and subsequent global stocktakes thereafter, the Commission shall submit a report assessing the need to..."
update and enhance the Union's climate action. The report shall be accompanied by a legislative proposal, where appropriate.

In its report, the Commission shall assess in particular the appropriate increase of the linear factor referred to in Article 9 and the necessity for additional policies and measures enhancing the greenhouse gas reduction commitments of the Union and of Member States."

Justification

In the Paris Agreement, countries agreed to hold the temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C. In order to be more consistent with the Paris Agreement, it is proposed, as a first step, to adjust the linear factor to 2.8%, corresponding to an economy wide reduction of 95% below 1990 for 2050, i.e. the upper end of the EU 2050 target, and as a second step provide for a review clause for adjusting the linear factor after UNFCCC and Paris Agreement review processes.

Amendment 26

Proposal for a directive
Article 1 – paragraph 1 – point 22 c (new)
Directive 2003/87/EC
Annex I – paragraph 1

Present text

Amendment

(22c) Point 1 of Annex I is replaced by the following:

"Installations or parts of installations used for research, development and testing of new products and processes and installations exclusively using biomass are not covered by this Directive."

Amendment 27

Proposal for a directive
Article 1 – paragraph 1 – point 22 d (new)
When the total rated thermal input of an installation is calculated in order to decide upon its inclusion in the Community scheme, the rated thermal inputs of all technical units which are part of it, in which fuels are combusted within the installation, are added together. These units could include all types of boilers, burners, turbines, heaters, furnaces, incinerators, calciners, kilns, ovens, dryers, engines, fuel cells, chemical looping combustion units, flares, and thermal or catalytic post-combustion units. Units with a rated thermal input under 3 MW shall not be taken into account for the purposes of this calculation. 'Units using exclusively biomass' includes units which use fossil fuels only during start-up or shut-down of the unit.

Proposal for a directive
Annex III
Directive 2003/87/EC
Annex IV – Part A

In Annex IV, Part A, to Directive 2003/87/EC, the paragraph under the fourth heading entitled "Monitoring of emissions of other greenhouse gases" replaced by the following:

(1) The third paragraph under the
second subheading entitled "Calculation" is replaced by the following:

"Accepted emission factors shall be used. Activity-specific emission factors are acceptable for all fuels. Default factors are acceptable for all fuels except non-commercial ones (waste fuels such as tyres and industrial process gases). Seam-specific defaults for coal, and EU-specific or producer country-specific defaults for natural gas shall be further elaborated. IPCC default values are acceptable for refinery products. The emission factor for biomass waste and residues shall be zero.";

(2) The paragraph under the fourth heading entitled "Monitoring of emissions of other greenhouse gases" is replaced by the following:

"Standardised or accepted methods shall be used, developed by the Commission in collaboration with all relevant stakeholders and adopted pursuant to Article 14(1).".

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
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<tr>
<th><strong>Title</strong></th>
<th>Cost-effective emission reductions and low-carbon investments</th>
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<tr>
<td><strong>Committee responsible</strong></td>
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<td>ENVI 7.9.2015</td>
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<td>DEVE 17.12.2015</td>
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<tr>
<td><strong>Rapporteur</strong></td>
<td><strong>Date appointed</strong></td>
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<td>Jordi Sebastià 20.10.2015</td>
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<td><strong>Date adopted</strong></td>
<td>12.7.2016</td>
</tr>
</tbody>
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| **Result of final vote** | +: 12  
| | -: 11  
| | 0: 0 |
| **Members present for the final vote** | Louis Aliot, Ignazio Corrao, Nirj Deva, Doru-Claudian Frunzulică, Maria Heubuch, György Hölvényi, Teresa Jiménez-Becerril Barrio, Arne Lietz, Linda McAvan, Norbert Neuser, Maurice Ponga, Cristian Dan Preda, Lola Sánchez Caldentey, Elly Schlein, Eleni Theocharous, Bogdan Brunon Wenta, Anna Záborská |
| **Substitutes present for the final vote** | Seb Dance, Jordi Sebastià, Adam Szejnfeld, Joachim Zeller |
| **Substitutes under Rule 200(2) present for the final vote** | Maria Arena, Petras Auštrevičius |