



TEXTS ADOPTED

P9_TA(2022)0246

Revision of the EU Emissions Trading System *I**

Amendments adopted by the European Parliament on 22 June 2022 on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (COM(2021)0551 – C9-0318/2021 – 2021/0211(COD))¹

(Ordinary legislative procedure: first reading)

Amendment 406

Proposal for a directive

Recital 1

Text proposed by the Commission

(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)³. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels.

Amendment

(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)³. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels. ***By adopting the Glasgow Climate Pact, the Parties to the Paris Agreement recognised that limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels would significantly reduce the risks and impacts of climate change, and they committed to strengthening their 2030 targets by the***

¹ The matter was referred back for interinstitutional negotiations to the committee responsible, pursuant to Rule 59(4), fourth subparagraph (A9-0162/2022).

end of 2022 to close the ambition gap, in line with the findings of the Intergovernmental Panel on Climate Change (IPCC). This should be done in a manner that is equitable and respects the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. The revision of the European Union Emissions Trading System (EU ETS), including of its market stability reserve, is a unique opportunity.

³ Paris Agreement (OJ L 282, 19.10.2016, p. 4).

³ Paris Agreement (OJ L 282, 19.10.2016, p. 4).

Amendment 407

Proposal for a directive Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) The urgency of the need to keep the Paris Agreement goal of 1,5 °C alive has become more significant following the findings of the IPCC in its report of 7 August 2021 entitled 'Climate Change 2021: The Physical Science Basis'. The IPCC found that global temperature will reach or exceed the 1,5 °C mark earlier than previously anticipated, namely within the next 20 years. It also found that unless there are immediate and ambitious reductions in greenhouse gas emissions, it will no longer be possible to limit global warming to close to 1,5 °C or even 2 °C. In addition, in its report of 28 February 2022 entitled 'Climate Change 2022: Impacts, Adaptation and Vulnerability', the IPCC stated, with very high confidence, that climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future

for all.

Amendment 408

Proposal for a directive

Recital 1 b (new)

Text proposed by the Commission

Amendment

(1b) The need for urgent action is further intensified by the increase in the frequency and intensity of extreme weather conditions as a direct result of climate change. According to the United Nations Office for Disaster Risk Reduction, the number of disasters recorded worldwide and the scale of global economic losses have nearly doubled in the last 20 years, much of which increase corresponds to the significant rise in the number of climate-related disasters.

Amendment 409

Proposal for a directive

Recital 1 c (new)

Text proposed by the Commission

Amendment

(1c) The Union should therefore address this urgency by stepping up its efforts and establishing itself as an international leader in the fight against climate change, while reflecting the principles of equity and of common but differentiated responsibilities and respective capabilities, as laid down in Article 2(2) of the Paris Agreement.

Amendment 410

Proposal for a directive

Recital 1 d (new)

Text proposed by the Commission

Amendment

(1d) In its resolution of 28 November 2019 on the climate and environment emergency^{1a}, the European Parliament urged the Commission to take immediate and ambitious action to limit global warming to 1,5 °C and to avoid massive biodiversity loss, including by addressing inconsistencies of current Union policies on the climate and environment emergency and by ensuring that all relevant future legislative and budgetary proposals are fully aligned with the objective of limiting global warming to under 1,5 °C and that they do not contribute to biodiversity loss.

^{1a} OJ C 232, 16.6.2021, p. 28.

Amendment 411

Proposal for a directive

Recital 2

Text proposed by the Commission

(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019⁴.

⁴ COM(2019)0640.

Amendment

(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are ***therefore*** at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019⁴.

⁴ COM(2019)0640.

Amendment 412

Proposal for a directive

Recital 3

Text proposed by the Commission

(3) The European Green Deal ***combines a comprehensive set of mutually reinforcing measures and initiatives***

Amendment

(3) The European Green Deal ***provides the starting point for the achievement of the Union’s climate-neutrality objective***

aimed at achieving climate neutrality in the EU by 2050, ***and*** sets out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, ***where economic growth is decoupled from resource use***. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. ***At the same time***, this transition affects ***women and men*** differently and has a particular impact on some disadvantaged groups, such as older people, persons with disabilities ***and*** persons with a minority racial or ethnic background. It must therefore be ensured that the transition is just and inclusive, ***leaving no one behind***.

by 2050, ***at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119 of the European Parliament and of the Council^{1a}***. It sets out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, ***while leaving no one behind in a just transition that also addresses energy poverty***. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. This transition affects ***workers from various sectors and each gender*** differently and has a particular impact on some disadvantaged ***and vulnerable*** groups, such as older people, persons with disabilities, persons with a minority racial or ethnic background ***and low and lower-middle income individuals and households***. ***It also imposes greater challenges on certain regions, in particular structurally disadvantaged and peripheral regions, as well as islands***. It must therefore be ensured that the transition is just and inclusive.

^{1a} Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Amendment 413

Proposal for a directive Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) The EU ETS is a cornerstone of the Union's climate policy and constitutes its key tool for reducing greenhouse gas emissions in a cost-effective way. In line

with the commitments made in COP26 in Glasgow to review the nationally determined contributions on an annual basis, the Commission should revise its nationally determined contribution to account for all the sectors included in the EU ETS during this revision of Directive 2003/87/EC of the European Parliament and of the Council^{1a}.

^{1a} Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

Amendment 414

Proposal for a directive Recital 4

Text proposed by the Commission

(4) The necessity and value of *the* European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them. European citizens continue to express strong views that this applies in particular to climate change⁵.

⁵ Special Eurobarometer 513 on Climate Change, 2021
(https://ec.europa.eu/clima/citizens/support_en).

Amendment

(4) The necessity and value of *a well-implemented* European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them *in a manner that is just and results in no one being left behind, including those at risk of energy poverty*. European citizens continue to express strong views that this applies in particular to climate change⁵.

⁵ Special Eurobarometer 513 on Climate Change, 2021
(https://ec.europa.eu/clima/citizens/support_en).

Amendment 415

Proposal for a directive Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) Delivering on the European Green Deal should ensure quality job creation and social progress for all. To be socially acceptable, the climate ambition proposed in this Directive should be matched by an equivalent social ambition, in line with the European Pillar of Social Rights. The European Green Deal agenda should be an opportunity to maintain and create quality jobs, promote decent work, raise labour standards, strengthen social dialogue and collective bargaining, tackle discrimination at work and promote gender equality. In order to achieve those objectives, just transition mechanisms should complement all proposed actions in the framework of the European Green Deal and the ‘Fit for 55’ package.

Amendment 416

Proposal for a directive Recital 4 b (new)

Text proposed by the Commission

Amendment

(4b) Considering that the transition towards a sustainable economy needs to be combined with upholding Europe's competitiveness and creating jobs, it is crucial to the success of the European Green Deal that the single market is not overburdened with additional costs for companies to adjust to a new regulatory environment.

Amendment 417

Proposal for a directive Recital 6

Text proposed by the Commission

(6) In Regulation (EU) 2021/1119 **of the European Parliament and of the Council**⁷ the Union has enshrined the target of economy-wide climate neutrality by 2050 **in legislation**. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.

⁷ **Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).**

Amendment 418

**Proposal for a directive
Recital 7**

Text proposed by the Commission

(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC **of the European Parliament and of the Council**⁸ to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030.

Amendment

(6) In Regulation (EU) 2021/1119 the Union has enshrined **in legislation** the target of economy-wide climate neutrality by 2050, **at the latest, and the aim to achieve negative emissions thereafter**. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.

Amendment

(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030, **the Union's climate-neutrality objective to be achieved by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119**.

⁸ *Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).*

Amendment 419

Proposal for a directive Recital 8

Text proposed by the Commission

(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of hydrogen outside the refineries sector.

Amendment 420

Proposal for a directive Recital 8 a (new)

Amendment

(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of *green* hydrogen outside the refineries sector.

Text proposed by the Commission

Amendment

(8a) When defining the principles for setting ex-ante benchmarks in individual sectors and subsectors, the Commission should consult the relevant stakeholders, including in the sectors and subsectors concerned, civil society representatives and the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119.

Amendment 421

Proposal for a directive Recital 13

Text proposed by the Commission

Amendment

(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council¹³, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt ***implementing*** acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.

(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council¹³, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use ***and disposal***. The Commission should be empowered to adopt ***delegated*** acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use ***and disposal***, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.

¹³ Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive

¹³ Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive

85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

Amendment 422

Proposal for a directive Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) The EU ETS should avoid, as much as possible, undue exemptions and distortive measures. In the long-term, all sectors should play a role in contributing to the achievement of climate neutrality within the Union by 2050 and all CO₂ emissions should be covered by the appropriate Union policy instruments. The inclusion of municipal waste incineration installations in the EU ETS would contribute to the circular economy by encouraging recycling, reuse and repair of products, while also contributing to economy-wide decarbonisation. Since recycling and regeneration activities are already covered by the EU ETS, the inclusion of municipal waste incineration installations would reinforce incentives for sustainable management of waste in line with the waste hierarchy. It would complement other elements of Union waste legislation. Moreover, integrating waste incineration into the EU ETS would create a level playing field between the regions that have included municipal waste incineration under the scope, reducing the risk of tax competition between regions. However, to avoid deviation of waste from municipal waste incineration installations towards landfills in the Union, which create methane emissions, and exports of waste to third countries, with a potentially hazardous impact on the environment, the inclusion of municipal waste incineration

installations within the scope of Directive 2003/87/EC from 1 January 2026 should be preceded by an impact assessment to be conducted by 31 December 2024, which, where appropriate, should be accompanied by a legislative proposal to prevent such deviation of waste and such exports.

Amendment 423

Proposal for a directive Recital 13 b (new)

Text proposed by the Commission

Amendment

(13b) All greenhouse gas emissions captured and transferred for utilisation through carbon capture and utilisation ('CCU') processes that are not permanently chemically bound in a product such that they do not enter the atmosphere under normal use and disposal should be accounted for. In the absence of all stages of the process, in particular emissions from waste incineration installations, being covered by carbon pricing, reliance on accounting for emissions at the point of their release into the atmosphere would result in emissions being undercounted. In order to regulate the capture of carbon in a way that reduces net emissions, ensures that all emissions are accounted for and that double counting is avoided, while generating economic incentives, the Commission should assess how to account for emissions of greenhouse gases which are considered to have been captured and utilised to become chemically bound in a product based on a life-cycle assessment of the product, for example where these are used for the manufacture of a product or where such proportionate reduction contributes to innovative national policies approved by the competent authority in the Member State concerned to ensure and incentivise cooperation between

sectors, and should, where appropriate, present a legislative proposal to include a transparent, comparable and reliable methodology.

Amendment 424

**Proposal for a directive
Recital 13 c (new)**

Text proposed by the Commission

Amendment

(13c) In line with Regulation (EU) 2021/1119, priority should be given to direct emissions reductions, which will have to be complemented by increased CO₂ removals in order to achieve climate neutrality. In the medium-term, CO₂ removals could already help to increase the ambition above the Union 2030 climate target as laid down in Regulation (EU) 2021/1119. Therefore, the Commission should examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored, for example through direct air capture, can be accounted for and incentivised in emissions trading, including by proposing a clear scope and strict criteria and safeguards to ensure that such removals do not offset necessary emissions reductions but are genuine and permanent.

Amendment 425

**Proposal for a directive
Recital 13 d (new)**

Text proposed by the Commission

Amendment

(13d) According to the communication of the Commission of 14 October 2020 on an EU strategy to reduce methane emissions, 26 % of the continent's methane

emissions come from waste. Worldwide, landfills and dumpsites are predicted to account for 8 to 10 % of all anthropogenic greenhouse gas emissions by 2025. The Union should aim at significantly reducing landfilling in the Union and should in any case avoid the future inclusion of waste incineration in the EU ETS creating an uneven playing field and leading to increased landfilling. Therefore, the Commission should also assess the possibility and feasibility of including all waste management processes, such as landfills, fermentation, composting and mechanical-biological treatment, in the EU ETS.

Amendment 426

Proposal for a directive Recital 14

Text proposed by the Commission

(14) International maritime transport activity, consisting of voyages between ports under the jurisdiction of two different Member States or between a port under the jurisdiction of a Member State and a port outside the jurisdiction of any Member State, has been the only means of transportation not included in the Union's past commitments to reduce greenhouse gas emissions. Emissions from fuel sold in the Union for journeys that depart in one Member State and arrive in a different Member State or a third country have grown by around 36 % since 1990. Those emissions represent close to 90 % of all Union navigation emissions as emissions from fuel sold in the Union for journeys departing and arriving in the same Member State have been reduced by 26 % since 1990. In a business-as-usual scenario, emissions from international maritime transport activities are projected to grow by around 14 % between 2015 and 2030 and 34 % between 2015 and 2050. If the climate change impact of maritime

Amendment

(14) International maritime transport activity, consisting of voyages between ports under the jurisdiction of two different Member States or between a port under the jurisdiction of a Member State and a port outside the jurisdiction of any Member State, has been the only means of transportation not included in the Union's past commitments to reduce greenhouse gas emissions. Emissions from fuel sold in the Union for journeys that depart in one Member State and arrive in a different Member State or a third country have grown by around 36 % since 1990. Those emissions represent close to 90 % of all Union navigation emissions as emissions from fuel sold in the Union for journeys departing and arriving in the same Member State have been reduced by 26 % since 1990. In a business-as-usual scenario, emissions from international maritime transport activities are projected to grow by around 14 % between 2015 and 2030 and 34 % between 2015 and 2050. If the climate change impact of maritime

transport activities grows as projected, it would significantly undermine reductions made by other sectors to combat climate change.

transport activities grows as projected, it would significantly undermine reductions made by other sectors to combat climate change *and therefore to achieve the economy-wide net greenhouse gas emissions reduction target for 2030, the Union's climate-neutrality objective by 2050, at the latest, and the aim of achieving negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119 and the goal of the Paris Agreement.*

Amendment 427

Proposal for a directive Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) International maritime transport is the only means of transportation that has not been included in the Union's commitment to reduce greenhouse gas emissions, despite the fact that the European Parliament has repeatedly called for all sectors of the economy to contribute to the joint effort to complete the transition to net-zero greenhouse gas emissions as soon as possible and by 2050 at the latest, in line with the Union's commitments under the Paris Agreement. CO₂ remains the dominant cause of maritime transport's climate impact when calculated on a global warming-potential 100-year basis, accounting for 98 %, or, if black carbon is included, 91 %, of total international greenhouse gas emissions in CO₂ equivalents. However, according to a report entitled 'Fourth IMO Greenhouse Gas Study' of the International Maritime Organization (IMO), published in 2020, there was an 87 % increase of methane (CH₄) over the period from 2012 to 2018. Therefore, and in line with the amendments adopted by the European Parliament on 16 September 2020 on the proposal for a regulation of the European Parliament and of the Council amending

Regulation (EU) 2015/757, in order to take appropriate account of the global data collection system for ship fuel oil consumption data, both CO₂ and CH₄ emissions, as well as nitrous oxides (N₂O), should be included in the extension of the EU ETS to maritime transport activities. Consequently, an administering authority should ensure that shipping companies monitor and report aggregated emissions data including the release of CO₂, CH₄ and N₂O to ensure consistency with Regulation (EU) .../... [FuelEU Maritime]. Furthermore, the Commission should by 31 December 2024 assess, and report to the European Parliament and to the Council on, the impact on the global climate of greenhouse gas emissions other than CO₂, N₂O and CH₄ and of particles with a global warming potential, and, where appropriate, submit a legislative proposal on the inclusion of those emissions and particles from maritime transport activities in the scope of the EU ETS.

Amendment 428

Proposal for a directive Recital 15

Text proposed by the Commission

(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council¹⁴, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council¹⁵, action by the

Amendment

(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council¹⁴, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council¹⁵, action by the

International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given by all stakeholders.

International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given by all stakeholders. ***In order to increase the environmental effectiveness of Union measures and avoid unfair competition and incentives for circumvention, the scope of Regulation (EU) 2015/757 should be amended to cover ships of 400 gross tonnage and above from 1 January 2024. In order to ensure there is a proportionate administrative burden, for ships of less than 5 000 gross tonnage, operators should only be required to report the information which is relevant for inclusion from 1 January 2027 of such ships within the scope of the EU ETS, in particular the type of fuel, its carbon factor and energy density.***

¹⁴ 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).

¹⁵ Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).

¹⁴ 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).

¹⁵ Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).

Amendment 429

Proposal for a directive Recital 16

Text proposed by the Commission

(16) Pursuant to Directive (EU) 2018/410,

Amendment

(16) Pursuant to Directive (EU) 2018/410,

the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, *while the recent progress achieved through the IMO is welcome, these measures will not be* sufficient to achieve the objectives of the Paris Agreement.

the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, the recent *developments in the IMO framework are not* sufficient to achieve the objectives of the Paris Agreement. *Given the international character of shipping, the Commission in collaboration with Member States should further step up diplomatic efforts to make progress on the development of a global market-based measure at the IMO level.*

Amendment 430

Proposal for a directive Recital 16 a (new)

Text proposed by the Commission

Amendment

(16a) Evasive port calls in neighbouring non-EU countries could seriously jeopardise the effectiveness of the EU ETS in relation to maritime transport, as it would not reduce total shipping emissions. Such evasive port calls could even increase overall emissions, in particular where such evasion leads to longer voyages to and from third countries with lower environmental standards. Therefore, the Commission should monitor, and report biennially from ... [the year following the entry into force of this amending Directive] on, the implementation of the Chapter on maritime transport and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive and should present, where applicable, a legislative proposal to address any evidence of evasive port calls.

Amendment 431

Proposal for a directive Recital 17

Text proposed by the Commission

(17) In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets¹⁶. Considering that emissions from international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. The extension of the EU ETS to the maritime transport sector should thus include half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the

Amendment

(17) ***Greenhouse gas emissions from the maritime sector account for around 2,5 % of Union emissions. The lack of decisive action within the IMO framework has delayed innovation and introduction of necessary measures to reduce emissions in the sector.*** In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes ***its fair share*** to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets¹⁶. ***The surrendering of allowances by shipping companies should be fully implemented from 2024 and shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.*** Considering that emissions from international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers ***such emissions, while providing for derogations under strict conditions if third countries take responsibility for such emissions or an IMO market-based measure is in place***

jurisdiction of a Member State, *emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port under the jurisdiction of a Member State, and emissions at berth in a port under the jurisdiction of a Member State. This approach has been noted as a practical way to solve the issue of* ***Common but Differentiated Responsibilities and Capabilities, which has been a longstanding challenge in the UNFCCC context. The coverage of a share of the emissions from both incoming and outgoing voyages between the Union and third countries ensures the effectiveness of the EU ETS, notably by increasing the environmental impact of the measure compared to a geographical scope limited to voyages within the EU, while limiting the risk of evasive port calls and the risk of delocalisation of transshipment activities outside the Union. To ensure a smooth inclusion of the sector in the EU ETS, the surrendering of allowances by shipping companies should be gradually increased with respect to verified emissions reported for the period 2023 to 2025. To protect the environmental integrity of the system, to the extent that fewer allowances are surrendered in respect of verified emissions for maritime transport during those years, once the difference between verified emissions and allowances surrendered has been established each year, a corresponding number of allowances should be cancelled. As from 2026, shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.***

¹⁶ Paris Agreement, Article 4(4).

to cover a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. ***From 2027 onwards, the extension of the EU ETS to the maritime transport sector should thus include emissions from voyages to and from third countries, while providing for derogations in relation to*** half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State ***under strict conditions, in particular where a third country has a carbon pricing mechanism in place, or has established through a bilateral or multilateral agreement between the Union and one or more third countries a carbon pricing mechanism linked to the EU ETS, pursuant to Article 25 of Directive 2003/87/EC, to cap and reduce emissions to a level at least equivalent to the EU ETS, meaning a binding mechanism to cap, reduce and price maritime greenhouse gas emissions, resulting in an absolute emissions reduction at least equivalent to the case where 100 % of those emissions would be subject to the EU ETS or where a third country is a Least Developed Country or Small Island Developing State that has a GDP per capita not equalling or exceeding the Union average and includes such emissions under its nationally determined contributions under the Paris Agreement.***

¹⁶ Paris Agreement, Article 4(4).

**Proposal for a directive
Recital 17 a (new)**

Text proposed by the Commission

Amendment

(17a) The adverse impacts of climate change affect the respect of human rights, including the right to food, water, sanitation, health, decent housing and life. The Paris Agreement positioned as the third pillar of climate action the damage and loss that disproportionately affect people living in conditions of vulnerability, indigenous peoples, women, children, and people with disabilities. The low-income, lower-middle income and least developed countries are the most vulnerable to the impact of climate change. Although their contributions to the greenhouse gases in the atmosphere are very small or even negligible, they tend to be more heavily exposed to impacts of climate change, notably in view of the state of their infrastructure and their populations' living conditions. Those countries are now in a calamitous situation because of the combination of the global failure to curb greenhouse gas emissions, which increases their adaptation needs and costs ever higher, and the public finance crises caused by the COVID-19 pandemic and the associated 'debt pandemic'.

Amendment 433

**Proposal for a directive
Recital 17 b (new)**

Text proposed by the Commission

Amendment

(17b) The Commission, the Council and the European Parliament should work with third countries in order to facilitate acceptance of the provisions of Directive 2003/87/EC as regards maritime transport activities and to strengthen international cooperation in this area. At the same time, the Commission, the Council and the

European Parliament should work to strengthen global measures through the IMO.

Amendment 434

**Proposal for a directive
Recital 17 c (new)**

Text proposed by the Commission

Amendment

(17c) Significant financial resources are needed to implement the Paris Agreement and the Union remains committed to contributing to the developed countries' goal of jointly mobilising from different sources USD 100 billion per year, starting from 2020, to support developing countries. The decision taken at COP24 on having a more ambitious target from 2025 onwards, beyond the current commitment, is a step in the right direction, but the actual pledges by developed countries still fall a long way short of the collective goal, and the resulting gap should be filled. The Union and its Member States should step up their efforts to mobilise international climate finance for developing countries and develop an international roadmap outlining each developed country's fair share of the USD 100 billion financial pledge and the mechanisms to ensure that pledges are turned into deeds. Emerging economies should make a contribution, from 2025 onwards, to the increased amount of international climate financing in the future.

Amendment 435

**Proposal for a directive
Recital 17 d (new)**

Text proposed by the Commission

Amendment

(17d) The Commission should assist developing countries and step up its

support for such countries, including through the EU ETS, in order to strengthen their ability to adapt and their resilience in relation to climate change. Collective pledging of support for climate action in developing countries by the Union would increase its influence in the UNFCCC negotiations, while contributing through the Green Climate Fund would also encourage other countries to contribute a portion of the revenues from their own carbon pricing schemes to that fund. The Commission should submit a report to the European Parliament and to the Council in which it examines the decarbonisation needs in developing countries by assessing greenhouse gas emissions in sectors corresponding to the sectors covered under the EU ETS and CBAM.

Amendment 436

Proposal for a directive Recital 17 e (new)

Text proposed by the Commission

Amendment

(17e) The Union and its Member States are the largest providers of public climate finance. Financing climate action is essential, as many developing countries have conditional nationally determined contributions, the achievement of which depends on financial support. The Commission should support developing countries with decarbonisation of their industries, in particular in those sectors corresponding to the sectors covered under the EU ETS and CBAM, in order to facilitate their achievement of economy-wide emission reduction targets in line with the Paris Agreement. Particular priority should be given to addressing the needs of least developed countries through the use of EU ETS allowances to fund climate action, in particular adaptation to the impacts of climate change.

Amendment 437

Proposal for a directive Recital 17 f (new)

Text proposed by the Commission

Amendment

(17f) Renewing fleets of ice-class ships and developing innovative technology that reduces the emissions of such ships while sailing in winter conditions will take time and require financial support. Currently, the design enabling ice-class ships to sail in ice conditions, leads to such ships producing more emissions both in open water and when navigating in ice conditions than ships of similar size designed for sailing only in open water. On average, ice-class ships, when sailing in open water, consume about 2 to 5 % more fuel than ships of similar size designed for sailing in open water only. Therefore, a flag-neutral method to take into account ice conditions in northern parts of the Union should be implemented under this Directive allowing for a reduction of allowances to be surrendered by shipping companies on the basis of their ships' ice class or navigation in ice conditions, or both, until 31 December 2029. As a result, from 2030 onwards, shipping companies should be liable to surrender allowances corresponding to one hundred percent (100 %) of verified emissions reported for each respective year notwithstanding their ships' ice class and navigation in ice conditions. There should also be specific support for innovation regarding the decarbonisation of ice-class ships through an Ocean Fund.

Amendment 438

Proposal for a directive Recital 18

Text proposed by the Commission

(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and subsequent global stocktakes every five years thereafter, intended to inform successive nationally determined contributions. In particular, the Commission should report any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 - to the European Parliament and to the Council on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission should analyse the International Maritime Organization instruments and, assess, as relevant, how to implement those instruments in Union law through a revision of Directive 2003/87/EC. In *its report*, the Commission should *include proposals as appropriate*.

Amendment

(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and subsequent global stocktakes every five years thereafter, intended to inform successive nationally determined contributions. In particular, the Commission should report any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 - to the European Parliament and to the Council on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission should analyse the International Maritime Organization instruments and, assess, as relevant, how to implement those instruments in Union law through a revision of Directive 2003/87/EC. In *the event that a global market-based measure has been adopted at IMO level leading to greenhouse gas emission reductions which are in line with the Paris Agreement and at least comparable to those resulting from the Union measures*, the Commission should *consider a proportionate reduction of the scope of application of the Union measures to avoid the creation of a double burden, while maintaining in the scope of the EU ETS at least fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and fifty percent (50 %) percent of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, while recognising the Union's sovereignty to regulate its share of emissions from*

international shipping voyages in line with the obligations of the Paris Agreement. However, in the event that there has been insufficient progress at IMO level or that global measures have been adopted at IMO level which are not in line with the Paris Agreement and at least comparable to those resulting from the Union measures, the Commission should keep the Union measures to cover one hundred percent (100 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State and one hundred percent (100 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, through an amendment of Directive 2003/87/EC.

Amendment 439

Proposal for a directive

Recital 19

Text proposed by the Commission

(19) The Commission should review the functioning of Directive 2003/87/EC in relation to maritime transport activities in the light of experience of its application, including in relation to possible evasive practices, and should then propose measures to ensure its effectiveness.

Amendment

(19) The Commission should review the functioning of Directive 2003/87/EC in relation to maritime transport activities in the light of experience of its application, including in relation to possible evasive practices, and should then propose measures to ensure its effectiveness *aligned with the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation(EU) 2021/1119 and the objectives of the Paris Agreement.*

Amendment 440

Proposal for a directive

Recital 20

Text proposed by the Commission

(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. ***In line with the polluter pays principle, the shipping company could, by means of a contractual arrangement, hold*** the entity that is ***directly*** responsible for the decisions affecting the ***CO₂*** emissions of the ship accountable for the compliance costs under this Directive. ***This*** entity would normally be the entity that is responsible for the choice ***of fuel***, route and speed of the ship.

Amendment

(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. ***However, the shipping company is not always responsible for purchasing the fuel or taking operational decisions that affect the greenhouse gas emissions of the ship. Those responsibilities can be assumed by an entity other than the shipping company under a contractual arrangement. In that case, in order to ensure that the polluter pays principle is fully respected and to encourage the adoption of efficiency measures and cleaner fuels, a binding clause should be included in such arrangements for the purpose of passing on the costs so that the entity that is ultimately responsible for the decisions affecting the greenhouse gas emissions of the ship is held accountable for covering the compliance costs paid by the shipping company under this Directive. That entity would normally be the entity that is responsible for the choice and purchase of the fuel used by the ship, or for the operation of the ship, as regards, for example, the choice of the cargo carried by, or the route and speed of, the ship.***

**Proposal for a directive
Recital 20 a (new)**

Text proposed by the Commission

Amendment

(20a) The successful transition to zero emission shipping requires an integrated approach and the appropriate enabling environment to stimulate innovation, both as regards ships and in ports. That enabling environment involves public and private investment in research and innovation, technological and operational measures to improve the energy efficiency of ships and ports, and the deployment of sustainable alternative fuels, such as hydrogen and ammonia, that are produced from renewable energy sources, including through carbon contracts for difference ('CCDs'), and of zero emission propulsion technologies, including the necessary refuelling and recharging infrastructure in ports. An Ocean Fund should be established from revenues generated from the auctioning of allowances in respect of maritime transport activities under the EU ETS, in order to improve the energy efficiency of ships and support investment aimed at facilitating the decarbonisation of maritime transport, including as regards short sea shipping and ports, and training and re-training of the workforce. In addition, the revenues generated from penalties imposed under Regulation (EU) ... /... [FuelEU Maritime] should be allocated to the Ocean Fund as external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council^{1a} and Article 3gab(1) of Directive 2003/87/EC. The Commission should ensure that due consideration is given to supporting innovative projects contributing to the deployment and implementation of Regulation (EU) .../... [FuelEU Maritime] as well as projects that have a positive effect on biodiversity and help reduce the risk of noise, air and maritime pollution.

1^a Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

Amendment 442

Proposal for a directive Recital 21

Text proposed by the Commission

(21) In order to reduce the administrative burden on shipping companies, one Member State should be responsible for each shipping company. The Commission should publish an initial list of shipping companies that performed a maritime activity falling within the scope of the EU ETS, which specifies the administering authority in respect of each shipping company. The list should be updated at least every **two years** to reattribute shipping companies to another administering authority as relevant. For shipping companies registered in a Member State, the administering authority should be that Member State. For shipping companies registered in a third country, the administering authority should be the Member State in which the shipping company had the greatest estimated number of port calls from voyages falling within the scope of Directive 2003/87/EC in the last two monitoring years. For shipping companies registered in a third country and which did not perform any voyage falling within the scope of Directive 2003/87/EC in the last two monitoring years, the administering

Amendment

(21) In order to reduce the administrative burden on shipping companies, one Member State should be responsible for each shipping company. The Commission should publish an initial list of shipping companies that performed a maritime activity falling within the scope of the EU ETS, which specifies the administering authority in respect of each shipping company. The list should be updated **regularly and** at least every **year** to reattribute shipping companies to another administering authority as relevant. For shipping companies registered in a Member State, the administering authority should be that Member State. For shipping companies registered in a third country, the administering authority should be the Member State in which the shipping company had the greatest estimated number of port calls from voyages falling within the scope of Directive 2003/87/EC in the last two monitoring years. For shipping companies registered in a third country and which did not perform any voyage falling within the scope of Directive 2003/87/EC in the last two monitoring years, the administering

authority should be the Member State from where the shipping company started its first voyage falling within the scope of that Directive. The Commission should publish and update on a **biennial** basis a list of shipping companies falling within the scope of Directive 2003/87/EC specifying the administering authority for each shipping company. In order to ensure equal treatment of shipping companies, Member States should follow harmonised rules for the administration of shipping companies for which they have responsibility, in accordance with detailed rules to be established by the Commission.

Amendment 443

Proposal for a directive Recital 24

Text proposed by the Commission

(24) Based on experience from similar tasks related to environmental protection, the European Maritime Safety Agency (EMSA) or another relevant organisation should, as appropriate and in accordance with its mandate, assist the Commission and the administering authorities in respect of the implementation of Directive 2003/87/EC. Owing to its experience with the implementation of Regulation (EU) 2015/757 and its IT tools, EMSA **could** assist the administering authorities notably as regards the monitoring, reporting and verification of emissions generated by maritime activities under the scope of this Directive by facilitating the exchange of information or developing guidelines and criteria.

Amendment 444

Proposal for a directive Recital 26

authority should be the Member State from where the shipping company started its first voyage falling within the scope of that Directive. The Commission should publish and update on a **yearly** basis a list of shipping companies falling within the scope of Directive 2003/87/EC specifying the administering authority for each shipping company. In order to ensure equal treatment of shipping companies, Member States should follow harmonised rules for the administration of shipping companies for which they have responsibility, in accordance with detailed rules to be established by the Commission.

Amendment

(24) Based on experience from similar tasks related to environmental protection, the European Maritime Safety Agency (EMSA) or another relevant organisation should, as appropriate and in accordance with its mandate, assist the Commission and the administering authorities in respect of the implementation of Directive 2003/87/EC. Owing to its experience with the implementation of Regulation (EU) 2015/757 and its IT tools, EMSA **should** assist the administering authorities notably as regards the monitoring, reporting and verification of emissions generated by maritime activities under the scope of this Directive by facilitating the exchange of information or developing guidelines and criteria.

Text proposed by the Commission

(26) Achieving the Union's emissions reduction target for 2030 will require a reduction in the emissions of the sectors covered by the EU ETS **of 61 % compared to 2005**. The Union-wide quantity of allowances of the EU ETS needs to be reduced to create the necessary long-term carbon price signal and drive for this degree of decarbonisation. To this end, the **linear** reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.

Amendment

(26) Achieving the Union's emissions reduction target for 2030, **while at the same time pursuing the goal of the Paris Agreement to limit global warming to 1,5 °C**, will require a **significant** reduction in the emissions of the sectors covered by the EU ETS. The Union-wide quantity of allowances of the EU ETS needs to be reduced **progressively** to create the necessary long-term carbon price signal and drive for this degree of decarbonisation. To this end, the **annual** reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.

Amendment 445

Proposal for a directive
Recital 27

Text proposed by the Commission

(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper **linear** reduction pathway of the EU ETS should **be a straight line from 2021 to 2030, such as to achieve emission reductions in the EU ETS of 61 % by 2030, as the appropriate intermediate step** towards Union economy-wide climate neutrality in 2050. As the increased **linear** reduction factor can only apply from the year following the entry into force of this Directive, a one-off reduction of the quantity of allowances should reduce the total quantity of

Amendment

(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper reduction pathway of the EU ETS should **provide a clear direction** towards **achieving the goal of the Paris Agreement and** Union economy-wide climate neutrality in 2050 **at the latest**. As the increased reduction factor can only apply from the year following the entry into force of this Directive, a one-off reduction of the quantity of allowances should reduce the total quantity of allowances so that it is in line with this level of annual reduction

allowances so that it is in line with this level of annual reduction having been made from 2021 onwards.

having been made from 2021 onwards.

Amendment 446

Proposal for a directive Recital 28

Text proposed by the Commission

(28) Achieving the increased climate ambition will require substantial public resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget should be used for climate-related purposes. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in **low-income Member States**, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.

Amendment

(28) Achieving the increased climate ambition will require substantial public **and private** resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget **in the form of own resources** should be used for climate-related purposes, **while ensuring a just transition and environmental integrity of action taken**. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. **To ensure compliance and public scrutiny, the Member States should adopt ex-ante plans on how they intend to use EU ETS revenues in accordance with their respective climate and energy targets, and they should annually report on the use of auctioning revenues in accordance with Article 19 of Regulation (EU) 2018/1999 of the European Parliament and of the Council^{1a}**. Further, to address distributional and social effects of the transition in **the most affected territories**, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.

^{1a} Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

Amendment 447

**Proposal for a directive
Recital 28 a (new)**

Text proposed by the Commission

Amendment

(28a) Since 2013, electricity producers have been obliged to purchase all the allowances they need to generate electricity. However, some Member States have retained the option of being able to continue to provide transitional free allocation for the modernisation of the energy sector in the periods from 2013 to 2020 and from 2021 to 2030. For the period from 2021 to 2030, only three Member States would continue to have that option. However, in its Special Report 18/2020 entitled ‘The EU’s Emissions Trading System: free allocation of allowances needed better targeting’, the European Court of Auditors found that that transitional free allocation did not contribute to the reduction of carbon intensity in the energy sector for countries eligible for such free allocation of allowances in the period from 2013 to 2020. Given the need for rapid decarbonisation, especially in the energy sector, and the limited effectiveness of

that transitional free allocation, the option of transitional free allocation for the modernisation of the energy sector no longer seems fit for purpose. Therefore, that option should cease to be available and any allowances resulting from the exercise of that option which have not been allocated to operators in the Member States concerned by 31 December 2023 should be added to the total quantity of allowances that the Member State concerned receives for auctioning, or should be used to support investments within the framework of the Modernisation Fund.

Amendment 448

Proposal for a directive Recital 28 b (new)

Text proposed by the Commission

Amendment

(28b) A well-defined share of the auctioning revenue of the reformed and extended EU ETS should be used as an own resource to finance the Union budget as general income, in accordance with the legally binding Interinstitutional Agreement of 16 December 2020 on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources,^{1a} which contains a roadmap towards the introduction of a basket of new own resources, including, inter alia, own resources based on the EU ETS and based on the Carbon Border Adjustment Mechanism (CBAM) and Pillar One of the OECD/G20 Agreement. Under that Agreement, such new own resources are envisaged to be introduced by 1 January 2023. New own resources would link the Union budget with the Union's policy priorities such as the European Green Deal and the Union's contribution to fair taxation, thus adding

value and contributing to the climate mainstreaming objectives, the repayment of Next Generation EU debts and the resilience of the Union budget as a tool for investments and guarantees that respect the 'do no significant harm' criteria and the fundamental values enshrined in Article 2 of the Treaty on European Union.

^{1a} OJ L 433 I, 22.12.2020, p. 28.

Amendment 449

Proposal for a directive Recital 28 c (new)

Text proposed by the Commission

Amendment

(28c) In accordance with Council Decision (EU, Euratom) 2020/2053 of the European Parliament and of the Council^{1a}, the Union is legally bound to repay all liabilities incurred by the exceptional and temporary empowerment to borrow funds under Next Generation EU by 31 December 2058 at the latest. Therefore, in order to respect the legally binding Interinstitutional Agreement and its roadmap for the introduction of a basket of new own resources destined to repay the Union's debt, a share of the EU ETS revenues should accrue to the Union budget to help cover the borrowing costs as enshrined in [Council Decision (EU, Euratom) .../... amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union] and prevent substantial decreases that would jeopardize Union programmes in future Multiannual Financial Frameworks.

^{1a} Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424,

15.12.2020, p. 1).

Amendment 450

Proposal for a directive Recital 28 d (new)

Text proposed by the Commission

Amendment

(28d) The substantial amounts of revenue generated by the reinforced EU ETS, which Member States, apart from the share attributed to the Union budget, retain, should be used for purposes of the climate transition. However, the broader scope of application and the more diverse array of interventions should not be to the detriment of the unity, effectiveness, integrity and democratic control of the Union budget.

Amendment 451

Proposal for a directive Recital 29

Text proposed by the Commission

Amendment

(29) Further incentives to reduce greenhouse gas emissions by using cost-efficient techniques should be provided. To that end, ***the*** free allocation of emission allowances ***to stationary installations*** from 2026 onwards should ***be conditional on investments in techniques to increase energy efficiency and reduce emissions. Ensuring that this is focused on larger energy users would result in a substantial reduction in burden for businesses with lower energy use, which may be owned by small and medium sized enterprises or micro-enterprises. [Reference to be confirmed with the revised EED].*** The relevant ***delegated acts*** should ***be adjusted accordingly.***

(29) Further incentives to reduce greenhouse gas emissions by using cost-efficient techniques should be provided. To that end, ***a bonus-malus system should be introduced for determining the share of free allocation. For installations whose greenhouse gas emissions are above the relevant benchmark values, the amount of free allocation of emission allowances from 2026 onwards should vary in line with the implementation of a duly established decarbonisation plan. Conversely, installations whose greenhouse gas emissions are below the relevant benchmark values should receive an incentive in the form of an additional free allocation.***

Amendment 676

Proposal for a directive

Recital 30

Text proposed by the Commission

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [...] of the European Parliament and of the Council⁵¹, **is** an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **2025, 90 % in 2026 and** should be reduced by **10** percentage points **each year to reach 0 % and** thereby **eliminate** free allocation by **the tenth year**. The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the **Innovation** Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation

Amendment

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [...] of the European Parliament and of the Council⁵¹, **intends to gradually offer** an alternative to free allocation to address the risk of carbon leakage **without undermining the Union's competitiveness**. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **the end of 2026, and, contingent upon the application of Article 36(3), point (d), of Regulation (EU) .../... [CBAM Regulation],** should be reduced by 7 percentage points **in 2027, 9 percentage points in 2028, 15 percentage points in 2029, 19 percentage points in 2030, 25 percentage points in 2031 and 25 percentage points in 2032**, thereby **eliminating** free allocation by **2032**. **In order to protect the competitiveness of Union exports, the production in the Union of products listed in Annex I to Regulation [CBAM] should continue to receive free allocation, provided such products are produced for export to third countries without carbon pricing mechanisms similar to the EU ETS. By [one year before the end of the transitional period as set out in Regulation [CBAM]], the Commission should present a report with an assessment of the effects of the EU ETS and CBAM on the production in the**

needs of all sectors receiving free allocation.

Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries and on the development of global emissions, as well as an assessment of the WTO compatibility of the derogation for exports, assessing in particular potential export adjustment mechanisms for installations belonging to the 10% most efficient installations in the light of WTO compatibility or any other proposals the Commission deems appropriate, and should, where appropriate, submit a proposal for any appropriate and WTO-compliant legislation and measures that equalize the costs of CO₂ with the different pricing schemes of those third countries. The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the *Climate Investment* Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

⁵¹ [please insert full OJ reference]

⁵¹ [please insert full OJ reference]

Amendment 454

Proposal for a directive Recital 30 a (new)

(30a) The Carbon Border Adjustment Mechanism (CBAM) is a mechanism that addresses the risk of carbon leakage through the application of a uniform price on emissions embedded in goods imported into the customs territory of the Union. It is important to monitor, prevent and address the risk of goods produced in the Union intended for export to third countries being replaced on the global market by more carbon-intensive goods. Hence, the Commission should continuously monitor and assess the effectiveness of the CBAM in light of the carbon leakage risk on export markets, including the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where a risk of carbon leakage is detected, the Commission should, where appropriate, present a legislative proposal to address that carbon leakage risk on export markets in a manner that is compliant with WTO rules. In addition, the Union should actively pursue the establishment of an international ‘carbon club’ and continuously engage in international cooperation with regard to the introduction of carbon pricing mechanisms. The success of the European carbon market is critical from a global perspective and will encourage more countries to introduce market driven carbon pricing. The Commission should further analyse how linkages with other carbon markets could be established while ensuring that the Union’s own economy-wide climate target is achieved.

Amendment 455

**Proposal for a directive
Recital 31**

Text proposed by the Commission

(31) In order to better reflect technological progress and adjust the corresponding benchmark values to the relevant period of allocation while ensuring emission reduction incentives and properly rewarding innovation, the maximum adjustment of the benchmark values should be increased from 1,6 % to 2,5 % per year. For the period from 2026 to 2030, the benchmark values should thus be adjusted within a range of 4 % to 50 % compared to the value applicable in the period from 2013 to 2020.

Amendment

(31) In order to better reflect technological progress and adjust the corresponding benchmark values to the relevant period of allocation while ensuring emission reduction incentives and properly rewarding innovation, the maximum adjustment of the benchmark values should be increased from 1,6 % to 2,5 % per year. For the period from 2026 to 2030, the benchmark values should thus be adjusted within a range of 8 % to 50 % compared to the value applicable in the period from 2013 to 2020. ***The adjusted benchmark values should be published as soon as the necessary information becomes available, and no later than ... [six months after the date of entry into force of this amending Directive] in order for those benchmark values to apply from 2026.***

Amendment 456

**Proposal for a directive
Recital 31 a (new)**

Text proposed by the Commission

Amendment

(31a) The significant indirect costs that are incurred from greenhouse gas emission costs passed on in electricity prices cause a risk of carbon leakage to certain sectors. To mitigate that risk, Member States should adopt financial measures for indirect cost compensation. The measures should be in accordance with State aid rules, and should not cause undue distortions of competition in the internal market.

Amendment 457

**Proposal for a directive
Recital 32**

Text proposed by the Commission

(32) A comprehensive approach to innovation is essential for achieving the European Green Deal objectives. At EU level, the necessary research and innovation efforts are supported, among others, through Horizon Europe which include significant funding and new instruments for the sectors coming under the ETS. Member States should ensure that the national transposition provisions do not hamper innovations and are technologically neutral.

Amendment

(32) A comprehensive approach to innovation is essential for achieving the European Green Deal objectives. At EU level, the necessary research and innovation efforts are supported, among others, through Horizon Europe which include significant funding and new instruments for the sectors coming under the ETS. ***Consequently, the Climate Investment Fund should seek synergies with Horizon Europe and, where relevant, with other Union funding programmes.*** Member States should ensure that the national transposition provisions do not hamper innovations, ***facilitate the putting of innovative scientific results into practice*** and are technologically neutral, ***while the Commission should ensure the availability and efficiency of the necessary technical and advisory assistance.***

Amendment 458

**Proposal for a directive
Recital 32 a (new)**

Text proposed by the Commission

Amendment

(32a) In order to achieve climate neutrality by 2050 at the latest, as laid down in Regulation (EU) 2021/1119, the Union needs to close a significant investment gap as provided for in the communication of the Commission of 6 July 2021 entitled 'Strategy for Financing the Transition to a Sustainable Economy'. To reach our decarbonisation objective, breakthrough innovation, upscaling of already existing relevant technologies and certified natural carbon removals are needed. To support the in-depth and economy-wide decarbonisation in the Union each of these three pillars should be addressed by the Innovation Fund, which should be renamed as the Climate

Investment Fund.

Amendment 459

Proposal for a directive

Recital 33

Text proposed by the Commission

(33) The scope of the ***Innovation*** Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. ***In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime]¹⁹ are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21(1) of Regulation xxxx/xxxx [FuelEU Maritime].*** To ensure sufficient funding is available for innovation within this extended scope, the ***Innovation*** Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the ***Innovation*** Fund.

Amendment

(33) The scope of the ***Climate Investment*** Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support ***installation of non-breakthrough technologies in industrial processes that have a large greenhouse gas-saving potential but are not market-ready as well as*** innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport, ***including collective forms of transport. It should also be possible to use the Climate Investment Fund to support breakthrough innovative*** technologies in the ***waste*** sector. To ensure sufficient funding is available for innovation within this extended scope, the ***Climate Investment*** Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the ***Climate Investment*** Fund. ***To foster innovation in breakthrough technologies as soon as possible, the Commission should ensure that a share of the financing made available through the Climate Investment Fund is ‘frontloaded’ during the first years of implementation of this Directive.***

¹⁹ [add ref to the FuelEU Maritime Regulation].

Amendment 460

Proposal for a directive
Recital 33 a (new)

Text proposed by the Commission

Amendment

(33a) The acceleration of the roll out of domestic sustainable renewable energy sources plays a major role in the Union's plan to become independent from Russian fossil fuels well before 2030. In addition, the availability of large quantities of sustainable renewable energy is necessary to ensure the reduction of greenhouse gas emissions in industrial processes and in the overall economy. A substantial increase of the Union renewable energy target for 2030 and of the relative national contributions is necessary. At least 12 % of the allowances made available to the Climate Investment Fund should therefore be used for the further development and deployment of sustainable renewable energy sources in the Union, in line with the energy efficiency-first principle. Priority should be given to develop local self-production, storage and sharing, in particular through renewable energy communities.

Amendment 461

Proposal for a directive
Recital 33 b (new)

Text proposed by the Commission

Amendment

(33b) By supporting projects through public financing, the Climate Investment Fund would provide companies with substantial advantages to develop their

products or services. Consequently, projects funded by the Climate Investment Fund should share knowledge with other relevant projects as well as with Union-based researchers having a legitimate interest.

Amendment 462

Proposal for a directive Recital 35

Text proposed by the Commission

(35) **Carbon Contracts for Difference (CCDs)** are an important element to trigger emission reductions in industry, offering the opportunity to guarantee investors in innovative climate-friendly technologies a price that rewards CO₂ emission reductions above those induced by the current price levels in the EU ETS. The range of measures that the **Innovation** Fund can support should be extended to provide support to projects through price-competitive tendering, such as CCDs. The Commission should be empowered to adopt delegated acts on the precise rules for this type of support.

Amendment

(35) CCDs are an important element to trigger emission reductions in industry **by up-scaling new technologies**, offering the opportunity to guarantee investors in innovative climate-friendly technologies a price that rewards CO₂ emission reductions above those induced by the current price levels in the EU ETS. The range of measures that the **Climate Investment** Fund can support should be extended to provide support to projects through **technology-neutral**, price-competitive tendering, such as CCDs, **and should respect the principle of geographical balance. CCDs would be an important mechanism for supporting the development of decarbonisation technologies, such as CCS and CCU, and optimising the use of available resources. CCDs would also offer certainty to investors in technologies, such as carbon capture technologies.** The Commission should **conduct an impact assessment focusing in particular on the options for the provision of support through competitive bidding, including on the levels of funding provided. Based on the results of that assessment, the Commission** should be empowered to adopt delegated acts on the precise rules for this type of support.

Amendment 463

**Proposal for a directive
Recital 38**

Text proposed by the Commission

(38) The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments should be increased to **80 %**; energy efficiency should be targeted as a priority area at the demand side; and support of households to address energy poverty, including in rural and remote areas, should be included within the scope of the priority investments.

Amendment

(38) The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. ***Support from the Modernisation Fund should only be granted to Member States that have adopted legally binding targets for achieving climate neutrality by 2050 at the latest, as well as measures for the phasing out of all fossil fuels in a timeframe consistent with the targets set out in Regulation (EU) 2021/1119. In order to guarantee the efficient use of Union funds, access to the Modernisation Fund should also be conditional on respect for the rule of law.*** In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments should be increased to **100 %**; energy efficiency should be targeted as a priority area at the demand side; and support of households to address energy poverty, including in rural and remote areas, should be included within the scope of the priority investments.

Amendment 464

**Proposal for a directive
Recital 38 a (new)**

Text proposed by the Commission

Amendment

(38a) With the increase of EU ETS prices, revenues from the EU ETS for Member States and the Union have increased substantially. To acknowledge the contribution of EU ETS revenues to the

transition of Union industry as well as to provide support to vulnerable people in the Union to enable them to switch to environmentally friendly alternatives, an EU ETS label should be introduced. Member States and the Commission should ensure that funding is clearly indicated as coming from EU ETS revenues by displaying an appropriate label for all projects and activities supported at national level or through Union funds.

Amendment 465

Proposal for a directive Recital 39

Text proposed by the Commission

(39) Commission Implementing Regulation (EU) 2018/2066²¹ lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council²², the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt **implementing** acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.

²¹ Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on

Amendment

(39) Commission Implementing Regulation (EU) 2018/2066²¹ lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council²², the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt **delegated** acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.

²¹ Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on

the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1).

²² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Amendment 466

Proposal for a directive Recital 40

Text proposed by the Commission

(40) Renewable liquid and gaseous fuels of non-biological origin and recycled carbon fuels can be important to reduce greenhouse gas emissions in sectors that are hard to decarbonise. ***Where recycled carbon fuels and renewable liquid and gaseous fuels of non-biological origin are produced from captured carbon dioxide under an activity covered by this Directive, the emissions should be accounted under that activity.*** To ensure that renewable fuels of non-biological origin and recycled carbon fuels contribute to greenhouse gas emission reductions and to avoid double counting for fuels that do so, it is appropriate to explicitly extend the empowerment in Article 14(1) to the adoption by the Commission of ***implementing*** acts laying down the necessary adjustments for how to account for the eventual release of carbon dioxide ***and how to avoid double counting to ensure*** appropriate incentives are in place, taking also into account the treatment of these fuels under Directive (EU) 2018/2001.

Amendment 467

the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1).

²² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Amendment

(40) Renewable liquid and gaseous fuels of non-biological origin and recycled carbon fuels can be important to reduce greenhouse gas emissions in sectors that are hard to decarbonise. To ensure that renewable fuels of non-biological origin and recycled carbon fuels contribute to greenhouse gas emission reductions and to avoid double counting for fuels that do so, it is appropriate to explicitly extend the empowerment in Article 14(1) to the adoption by the Commission of ***delegated*** acts laying down the necessary adjustments for how to account for the eventual release of carbon dioxide, ***in a way that ensures that all emissions are accounted for, including where such fuels are produced from captured carbon dioxide outside the Union and are used in an activity covered by this Directive, while avoiding double counting and ensuring*** appropriate incentives are in place ***for capturing emissions***, taking also into account the treatment of these fuels under Directive (EU) 2018/2001.

**Proposal for a directive
Recital 42**

Text proposed by the Commission

(42) The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331²³.

²³ *Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).*

Amendment 468

**Proposal for a directive
Recital 42 a (new)**

Text proposed by the Commission

Amendment

deleted

Amendment

(42a) Increasing energy prices are a major concern for citizens, especially low-income families, and businesses, especially small and medium-sized enterprises ('SMEs'). The main cause of rising energy prices is our dependency on fossil fuels. The 'Fit for 55' package should address and seek to reduce such dependencies, including by improving the design of the EU ETS. Strengthening market integrity and transparency can also play a role in limiting volatility of the

EU ETS market prices.

Amendment 469

Proposal for a directive

Recital 42 b (new)

Text proposed by the Commission

Amendment

(42b) The European Securities and Markets Authority (ESMA) published its final report on emission allowances and associated derivatives on 28 March 2022. The Commission should, where appropriate and as soon as possible, present a legislative proposal to follow up on the recommendations in that report in order to improve the level of transparency, monitoring and reporting on the European emission allowance markets as well as related derivative markets. However, to continuously monitor market integrity and transparency, avoid misinformation and guide any potential rapid action, ESMA should on a regular basis publish a report on the integrity and transparency of those markets and, where relevant, issue further recommendations for targeted improvements. ESMA should in particular examine the functioning of the markets in light of any volatility and price evolution, the operation of the auctions and trading operations on the markets, liquidity and the volumes traded, and the categories and trading behaviour of market participants. Targeted improvements could, for example, include measures to enhance the information available to market participants and the public at large on the functioning of the emission allowance markets and related derivative markets, improve regulatory reporting and market monitoring in emission allowance markets and related derivative markets, including by making individual transactions publicly available, require each market participant to publicly disclose their holdings and positions broken down by motive and

horizon, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivative markets, for example through a fluctuating penalty based on the previous year's average auction price, the withholding of allowances, adjustment of the quantity of subsequent auctions, or a combination thereof. The Commission should assess ESMA's recommendations within six months following the publication of ESMA's report and should, where appropriate, present a legislative proposal to address those recommendations.

Amendment 470

Proposal for a directive Recital 42 c (new)

Text proposed by the Commission

Amendment

(42c) Unexpected or sudden market volatility or excessive price shocks on the Union carbon market, for example, as a result of sudden changes in market behaviour or excessive speculation, negatively affect market predictability and the stable investment climate which is essential for the planning of decarbonisation and innovation investments. Therefore, the measures that apply in the event of excessive price fluctuations should be strengthened in a careful manner to improve the assessment of and reaction to unwarranted price evolutions. Such targeted improvements should ensure the continued proper functioning of the carbon market, including the role of intermediaries and financial actors in providing liquidity to the market and market access for compliance actors, in particular SMEs, while addressing unexpected or sudden volatility or price shocks not related to market fundamentals.

Amendment 471

Proposal for a directive Recital 43 a (new)

Text proposed by the Commission

Amendment

(43a) In order to ensure that a level playing field exists and to close any remaining gaps between the existing EU ETS and the new emissions trading system, the new emissions trading system should also cover other fuels released for consumption, such as those used for process heating in activities not covered under Annex I to Directive 2003/87/EC, while avoiding or addressing any double counting. Moreover, such an approach would simplify the implementation, monitoring, reporting and verification of the new emissions trading system for regulated entities.

Amendment 472

Proposal for a directive Recital 44

Text proposed by the Commission

Amendment

(44) In order to establish the necessary implementation framework and to provide a reasonable timeframe for reaching the 2030 target, emissions trading in the **two** new sectors should start in 2025. During the first year, the regulated entities should be required to hold a greenhouse gas emissions permit and to report their emissions for the years **2024** and **2025**. The issuance of allowances and compliance obligations for these entities should be applicable as from **2026**. This sequencing will allow starting emissions trading in the sectors in an orderly and efficient manner. It would also allow the EU funding and Member State measures to be in place to ensure a socially fair introduction of the EU emissions trading into the two sectors so as to mitigate the impact of the carbon

(44) In order to establish the necessary implementation framework and to provide a reasonable timeframe for reaching the 2030 target, emissions trading in the new sectors should start in 2025. During the first year, the regulated entities should be required to hold a greenhouse gas emissions permit and to report their emissions for the years **2023** and **2024**. The issuance of allowances and compliance obligations for these entities should be applicable as from **2025 in respect of fuels released for consumption in commercial applications and other fuels, such as for process heating not covered by the existing EU ETS. Subject to an assessment by 1 January 2026 and if the conditions are right, the Commission should aim to extend this to fuels released**

price on vulnerable households and transport users.

for consumption in private road transport and private heating and cooling of residential buildings from 1 January 2029 and should, where appropriate, present a targeted review to this effect. This sequencing will allow starting emissions trading in the sectors in an orderly and efficient manner. It would also allow the EU funding and Member State measures to be in place to ensure a socially fair introduction of the EU emissions trading into the two sectors so as to mitigate the impact of the carbon price on vulnerable households and transport users.

Amendment 473

Proposal for a directive Recital 46

Text proposed by the Commission

(46) The regulated entities in the *two* new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262²⁵, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.

²⁵ Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 58, 27.2.2020, p. 4).

Amendment 474

Proposal for a directive Recital 47

Amendment

(46) The regulated entities in the new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262²⁵, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.

²⁵ Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 58, 27.2.2020, p. 4).

Text proposed by the Commission

(47) The regulated entities falling within the scope of the emissions trading in the sectors ***of buildings and road transport*** should be subject to similar greenhouse gas emissions permit requirements as the operators of stationary installations. It is necessary to establish rules on permit applications, conditions for permit issuance, content, and review, and any changes related to the regulated entity. In order for the new system to start in an orderly manner, Member States should ensure that regulated entities falling within the scope of the new emissions trading have a valid permit as of the start of the system in **2025**.

Amendment 475

Proposal for a directive

Recital 48

Text proposed by the Commission

(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in **2026**, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO₂t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council²⁶ on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported emissions for the years 2024, 2025 and

Amendment

(47) The regulated entities falling within the scope of the emissions trading in the ***new*** sectors should be subject to similar greenhouse gas emissions permit requirements as the operators of stationary installations. It is necessary to establish rules on permit applications, conditions for permit issuance, content, and review, and any changes related to the regulated entity. In order for the new system to start in an orderly manner, Member States should ensure that regulated entities falling within the scope of the new emissions trading have a valid permit as of the start of the system in **2024**.

Amendment

(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in **2025**, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO₂t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council²⁶ on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported emissions for the years 2024, 2025 and

2026, and should decrease by the same absolute annual reduction as set from 2024, which corresponds to a 5,43 % linear reduction factor compared to the comparable 2025 value of the above defined trajectory. If those emissions are significantly higher than this trajectory value and if this divergence is not due to small-scale differences in emission measurement methodologies, the linear reduction factor should be adjusted to reach the required emissions reduction in 2030.

²⁶ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

Amendment 476

Proposal for a directive Recital 50

Text proposed by the Commission

(50) In order to ensure a smooth start to emissions trading in the **buildings and road transport** sectors and taking into account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In **2026**, the auction volumes should therefore be 30 % higher than the total quantity of allowances for **2026**. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to

2026, and should decrease by the same absolute annual reduction as set from 2024, which corresponds to a 5,43 % linear reduction factor compared to the comparable 2025 value of the above defined trajectory. If those emissions are significantly higher than this trajectory value and if this divergence is not due to small-scale differences in emission measurement methodologies, the linear reduction factor should be adjusted to reach the required emissions reduction in 2030.

²⁶ Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

Amendment

(50) In order to ensure a smooth start to emissions trading in the **new** sectors and taking into account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In **2025**, the auction volumes should therefore be 30 % higher than the total quantity of allowances for **2025**. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to

auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.

auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.

Amendment 477

Proposal for a directive Recital 52

Text proposed by the Commission

(52) The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey²⁷. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council²⁸. Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 %

Amendment

(52) The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey²⁷. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council²⁸. Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. ***The Social Climate Fund should be an integral part of the Union budget in order to preserve the unity of the budget and coherence with Union policies and to ensure effective control by the budgetary authority, composed of the European Parliament and the Council.*** This Fund

of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 2020/1828 of the European Parliament and the Council²⁹. In addition, each Member State should use their auction revenues inter alia to finance a part of the costs of their Social Climate Plans.

will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 2020/1828 of the European Parliament and the Council²⁹. ***The programmed baseline allocation in the Union budget should be increased annually by a supplementary reinforcement in the event of an increase of carbon price to a level higher than the initial assumption, as it would raise the burden on vulnerable households and traffic users. To ensure that the impact of carbon price increases on the most vulnerable is adequately and fairly mitigated, such annual reinforcements should be accommodated within the Multiannual Financial Framework by means of an automatic ‘carbon price fluctuation adjustment’ of the ceiling of Heading 3 and the payment ceiling, the mechanism for which is to be provided for in the Multiannual Financial Framework Regulation in accordance with Article 312 TFEU.*** In addition, each Member State should use their auction revenues inter alia to finance a part of the costs of their Social Climate Plans.

²⁷ Data from 2018. Eurostat, SILC [ilc_mdcs01].

²⁸ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

²⁹ [Add ref to the Regulation establishing the Social Climate Fund].

²⁷ Data from 2018. Eurostat, SILC [ilc_mdcs01].

²⁸ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

²⁹ [Add ref to the Regulation establishing the Social Climate Fund].

Amendment 478

Proposal for a directive Recital 52 a (new)

Text proposed by the Commission

Amendment

(52a) Since the transport sector is currently the only sector that has failed to deliver any reductions of greenhouse gas emissions, a significant level of investment in sustainable transport options is required to achieve the Union climate goals and support a modal shift to environmentally friendly forms of transport. Therefore, at least 10 % of the expected revenues from the increased trading of emissions to arise as a result of the extension of the scope of the EU ETS and the introduction of a new EU ETS for heating, transport and other fuels pursuant to this Directive, including 10 % of the national revenues to be allocated by Member States as well as 10 % of the revenues under the Climate Investment Fund, should be allocated to the further development of public transport, in particular climate friendly railway and bus systems.

Amendment 479

Proposal for a directive Recital 52 b (new)

Text proposed by the Commission

Amendment

(52b) In order to achieve greater coherence and efficiency in the management and use of Union funds and resources, the Commission should carry out an assessment and, where appropriate, present a legislative proposal for the integration of the Climate Investment Fund and the Modernisation Fund in the Union budget, that could be submitted in the context of the proposals for the next Multiannual Financial

Framework.

Amendment 480

**Proposal for a directive
Recital 54**

Text proposed by the Commission

(54) ***Innovation and development of new low-carbon technologies in the sectors of buildings and road transport are crucial for ensuring the cost-efficient contribution of these sectors to the expected emission reductions. Therefore, 150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the Innovation Fund to stimulate the cost-efficient emission reductions.***

Amendment

(54) 150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the ***Social Climate*** Fund to ***support social climate measures.***

Amendment 481

**Proposal for a directive
Recital 55**

Text proposed by the Commission

(55) Regulated entities covered by the ***buildings and road transport*** emissions trading should surrender allowances for their verified emissions corresponding to the quantities of fuels they have released for consumption. They should surrender allowances for the first time for their verified emissions in ***2026***. In order to minimise the administrative burden, a number of rules applicable to the existing emissions trading system for stationary installations and aviation should be made applicable to emissions trading ***for buildings and road transport***, with the necessary adaptations. This includes, in particular, rules on transfer, surrender and cancellation of allowances, as well as the rules on the validity of allowances, penalties, competent authorities and reporting obligations of Member States.

Amendment

(55) Regulated entities covered by the ***new*** emissions trading should surrender allowances for their verified emissions corresponding to the quantities of fuels they have released for consumption. They should surrender allowances for the first time for their verified emissions in ***2025***. In order to minimise the administrative burden, a number of rules applicable to the existing emissions trading system for stationary installations and aviation should be made applicable to ***the new*** emissions trading, with the necessary adaptations. This includes, in particular, rules on transfer, surrender and cancellation of allowances, as well as the rules on the validity of allowances, penalties, competent authorities and reporting obligations of Member States.

Amendment 482

Proposal for a directive Recital 59 a (new)

Text proposed by the Commission

Amendment

(59a) In order to achieve the objectives laid down in this Directive and other Union legislation, particularly those in Regulation (EU) 2021/1119, the Union and its Member States should make use of the latest scientific evidence while implementing policies. Therefore, the advice of the European Scientific Advisory Board on Climate Change should be considered when implementing this Directive. Furthermore, the European Scientific Advisory Board on Climate Change should be able, on its own initiative, to provide scientific advice in relation to this Directive to ensure that policies are aligned with the objectives of Regulation (EU) 2021/1119 and the Paris Agreement.

Amendment 483

Proposal for a directive Recital 59 b (new)

Text proposed by the Commission

Amendment

(59b) In order to set a long-term vision, the Commission, supported by the European Scientific Advisory Board on Climate Change, should prepare indicative roadmaps for the activities covered by Annex I to this Directive for the achievement of the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119. The roadmaps should be prepared in a transparent manner with close engagement of the stakeholders such as individuals, civil society, social partners,

academia, industry and policy makers. The roadmaps are an essential tool for providing long-term insight and stability for stakeholders and for identifying common interests, possible inconsistencies and conflicts in policy development. The roadmaps should be updated every five years in order to take into account the latest scientific developments, in close engagement with the stakeholders.

Amendment 484

Proposal for a directive Recital 61

Text proposed by the Commission

(61) A well-functioning, reformed EU ETS comprising an instrument to stabilise the market is a key means for the Union to reach its agreed target for 2030 and the commitments under the Paris Agreement. The Market Stability Reserve seeks to address the imbalance between supply and demand of allowances in the market. Article 3 of Decision (EU) 2015/1814 provides that the reserve is to be reviewed three years after it becomes operational, paying particular attention to the percentage figure for the determination of the number of allowances to be placed in the Market Stability Reserve, the threshold for the total number of allowances in circulation (TNAC) that determines the intake of allowances, and the number of allowances to be released from the reserve.

Amendment

(61) A well-functioning, reformed EU ETS comprising an instrument to stabilise the market is a key means for the Union to reach its agreed target for 2030, ***its climate-neutrality objective by 2050 at the latest, and fulfil the aim of achieving negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119*** and the commitments under the Paris Agreement. The Market Stability Reserve seeks to address the imbalance between supply and demand of allowances in the market. Article 3 of Decision (EU) 2015/1814 provides that the reserve is to be reviewed three years after it becomes operational, paying particular attention to the percentage figure for the determination of the number of allowances to be placed in the Market Stability Reserve, the threshold for the total number of allowances in circulation (TNAC) that determines the intake of allowances, and the number of allowances to be released from the reserve.

Amendment 485

Proposal for a directive Recital 62

Text proposed by the Commission

(62) Considering the need to deliver a stronger investment signal to reduce emissions in a cost-efficient manner and with a view to strengthening the EU ETS, Decision (EU) 2015/1814 should be amended so as to increase the percentage rate for determining the number of allowances to be placed each year in the Market Stability Reserve. In addition, for lower levels of the TNAC, the intake should be equal to the difference between the TNAC and the threshold that determines the intake of allowances. This would prevent the considerable uncertainty in the auction volumes that results when the TNAC is close to the threshold, and at the same time ensure that the surplus reaches the volume bandwidth within which the carbon market is deemed to operate in a balanced manner.

Amendment

(62) Considering the need to deliver a stronger investment signal to reduce emissions in a cost-efficient manner and with a view to strengthening the EU ETS, Decision (EU) 2015/1814 should be amended so as to increase the percentage rate for determining the number of allowances to be placed each year in the Market Stability Reserve. In addition, for lower levels of the TNAC, the intake should be equal to the difference between the TNAC and the threshold that determines the intake of allowances. This would prevent the considerable uncertainty in the auction volumes that results when the TNAC is close to the threshold, and at the same time ensure that the surplus reaches the volume bandwidth within which the carbon market is deemed to operate in a balanced manner. ***Such adjustment should be made without resulting in any reduced ambition compared to the current market stability reserve.***

Amendment 486

**Proposal for a directive
Recital 66 a (new)**

Text proposed by the Commission

Amendment

(66a) To ensure that there is predictability for operators and avoid disincentivising best performers and innovation as a result of additional and unforeseen costs, it is crucial to avoid the application of the cross-sectoral correction factor for frontrunners.

Amendment 487

**Proposal for a directive
Recital 67**

Text proposed by the Commission

(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO₂ emissions and the rules on monitoring, as well as any other relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.

Amendment 488

Proposal for a directive
Recital 67 a (new)

Text proposed by the Commission

Amendment

(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO₂, **CH₄** and **N₂O** emissions and the rules on monitoring, as well as any other relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.

Amendment

(67a) In addition to effective carbon pricing based on a well-functioning EU

ETS, market transparency is of key importance for enabling swift and cost-efficient emission reductions in all sectors of the economy. To allow consumers and all actors along the supply chain to make informed choices concerning the emissions embedded in products, a European system for robust carbon footprint labelling of products should be developed.

Amendment 489

Proposal for a directive

Article 1 – paragraph 1 – point -1 (new)

Directive 2003/87/EC

Article 1 – paragraph 2

Present text

This Directive also provides for the reductions of greenhouse gas emissions to be increased so as to contribute to the levels of reductions that are considered scientifically necessary to avoid dangerous climate change.

Amendment

(-1) in Article 1, the second paragraph is replaced by the following:

"This Directive also provides for the reductions of greenhouse gas emissions to be increased so as to contribute to the levels of reductions that are considered scientifically necessary to avoid dangerous climate change, to reach the Union's climate-neutrality objective by 2050 at the latest and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119 of the European Parliament and of the Council, and to achieve the commitments of the Union and its Member States under the Paris Agreement, while reflecting the principles of equity and of common but differentiated responsibilities and respective capabilities of nations.*

** Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243,*

9.7.2021, p. 1).”;

Amendment 490

Proposal for a directive

Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 2 – paragraph 1

Text proposed by the Commission

1. This Directive shall apply to the activities listed in Annexes I and III, and to the *of* greenhouse gases listed in Annex II. Where an installation that is included in the scope of the EU ETS due to the operation of combustion units with a total rated thermal input exceeding 20 MW changes its production processes to reduce its greenhouse gas emissions and no longer meets that threshold, *it shall* remain in the scope of the EU ETS until the end of the *relevant* five year period referred to in Article 11(1), second subparagraph, following the change to its production process.

Amendment

1. This Directive shall apply to the activities listed in Annexes I and III, and to the greenhouse gases listed in Annex II. Where an installation that is included in the scope of the EU ETS due to the operation of combustion units with a total rated thermal input exceeding 20 MW changes its production processes to reduce its greenhouse gas emissions and no longer meets that threshold *or no longer emits greenhouse gases, the operator of that installation may decide that the installation is to* remain in the scope of the EU ETS until the end of the *next* five year period referred to in Article 11(1), second subparagraph, following the change to its production process.

By 31 December 2025, the Commission shall assess, and submit a report to the European Parliament and to the Council on, the inclusion of installations with a total rated thermal input below 20 MW in the scope of the EU ETS in the next period. That report shall be accompanied, where appropriate, by a legislative proposal to include such installations.

Amendment 491

Proposal for a directive

Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point v a (new)

Text proposed by the Commission

Amendment

(va) ‘voyage’ means a voyage as defined in Article 3, point (c), of Regulation (EU) 2015/757 of the European Parliament and of the Council*;

*** 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).**

Amendment 492

Proposal for a directive

Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point w a (new)

Text proposed by the Commission

Amendment

(wa) "non-EU transhipment port" means a transhipment port in a non-EU neighbouring country at a distance of less than 300 nautical miles from a port under the jurisdiction of a Member State, where the movement of one type of cargo by way of transhipment operations exceeds 60 % of the total traffic of that port;

Amendment 493

Proposal for a directive

Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point w b (new)

Text proposed by the Commission

Amendment

(wb) ‘transhipment operation’ means an operation in which any cargo, container or good is unloaded from a ship to the port for the sole purpose of loading it onto

another ship;

Amendment 494

Proposal for a directive

Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point w c (new)

Text proposed by the Commission

Amendment

(wc) “port of call” means the port where a ship stops to load or unload cargo or to embark or disembark passengers; consequently, stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, stops in a non-EU transshipment port and stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities are excluded from this definition;

Amendment 495

Proposal for a directive

Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point y

Text proposed by the Commission

Amendment

(y) ‘fuel’ for the purposes of Chapter IVa shall mean any fuel listed in Table-A and Table-C of Annex I to Directive 2003/96/EC, as well as any other product offered for sale as motor fuel or heating fuel as specified in Article 2(3) of that Directive;

(y) ‘fuel’ for the purposes of Chapter IVa shall mean any fuel listed in Table-A and Table-C of Annex I to Directive 2003/96/EC, as well as any other product *intended for use*, offered for sale *or used* as motor fuel or heating fuel as specified in Article 2(3) of that Directive;

Amendment 496

Proposal for a directive

Article 1 – paragraph 1 – point 2 a (new)
Directive 2003/87/EC
Article -3a (new)

Text proposed by the Commission

Amendment

(2a) the following article is inserted:

‘Article -3a

The Commission shall, together with the Executive Committee of the Warsaw International Mechanism for Loss and Damage and other international organisations, assess potential compensation measures that the Union as a whole could implement for vulnerable and developing countries and report on that assessment to the European Parliament and the Council by the end of 2022.’;

Amendment 497

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2003/87/EC
Article 3a – paragraph 1

Text proposed by the Commission

Amendment

Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to **3ge** shall apply in respect of the maritime transport activities listed in Annex I.

Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to **3geb** shall apply **to the allocation and issue of allowances** in respect of the maritime transport activities listed in Annex I **carried out by ships of 5 000 gross tonnage and above.**

From 1 January 2027, Articles 3g to 3geb shall apply to the allocation and issue of allowances in respect of the maritime transport activities listed in Annex I carried out by ships of 400 gross tonnage and above. By that date, the Commission shall carry out an assessment of the level playing field for all ships and the avoidance of possible unwanted adverse effects on greenhouse gas emissions resulting from the possible replacement of

ships of 5 000 gross tonnage and above by several ships of a gross tonnage below that threshold in the absence of lowering the threshold. The Commission shall, where appropriate, accompany that assessment with a legislative proposal to amend this Directive.

By 31 December 2024, the Commission, supported by the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119, shall assess, and report to the European Parliament and to the Council on, the impact on the global climate of greenhouse gas emissions other than CO₂, CH₄ and N₂O and of particles with a global warming potential, from ships arriving at, within or departing from ports under the jurisdiction of a Member State. That report shall be accompanied, where appropriate, by a legislative proposal to address the question of how to deal with such emissions and particles.

Amendment 498

Proposal for a directive

Article 1 – paragraph 1 – point 5

Directive 2003/87/EC

Article 3g – paragraph 1

Text proposed by the Commission

1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of **fifty** percent (**50 %**) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port **outside** the jurisdiction of a Member State, **fifty** percent (**50 %**) of the emissions from ships **performing voyage departing from** a port **outside** the jurisdiction of a Member State and arriving at a port **under** the jurisdiction of a Member State, **one hundred** percent (**100 %**) of emissions from ships performing voyages departing from a port **under** the

Amendment

1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of **one hundred** percent (**100 %**) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port **under** the jurisdiction of a Member State **and one hundred** percent (**100 %**) of the emissions from ships **at berth in** a port **under** the jurisdiction of a Member State.

Until 31 December 2026, the allocation of allowances and the application of surrender requirements in respect of

jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships **at berth in** a port under the jurisdiction of a Member State.

maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port **outside** the jurisdiction of a Member State, **and fifty percent (50 %) of the emissions from ships performing voyages departing from a port outside** the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State.

From 1 January 2027 and subject to the derogations set out in Article 3gaa, the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of one hundred percent (100 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and one hundred percent (100 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State.

Amendment 499

Proposal for a directive

Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3ga

Text proposed by the Commission

Article 3ga

Phase-in of requirements for maritime transport

Shipping companies shall be liable to surrender allowances **according to the following schedule:**

Amendment

Article 3ga

Requirements for maritime transport

From 1 January 2024 and each year thereafter, shipping companies shall be liable to surrender allowances **corresponding to one hundred percent (100 %) of verified emissions reported for each respective year.**

- (a) 20 % of verified emissions reported for 2023;*
- (b) 45 % of verified emissions reported for 2024;*
- (c) 70 % of verified emissions reported for 2025;*
- (d) 100 % of verified emissions reported for 2026 and each year thereafter.*

To the extent that fewer allowances are surrendered compared to the verified emissions from maritime transport for the years 2023, 2024 and 2025, once the difference between verified emissions and allowances surrendered has been established in respect of each year, a corresponding quantity of allowances shall be cancelled rather than auctioned pursuant to Article 10.

Amendment 500

Proposal for a directive

Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3ga a (new)

Text proposed by the Commission

Amendment

Article 3gaa

Derogations conditional on the taking of measures by third countries and international organisations to address the climate impact of maritime transport

1. The Commission shall engage with third countries with the aim of establishing bilateral or multilateral agreements on actions and measures to reduce greenhouse gas emissions from maritime transport in line with the goal of keeping the global temperature rise within 1,5 °C above pre-industrial levels, in line with the Paris Agreement. The Commission shall keep the European Parliament and the Council informed of any developments in this regard.

2. The Commission is empowered to

adopt delegated acts in accordance with Article 23 to supplement this Directive by introducing a proportionate reduction of the scope of application of the Union measures while maintaining in the scope of the EU ETS at least fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and fifty percent (50 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, where:

(a) a third country has a carbon pricing mechanism in place to cap and reduce emissions that is at least equivalent to that of the EU ETS;

(b) a carbon pricing mechanism to cap and reduce emissions that is at least equivalent to that of the EU ETS has been established through a bilateral or multilateral agreement between the Union and one or more third countries and it has been decided to link it to the EU ETS pursuant to Article 25; or

(c) a third country is a Least Developed Country or Small Island Developing State that has a GDP per capita not equalling or exceeding the Union average and includes emissions under its nationally determined contributions under the Paris Agreement.

Amendment 501

Proposal for a directive

Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3ga b (new)

Text proposed by the Commission

Amendment

Article 3gab

Ocean Fund

1. A fund ('the Ocean Fund') shall be established to support projects and investments referred to in paragraph 4. 75 % of the revenues generated from the auctioning of allowances referred to in Article 3g shall be used through the Ocean Fund. Furthermore, any external assigned revenues referred to in Article 21(2) of Regulation (EU) .../... [FuelEU Maritime] shall be allocated to the Ocean Fund and used in accordance with paragraph 4.

2. Shipping companies may pay an annual membership contribution to the Ocean Fund in accordance with their total emissions reported for the preceding calendar year under Regulation (EU) 2015/757 to limit the administrative burden for shipping companies, including small and medium-sized companies and companies that are not frequently active within the scope of this Directive. The Ocean Fund shall surrender allowances collectively on behalf of shipping transport companies that are members of the Ocean Fund. The membership contribution per tonne of emissions shall be set by the Ocean Fund by 28 February each year, but shall be at least equal to the highest recorded primary or secondary market settlement price for allowances in the preceding year.

3. The Ocean Fund shall be managed centrally through a Union body. The governance structure of the Ocean Fund shall be similar to and ensure synergy with the governance structure of the Climate Investment Fund established under Article 10a(8), applying, where relevant, the rules for governance and support as laid down in that Article. The Ocean Fund's governance structure and decision-making process shall be transparent and inclusive, in particular in relation to the setting of priority areas, criteria and grant allocation procedures. Relevant stakeholders shall have an appropriate consultative role. All information on the projects and

investments supported by the Ocean Fund and all other relevant information on the functioning of the Ocean Fund shall be made available to the public.

4. Funds provided under the Ocean Fund shall support the transition to an energy efficient and climate resilient Union maritime sector and be used to support projects and investments in relation to the following:

(a) improvement of the energy efficiency of ships and ports;

(b) innovative technologies and infrastructure for decarbonising the maritime transport sector, including as regards short sea shipping and ports, including connections to electricity grids in ports;

(c) deployment of sustainable alternative fuels, such as hydrogen, e-fuels and ammonia, that are produced from renewable energy, including through carbon contracts for difference (CCDs);

(d) zero-emission propulsion technologies, including wind technologies;

(e) research and development and the first industrial application of technologies and designs reducing greenhouse gas emissions, including innovative technologies and fuels for ice-class ships and winter navigation in frozen areas;

(f) priority shall be given to projects that promote innovation in the sector, such as technologies that not only lead to decarbonisation but, inter alia, also reduce the risk of noise, air and maritime pollution;

(g) contributing to a just transition in the maritime sector through training, upskilling and reskilling of the existing workforce and preparation of the next generation maritime workforce.

15 % of the Ocean Fund shall be used to contribute to the protection, restoration

and better management of marine ecosystems impacted by global warming, such as marine protected areas, and to promote a crosscutting sustainable blue economy, such as renewable marine energy.

All investment supported by the Ocean Fund shall be made public and shall be consistent with the aims of this Directive.

5. All funding provided under the Ocean Fund shall be carried out in accordance with:

(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council;*

(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852.

6. The Commission shall engage with third countries with regard to exploring options as to how they could also make use of the Ocean Fund. A corresponding share of the Ocean Fund shall be made available for those countries outside the Union, in particular Least Developed Countries and Small Island Developing States, whose voyages from or to a port outside the jurisdiction of a Member State are covered one hundred percent (100 %) by measures aiming at adapting to climate change and decreasing their emissions in the maritime sector.

*7. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the implementation of this Article. When implementing the Ocean Fund, the Commission shall take all the appropriate measures in accordance with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council** to ensure the protection of funds in relation to measures and investments supported by the Ocean Fund, in the event of failure to respect the rule of law in the Member States. To that end, the Commission shall provide an effective and efficient internal control*

system and shall seek recovery of amounts wrongly paid or incorrectly used.

** Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).*

*** Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).*

Amendment 502

Proposal for a directive

Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3gd a (new)

Text proposed by the Commission

Amendment

Article 3gda

Contractual arrangements

Where the ultimate responsibility for the purchase of the fuel or the operation of the ship is assumed, pursuant to a contractual arrangement, by an entity other than the shipping company, that entity shall be responsible under the contractual arrangement for covering the costs arising from compliance with the obligations under this Directive.

For the purposes of this Article, ‘operation of the ship’ means determining the cargo carried by, or the route and speed of, the ship.

Member States shall take the necessary measures to ensure that the shipping company has appropriate and effective means of recovering the costs referred to in the first paragraph of this Article in

accordance with Article 16.

Amendment 503

Proposal for a directive

Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3ge – paragraph 1

Text proposed by the Commission

1. The Commission shall consider possible amendments in relation to the adoption by the International Maritime Organization of a global market-based measure to reduce greenhouse gas emissions from maritime transport. In the event of the adoption of such a measure, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission shall present a report to the European Parliament and to the Council in which it shall examine any such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Directive as appropriate.

Amendment

1. The Commission shall consider possible amendments in relation to the adoption by the International Maritime Organization (**IMO**) of a global market-based measure to reduce greenhouse gas emissions from maritime transport. In the event of the adoption of such a measure, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission shall present a report to the European Parliament and to the Council in which it shall examine any such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Directive as appropriate.

Within 12 months of the adoption of such a measure and before that measure becomes operational, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission, supported by the European Scientific Advisory Board on Climate Change, shall present a report to the European Parliament and to the Council in which it shall examine any such measure.

That report shall examine the ambition and overall environmental integrity of the measures decided upon by the IMO, including their general ambition in relation to the Paris Agreement objective of limiting the temperature increase in the global average temperature to 1,5°C above pre-industrial levels, to the Union economy-wide greenhouse gas emissions

reduction target for 2030 and to the climate-neutrality objective as set out in Regulation (EU) 2021/1119, and shall compare the overall environmental integrity of those measures to the overall environmental integrity involved in applying the EU ETS in accordance with the rules set out in this Directive.

The report shall take into account the level of participation in those global measures, their enforceability, transparency, penalties for non-compliance, the processes for public input, monitoring, reporting and verification of emissions, registries and accountability.

The Commission shall also monitor adverse impacts as regards, inter alia, possible transport cost increases, market distortions and changes in port traffic, such as port evasion and shifts of transshipment hubs, the overall competitiveness of the maritime sector in the Member States, and in particular the adverse impacts on those shipping services that provide essential services of ‘territorial continuity’.

In the event of the adoption of such a global market-based measure to reduce greenhouse gas emissions from maritime transport in line with the Paris Agreement and to at least a level comparable to that resulting from the Union measures taken under this Directive, the Commission may, where appropriate, accompany the report with a legislative proposal to amend this Directive and align it with measures taken on the global level while recognising the Union’s sovereignty to regulate its share of emissions from international shipping voyages in line with the obligations of the Paris Agreement.

Amendment 504

**Proposal for a directive
Article 1 – paragraph 1 – point 6**

Directive 2003/87/EC
Article 3ge – paragraph 2

Text proposed by the Commission

2. The Commission shall monitor the implementation of this Chapter and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. If appropriate, the Commission shall propose measures to prevent **such avoidance**.

Amendment

2. The Commission shall monitor, **and report biennially from ... [the year following the entry into force of this amending Directive], on** the implementation of this Chapter and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. **The Commission shall also monitor adverse impacts as regards, inter alia, possible transport cost increases, market distortions and changes in port traffic such as port evasion and shifts of transshipment hubs, the overall competitiveness of the maritime sector in the Member States, and in particular the adverse impacts on those shipping services that provide essential services of territorial continuity.** If appropriate, the Commission shall propose measures to prevent **possible adverse impacts or circumvention of the requirements of this Directive**.

Amendment 505

Proposal for a directive
Article 1 – paragraph 1 – point 6
Directive 2003/87/EC
Article 3ge a (new)

Text proposed by the Commission

Amendment

Article 3gea

By way of derogation from Article 3g(1), where the distance between a port under the jurisdiction of a Member State and a port outside the jurisdiction of a Member State is less than 300 nautical miles, the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of one hundred percent (100 %) of the emissions from

ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, including transshipment ports, and one hundred percent (100 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State, including transshipment ports, and arriving at a port under the jurisdiction of a Member State.

Amendment 506/rev

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2003/87/EC

Article 3h

Text proposed by the Commission

Article 3h

Scope

The provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of activities listed in Annex I other than aviation and maritime transport activities.;

Amendment

Article 3h

Scope

1. The provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of activities listed in Annex I other than aviation and maritime transport activities.

1a. *Without prejudice to the provisions laid down in Article 4 of Directive 2008/98/EC, from 1 January 2026, the provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of municipal waste incineration installations.*

1b. *By 31 December 2024, the Commission shall present a report to the European Parliament and to the Council in which it shall examine the possible impacts of the inclusion of municipal waste incineration installations in the EU ETS, on the deviation towards disposal of waste by landfilling in the Union, and on waste exports to third countries.*

In that report, the Commission shall also assess the possibility of including in the EU ETS other waste management processes, in particular landfills which create methane and nitrous oxide emissions in the Union.

The Commission shall, where appropriate, accompany that report with a legislative proposal, in particular where undercapacity exists, to prevent the impacts referred to in the first subparagraph and to include the processes referred to in the second subparagraph in the EU ETS.

Amendment 677

Proposal for a directive

Article 1 – paragraph 1 – point 10

Directive 2003/87/EC

Article 9 – paragraph 3

Text proposed by the Commission

In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be decreased by [~~–~~ million allowances *(to be determined depending on year of entry into force)*]. **In the same year**, the Union-wide quantity of allowances shall be **increased by 79** million allowances **for maritime transport**. **Starting** in [the year following entry into force of this amendment], the linear factor shall be **4,2** %. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].;

Amendment

In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be decreased by **70** million allowances. **In 2026**, the Union-wide quantity of allowances shall be **decreased by 50** million allowances. In [the year following entry into force of this amendment], the **Union-wide quantity of allowances shall be increased by [the number of allowances corresponding to the scope of application of the EU ETS to maritime transport activities as set out in Article 3g] million allowances for maritime transport**. **Starting in 2024**, the linear factor shall be **4,4** % **until the end of 2025**. **Starting in 2026**, the linear factor shall be **4,5** %. **Starting in 2029**, the linear factor shall be **4,6**%. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].;

Amendment 508

Proposal for a directive

Article 1 – paragraph 1 – point 10

Directive 2003/87/EC

Article 9 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

From 1 January 2026, the Union-wide quantity of allowances shall be increased to take account of the inclusion of municipal waste incineration installations in the EU ETS. The Commission shall adopt implementing acts setting out the amount of the increase in the Union-wide quantity of allowances to take into account the inclusion of municipal waste incineration installations in the EU ETS. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

Amendment 509

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point a

Directive 2003/87/EC

Article 10 – paragraph 1 – subparagraph 3a

Text proposed by the Commission

Amendment

In addition, 2,5 % of the total quantity of allowances between ***[year following the entry into force of the Directive]*** and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb.

In addition, 2,5 % of the total quantity of allowances between **2024** and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb. ***The additional quantity of allowances referred to in this subparagraph shall, where appropriate, also be used to fund cross-border projects with the beneficiary Member States and the adjacent low-growth border regions.***

In addition, 0,5 % of the total quantity of allowances between ... [the year following the entry into force of this amending Directive] and 2030 shall be made available for the Climate Investment Fund established under Article 10a(8).

Amendment 510

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point b

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 1 – introductory part

Text proposed by the Commission

3. Member States shall determine the use of revenues generated from the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), for one or more of the following:

Amendment

3. Member States shall determine the use of revenues generated from the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget *as general income. The revenue accruing to the Union budget shall respect the principle of universality in accordance with Article 7 of Council Decision (EU, Euratom) 2020/2053**. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2], with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6)], for one or more of the following:

** Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).*

Amendment 511

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point b a (new)

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 1 – points b to f

Present text

(b) to develop renewable energies to meet the commitment of the Union to renewable energies, as well as to develop other technologies that contribute to the transition to a safe and sustainable low-carbon economy, and to help to meet the commitment of the Union to increase energy efficiency, at the levels agreed in relevant legislative acts

(c) measures to avoid deforestation and increase afforestation and reforestation in developing countries that have ratified the international agreement on climate change, to transfer technologies and to facilitate adaptation to the adverse effects of climate change in these countries;

(d) forestry sequestration in the Union;

(e) the environmentally safe capture and geological storage of CO₂, in particular from solid fossil fuel power stations and a range of industrial sectors and subsectors, including in third countries;

Amendment

(ba) in paragraph 3, first subparagraph, points (b) to (f) are replaced by the following:

“(b) to develop renewable energies ***and grids for electricity transmission*** to meet the commitment of the Union to renewable energies ***and the Union targets on interconnectivity***, as well as to develop other technologies that contribute to the transition to a safe and sustainable low-carbon economy, and to help to meet the commitment of the Union to increase energy efficiency, at the levels agreed in relevant legislative acts, ***including the production of electricity from renewables self-consumers and renewable energy communities;***

(ba) to support the deep and staged deep renovation of buildings in accordance with Article 2, points (19) and (20), of Directive (EU) .../... [Recast EPBD], starting with the renovation of the worst-performing buildings;

(c) measures to avoid deforestation ***and support the protection and restoration of peatland, forests and other land or marine based ecosystems***, and increase ***biodiversity-friendly*** afforestation and reforestation in developing countries that have ratified the international agreement on climate change, to transfer technologies and to facilitate adaptation to the adverse effects of climate change in these countries;

(d) forestry ***and soil*** sequestration in the Union;

(da) climate adaptation in the Union;

(e) the environmentally safe capture and geological storage of CO₂, in particular from solid fossil fuel power stations and a range of industrial sectors and subsectors, including in third countries, ***and innovative technological carbon removal methods, such as Direct Air Capture ('DAC') and***

(f) to *encourage a* shift to *low-emission and public* forms of transport;

its storage;

(f) to *invest in and accelerate the* shift to forms of transport *which contribute significantly to the decarbonisation of the sector, including the development of climate-friendly passenger and freight rail transport and bus services and technologies, and to finance measures to support airports' decarbonisation in accordance with Regulation (EU) .../... [deployment of alternative fuels infrastructure], and Regulation (EU) .../... [ensuring a level playing field for sustainable air transport];*”

Amendment 512

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 1 – point h

Text proposed by the Commission

(h) measures intended to improve energy efficiency, district heating systems and insulation, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing *distortive* taxes;

Amendment

(h) measures intended to improve energy efficiency, district heating systems and insulation, *efficient and renewable heating and cooling systems*, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing *in particular* taxes, *duties and charges for renewable electricity*;

Amendment 513

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c a (new)

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 1 – point h a (new)

Text proposed by the Commission

Amendment

(ca) in paragraph 3, first subparagraph, the following point is inserted:

“(ha) to finance national climate dividend schemes with a proven positive

environmental impact as documented in the annual report referred to in Article 19(2) of Regulation (EU) 2018/1999 of the European Parliament and of the Council;*

** Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).”*

Amendment 514

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c b (new)

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 1 – point k

Present text

Amendment

(k) to promote skill formation and reallocation of labour in order to contribute to a just transition to a **low carbon** economy, in particular in regions most affected by the transition of jobs, in close coordination with the social partners.

(cb) in paragraph 3, first subparagraph, point (k) is replaced by the following:

“(k) to promote skill formation and reallocation of labour in order to contribute to a just transition to a **climate-neutral** economy, in particular in regions most affected by the transition of jobs, in close coordination with the social partners **and invest in upskilling and re-skilling of workers potentially affected by the transition.**”

Amendment 515

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c c (new)

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraphs 1 a (new) and 1 b (new)

Text proposed by the Commission

Amendment

(cc) in paragraph 3, the following subparagraphs are inserted after the first subparagraph:

“By way of derogation from the first subparagraph, Member States shall use at least 10 % of the revenues generated from the auctioning of allowances for the development of public transport, in particular climate-friendly passenger and freight rail transport and bus services and technologies, as referred to in point (f) of that subparagraph.

By way of derogation from the first subparagraph, Member States shall use at least 10 % of the revenues generated from the auctioning of allowances to finance additional climate actions in vulnerable third countries, as referred to in point (j) of that subparagraph.”

Amendment 516

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c d (new)

Directive 2003/87/EC

Article 10 – paragraph 3 – subparagraph 2

Present text

Amendment

Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies, including in particular in developing countries, or domestic regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value

(cd) in paragraph 3, the second subparagraph is replaced by the following:

“Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies, including in particular in developing countries, or domestic regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value

equivalent to 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). Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph in their reports submitted under Decision No 280/2004/EC.

equivalent to at least **100 %** 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). Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph in their reports submitted under Decision No 280/2004/EC.”

Amendment 517

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point c e (new)

Directive 2003/87/EC

Article 10 – paragraphs 3 a (new) and 3 b (new)

Text proposed by the Commission

Amendment

(ce) the following paragraphs are inserted:

“3a. Member States shall submit to the Commission a plan on the use of revenues together with each update of the integrated national energy and climate plan referred to in Article 14(1) and (2) of Regulation (EU) 2018/1999. In accordance with Article 19(2) of that Regulation, Member States shall also report annually to the Commission on the use of revenues and the actions taken pursuant to paragraph 3 of this Article. Member States shall submit full, quality and consistent information. In particular, they shall define in their reports the meaning of ‘committed’ and ‘disbursed’ amounts, and submit rigorous financial information. If necessary to ensure compliance with those reporting obligations, Member States shall earmark revenues in their national budgets.

Member States shall ensure that EU ETS revenues are spent in a manner consistent with the obligations laid down in paragraph 3 and maintain their traceability, and ensure that they are additional to national climate spending.

The Commission shall take all necessary measures to ensure that Member States respect their reporting obligations under this paragraph.

3b. Member States shall use the revenues generated from auctioning of allowances, and not used as own resources, referred to paragraph 2 of this Article, in accordance with:

(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852;

(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852; and

(c) the Member State’s integrated national energy and climate plan submitted in accordance with Regulation (EU) 2018/1999 and, if relevant, the territorial just transition plan prepared in accordance with Article 11 of Regulation (EU) 2021/1056 of the European Parliament and of the Council.*

** Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).”*

Amendment 518

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point d a (new)

Directive 2003/87/EC

Article 10 – paragraph 5

Present text

5. The Commission shall monitor the functioning of the European carbon market. Each year, it shall submit a report to the European Parliament and to the Council on the functioning of the carbon

Amendment

(da) paragraph 5 is replaced by the following:

"5. The Commission shall monitor the functioning of the European carbon market. Each year, it shall submit a report to the European Parliament and to the Council on the functioning of the carbon

market and on other relevant climate and energy policies, including the operation of the auctions, liquidity and the volumes traded, and summarising the information provided by Member States on the financial measures referred to in Article 10a(6). If necessary, Member States shall ensure that any relevant information is submitted to the Commission at least two months before the Commission adopts the report.

market and on other relevant climate and energy policies, including the operation of the auctions, ***the role and impact of non-compliance operators such as financial investors in the market***, liquidity and the volumes traded, and summarising the information provided by Member States on the financial measures referred to in Article 10a(6). If necessary, Member States shall ensure that any relevant information is submitted to the Commission at least two months before the Commission adopts the report."

Amendment 519

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point d b (new)

Directive 2003/87/EC

Article 10 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

(db) the following paragraph is added:

“5a. Following the final report of 28 March 2022 of the European Securities and Markets Authority (ESMA) on emission allowances and associated derivatives, the Commission shall, where appropriate, present a legislative proposal by ... [six months after the entry into force of this Directive] to follow up on the recommendations in that report, in order to improve the level of transparency, monitoring and reporting on the European emission allowance markets as well as related derivative markets, taking into account the Union-wide nature of those markets.”

Amendment 520

Proposal for a directive

Article 1 – paragraph 1 – point 11 – point d c (new)

Directive 2003/87/EC

Article 10 – paragraph 5 b (new)

(dc) the following paragraph is added:

“5b. ESMA shall regularly monitor the integrity and transparency of the European emission allowance markets as well as related derivative markets. It shall on a regular basis publish a report on the integrity and transparency of those markets, drawing, as necessary, on the Union registry data and the data reported or made available to the competent authorities. In that report, ESMA shall in particular examine the functioning of the markets in light of any market volatility and price evolution, the operation of the auctions and trading operations on the markets, liquidity and the volumes traded, and the categories and trading behaviour of market participants. That report shall, where relevant, include recommendations to strengthen market integrity and improve market transparency. Those recommendations shall, in particular, consider measures to enhance the information available to market participants and the public at large on the functioning of the emission allowance markets and related derivative markets, improve regulatory reporting and market monitoring in emission allowance markets and related derivative markets, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivatives.

The Commission shall assess the recommendations referred to in the first subparagraph of this paragraph in the next report submitted pursuant to paragraph 5 following the publication of ESMA’s report. The Commission shall, where appropriate, accompany that report with a legislative proposal to improve the transparency and integrity of the emission allowance markets and related derivative markets, taking into account the Union-wide nature of those markets.”

Amendment 521

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point a – point -i (new)

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 2

Present text

The measures referred to in the first subparagraph shall, to the extent feasible, determine Union-wide ex-ante benchmarks so as to ensure that allocation takes place in a manner that provides incentives for reductions in greenhouse gas emissions and energy efficient techniques, by taking account of the most efficient techniques, substitutes, alternative production processes, high efficiency cogeneration, efficient energy recovery of waste gases, use of biomass and capture and storage of CO₂, where such facilities are available, and shall not provide incentives to increase emissions. No free allocation shall be made in respect of any electricity production, ***except for cases falling within Article 10c and electricity produced from waste gases.***

Amendment

(-i) the second subparagraph is replaced by the following:

"The measures referred to in the first subparagraph shall, to the extent feasible, determine Union-wide ex-ante benchmarks so as to ensure that allocation takes place in a manner that provides incentives for reductions in greenhouse gas emissions and energy efficient techniques, by taking account of the most efficient techniques, substitutes, alternative production processes, high efficiency cogeneration, efficient energy recovery of waste gases, use of biomass and capture and storage of CO₂, where such facilities are available, and shall not provide incentives to increase emissions. No free allocation shall be made ***available*** in respect of any electricity production."

Amendment 522

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point a – point i

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 2a

Text proposed by the Commission

In the case of installations covered by the obligation to conduct an energy audit under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(*) [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the recommendations of the audit report are

Amendment

In the case of installations covered by the obligation to conduct an energy audit ***or implement a certified energy management system*** under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(*) [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the

implemented, to the extent that the pay-back time for the relevant investments does not exceed **five** years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced **by 25 %**. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report. The measures referred to in the first subparagraph shall be adjusted accordingly.

recommendations of the audit report **or of the certified energy management system** are implemented, to the extent that the pay-back time for the relevant investments does not exceed **eight** years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced **in accordance with the ninth and tenth subparagraphs of this paragraph**. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report **for the installation concerned**. The measures referred to in the first subparagraph **of this paragraph** shall be adjusted accordingly.

In addition to the requirements set out in the third subparagraph of this paragraph, by 1 July 2025, operators in sectors or subsectors eligible for free allocation of allowances pursuant to Articles 10a and 10b shall establish a decarbonisation plan for each of their installations for its activities covered by this Directive. That plan shall be consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 and any relevant sectoral roadmaps prepared in accordance with Article 10 of that Regulation and shall set out:

(a) measures and related financial and investment plans for each installation to reach the necessary emission reductions consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 and any relevant sectoral roadmaps prepared in accordance with Article 10 of that Regulation at installation level, excluding the use of carbon offset credits;

(b) intermediate targets and milestones to measure, by 31 December 2025 and by 31 December of each subsequent year until 2050, progress made towards reaching climate-neutrality as set out in point (a);

(c) an estimate of the impact of each of the measures and related financial and investment plans referred to in point (a) as regards the reduction of greenhouse gas emissions and the targets and milestones referred to in point (b);

(d) measures to address the implications for re- and up-skilling of the workforce, including through social dialogue, in accordance with national law and practice, in order to ensure a just transition.

Member States may provide financial support to operators for the implementation of their decarbonisation plans referred to in the fourth subparagraph. Such support shall not be considered illegal State aid.

The attainment of the targets and milestones referred to in the fourth subparagraph, point (b), shall be verified by 31 December 2025 and by 31 December of each subsequent year until 2050, in accordance with the verification and accreditation procedures provided for in Article 15.

If no decarbonisation plan has been established in accordance with the fourth subparagraph or if the milestones and targets in that plan have not been attained, the amount of free allocation shall be reduced in accordance with the ninth and tenth subparagraphs.

The Commission, supported by the European Scientific Advisory Board on Climate Change, is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out the minimal content and format of the decarbonisation plans referred to in the fourth subparagraph of this paragraph, in particular as regards the benchmarks for the targets and milestones referred to in point (b) of that subparagraph. The establishment and adoption of the delegated acts shall involve all relevant stakeholders.

Where the requirements in either the third subparagraph or the fourth subparagraph have not been fulfilled, free allocation shall be reduced by:

(a) 50 % for the installations whose greenhouse gas emission levels are above the average of the 10 % least efficient installations in a sector or subsector in the Union for the relevant product benchmarks;

(b) 30 % for installations whose greenhouse gas emission levels are below the average of the 10 % least efficient installations in a sector or subsector in the Union for the relevant product benchmarks and above the average of the 50 % most efficient installations in that sector or subsector;

(c) 25 % for installations whose greenhouse gas emission levels are above the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant product benchmarks and below the average of the 50 % most efficient installations in that sector or subsector.

Where the requirements in neither the third subparagraph nor the fourth subparagraph have been fulfilled, the percentages set out in the ninth subparagraph, points (a), (b) and (c), shall be doubled.

An additional free allocation of 10 % of the applicable benchmark value shall be given to installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant product benchmarks, provided allowances are available in accordance with the twelfth subparagraph.

For the purpose of the additional free allocation referred to in the eleventh subparagraph, any allowances that are not allocated due to a reduction of free allocation in accordance with the ninth and tenth subparagraphs shall be used.

* Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

* Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

Amendment 523

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point a – point ii

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 3

Text proposed by the Commission

In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed ***before the period from 2026 to 2030*** in view of potentially modifying the definitions and system boundaries of existing product benchmarks.

Amendment

In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed ***as soon as possible and no later than ... [six months after the date of entry into force of this amending Directive]*** in view of potentially modifying the definitions, ***scope*** and system boundaries of existing product benchmarks ***and potentially including new benchmarks ensuring that free allocation for the production of a product is independent of the feedstock or the type of production process, where the production processes have the same purpose, accounts for the circular use potential of materials, or avoids installations with partially or fully decarbonised processes that produce products with similar or equal characteristics to conventional installations in the benchmark being excluded from or unable to participate in the benchmarks system. The benchmark values resulting from that review shall be published as soon as the necessary information becomes available, in order for those benchmark values to apply from 2026.***

Amendment 678

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point b

Directive 2003/87/EC

Article 10a – paragraph 1a – subparagraph 2

Text proposed by the Commission

By way of derogation from the *previous* subparagraph, for the first years of operation of Regulation [CBAM], the production of *these* products shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of *these* products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period *during the* entry into force of [CBAM regulation] and the end of **2025, 90 % in 2026 and shall be reduced by 10 percentage points each year to reach 0 % by the tenth year.**

Amendment

By way of derogation from the *first* subparagraph, for the first years of operation of Regulation [CBAM], the production of products *listed in Annex I to that Regulation* shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of *those* products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period *between... [the date of* entry into force of [CBAM regulation]] and the end of 2026, *and, contingent upon the application of Article 36(3), point (d), of Regulation (EU) .../... [CBAM Regulation], 93% in 2027, 84% in 2028, 69% in 2029, 50% in 2030, and 25% in 2031,* to reach 0 % in 2032.

Amendment 679

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point b

Directive 2003/87/EC

Article 10a – paragraph 1a – subparagraphs 2 a (new) and 2 b (new)

Text proposed by the Commission

Amendment

In order to ensure a level playing field, by way of derogation from the first and second subparagraphs, the production in the Union of products listed in Annex I to Regulation [CBAM] shall continue to receive free allocation, provided such products are produced for export to third countries without carbon pricing

mechanisms similar to the EU ETS.

By ... [one year before the end of the transitional period as set out in Regulation [CBAM]], the Commission shall present a report to the European Parliament and to the Council in which it shall provide a detailed assessment of the effects of the EU ETS and CBAM on the production in the Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries and on the development of global emissions, as well as an assessment of the WTO compatibility of the derogation laid down in the previous subparagraph, assessing in particular potential export adjustment mechanisms for installations belonging to the 10% most efficient installations as laid down in this Article, in the light of WTO compatibility or any other proposals the Commission deems appropriate. The Commission shall, where appropriate, accompany that report with a legislative proposal providing for protection against the risk of carbon leakage that equalises carbon pricing for the production in the Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries without carbon pricing mechanisms similar to the EU ETS, in a way that is WTO-compatible by ... [the end of the transitional period as set out in Regulation [CBAM]].

Amendment 529

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point b

Directive 2003/87/EC

Article 10a – paragraph 1a – subparagraph 4

Text proposed by the Commission

Allowances resulting from the reduction of free allocation shall be made available to *support innovation* in accordance with

Amendment

Allowances resulting from the reduction of free allocation shall be made available to *the Climate Investment Fund* in

Article 10a(8).

accordance with Article 10a(8).

Amendment 530

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point b a (new)

Directive 2003/87/EC

Article 10a – paragraph 1a a (new)

Text proposed by the Commission

Amendment

(ba) the following paragraph is inserted:

“1aa. Each year from 2025, as part of its annual report to the European Parliament and to the Council pursuant to Article 10(5), the Commission shall assess the effectiveness of the Carbon Border Adjustment Mechanism (‘CBAM’) in addressing the carbon leakage risk for goods produced in the Union for export to third countries which do not apply the EU ETS or a similar carbon pricing mechanism. The report shall in particular assess the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where the report concludes that there is a carbon leakage risk for goods produced in the Union for export to such third countries which do not apply the EU ETS or a similar carbon pricing mechanism, the Commission shall, where appropriate, present a legislative proposal to address that carbon leakage risk in a manner that is compliant with WTO rules and takes into account the decarbonisation of installations in the Union.”

Amendment 531

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point c – point i

Directive 2003/87/EC

Article 10a – paragraph 2 – subparagraph 3 – point c

Text proposed by the Commission

(c) For the period from 2026 to 2030, the benchmark values shall be determined in the same manner as set out in points (a) and (d) on the basis of information submitted pursuant to Article 11 for the years 2021 and 2022 and on the basis of applying the annual reduction rate in respect of each year between 2008 and 2028.;

Amendment

(c) For the period from 2026 to 2030, the benchmark values shall be determined in the same manner as set out in points (a) and (d) on the basis of information submitted pursuant to Article 11 for the years 2021 and 2022, ***excluding from the determination of the benchmark values data of the three least emission-intensive installations that either started operating after 2017 or received free allocation based on another benchmark***, and on the basis of applying the annual reduction rate in respect of each year between 2008 and 2028.;

Amendment 532

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point c – point ii

Directive 2003/87/EC

Article 10a – paragraph 2 – subparagraph 3 – point d

Text proposed by the Commission

(d) Where the annual reduction rate exceeds 2,5 % or is below **0,2** %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.

Amendment

(d) Where the annual reduction rate exceeds 2,5 % or is below **0,4** %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.

Amendment 533

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point d a (new)

Directive 2003/87/EC

Article 10a – paragraph 5

Text proposed by the Commission

5. In order to respect the auctioning share set out in Article 10, for every year in which the sum of free allocations does not reach the maximum amount that respects the auctioning share, the remaining allowances up to that amount shall be used to prevent or limit reduction of free allocations to respect the auctioning share in later years. Where, nonetheless, the maximum amount is reached, free allocations shall be adjusted accordingly. Any such adjustment shall be done in a uniform manner.

Amendment 534

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 1

Text proposed by the Commission

365 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and **85** million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall be made available to **a** Fund **with** the objective of supporting innovation in **low-carbon** technologies **and processes**, and contribute to zero pollution objectives (**the**

Amendment

(da) paragraph 5 is replaced by the following:

"5. In order to respect the auctioning share set out in Article 10, for every year in which the sum of free allocations does not reach the maximum amount that respects the auctioning share, the remaining allowances up to that amount shall be used to prevent or limit reduction of free allocations to respect the auctioning share in later years. Where, nonetheless, the maximum amount is reached, free allocations shall be adjusted accordingly. Any such adjustment shall be done in a uniform manner. **However, installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant benchmarks in a year when the adjustment applies shall be exempted from that adjustment.**"

Amendment

390 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and **110** million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the **allowances referred to in Article 10(1), fifth subparagraph, shall be made available to a Fund (the 'Climate Investment Fund')**. **In addition, any** allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall **also** be made available to **the**

‘Innovation *Fund*’). Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first subparagraph.

Climate Investment Fund. The Climate Investment Fund shall have the objective of supporting innovation in techniques, processes and technologies that contribute significantly to the decarbonisation of the sectors covered by this Directive and contribute to zero pollution and circularity objectives, as well as the scaling up of techniques, processes and technologies that may no longer be considered innovative, but nevertheless possess a significant greenhouse gas emissions abatement potential and contribute to energy and resource savings in line with the Union’s climate and energy targets for 2030. To foster innovation in breakthrough technologies as soon as possible, the Commission shall ensure that a share of the financing made available through the Climate Investment Fund is ‘frontloaded’ during the period from ... to ... [the first five years of the implementation of this amending Directive]. Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first subparagraph.

Amendment 535

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 2

Text proposed by the Commission

In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(*), and shall be used in a timely manner for innovation support as

Amendment

In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(*), and shall be used in a timely manner for innovation *and*

referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 21(2) of Regulation (EU) *[FuelEU Maritime]* shall be allocated to the **Innovation** Fund and implemented in line with this paragraph.

(*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO₂ as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European Parliament and of the Council (OJ L 290, 6.11.2010, p. 39).

decarbonisation support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 5(6) of Regulation (EU) **2018/842 of the European Parliament and of the Council**** shall be allocated to the **Ocean** Fund *established by Article 3gab*, and implemented in line with this paragraph.

(*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO₂ as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European Parliament and of the Council (OJ L 290, 6.11.2010, p. 39).

**** Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).**

Amendment 536

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 3

Text proposed by the Commission

The **Innovation** Fund shall cover the sectors listed in Annex I and Annex III, **including environmentally safe carbon capture and utilisation (“CCU”) that contributes substantially to mitigating climate change**, as well as products substituting carbon intensive ones

Amendment

The **Climate Investment** Fund shall cover the sectors listed in Annex I and Annex III, **such as innovative renewable energy and energy storage technologies**, as well as products **and processes** substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the

produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe capture and geological storage (“CCS”) of CO₂, *as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in aviation*, rail and road transport. Special attention shall be given to projects in sectors covered by the [CBAM regulation] to support innovation in *low carbon* technologies, *CCU, CCS*, renewable energy and energy storage, in a way that contributes to mitigating climate change.

construction and operation of *innovative* projects aimed at the environmentally safe *carbon capture and utilisation (“CCU”) that contributes substantially to mitigating climate change, in particular for unavoidable industrial process emissions, the environmentally safe capture, transport and permanent geological storage (“CCS”) of CO₂ for unavoidable industrial process emissions, and the direct capture of CO₂ from the atmosphere with safe, sustainable and permanent storage (“DACs”). Investments in renewable hydrogen technologies may, where appropriate, also be encouraged. The Climate Investment Fund shall also support break-through innovative technologies and infrastructure to decarbonise rail and road transport, including collective forms of transport such as public transport and occasional coach services, while seeking synergies with Horizon Europe, in particular with European partnerships and where relevant, with other Union programmes. Special attention shall be given to projects, including for exports, in sectors covered by the [CBAM regulation] to support innovation in *and implementation of techniques, processes and technologies that contribute significantly to the decarbonisation of the sectors covered by that Regulation, CCU, CCS, CO₂ transport*, renewable energy and energy storage in a way that contributes to mitigating climate change *in accordance with the targets and objectives set out in Regulation (EU) 2021/1119 for 2030 and 2050, and a just transition and delivers the most marginal benefit in terms of emission reductions per support provided. The Climate Investment Fund may also support breakthrough innovative technologies aimed at the reduction of emissions in the waste sector.**

Amendment 537

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g
Directive 2003/87/EC
Article 10a – paragraph 8 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

At least 12 % of the allowances made available to the Climate Investment Fund shall be used for the further development and deployment of renewable energy sources in the Union in line with Directive (EU) .../... [revised RED].

Amendment 538

Proposal for a directive
Article 1 – paragraph 1 – point 12 – point g
Directive 2003/87/EC
Article 10a – paragraph 8 – subparagraph 3 b (new)

Text proposed by the Commission

Amendment

The Climate Investment Fund may also support CCDs to support decarbonisation technologies for which the carbon price might not be a sufficient incentive. The Commission shall adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the rules on the operation of CCDs by 31 December 2023.

Financial support from the Climate Investment Fund shall be proportionate to the policy objectives set out in this Article and shall not lead to undue distortions of the internal market. To this end, funds shall only be granted to cover additional costs or investment risks that cannot be borne by investors under normal market conditions. Accordingly, aid from the Climate Investment Fund shall not lead to unfair discrimination with regard to competing imported products, as required under WTO rules.

Where the EU ETS price is higher than the strike price at which the project has been awarded, the beneficiary shall pay back the difference to the Climate Investment Fund.

Amendment 539

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 4

Text proposed by the Commission

Projects in the territory of all Member States, including small-scale projects, shall be eligible. Technologies receiving support shall be innovative and not yet commercially viable at a similar scale without support but shall represent breakthrough solutions or be sufficiently mature for application at *pre-commercial* scale.

Amendment

Projects in the territory of all Member States, including ***medium and*** small-scale projects, shall be eligible. Technologies receiving support shall be innovative, ***demonstrate a potential for large-scale greenhouse gas reduction*** and not yet ***be*** commercially viable at a similar scale without support but shall represent breakthrough ***or not yet commercially implementable*** solutions or be sufficiently ***technologically*** mature for application at ***(pre-)commercial*** scale, ***or contribute significantly to the objective of climate neutrality and shall not be capable of being deployed at large scale without support.***

Amendment 540

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 5

Text proposed by the Commission

The Commission shall ensure that the allowances destined for the ***Innovation*** Fund are auctioned in accordance with the principles and modalities laid down in Article 10(4). Proceeds from the auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments.

Amendment

The Commission shall ensure that the allowances destined for the ***Climate Investment*** Fund are auctioned in accordance with the principles and modalities laid down in Article 10(4). Proceeds from the auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual

instalments.

Amendment 541

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 6

Text proposed by the Commission

Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly lower the costs of transitioning towards a **low-carbon** economy in the sectors concerned. Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO₂. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100 % of the relevant costs of projects may be supported.

Amendment

Projects shall be selected ***by way of a transparent selection procedure, in a technology-neutral manner in accordance with the objectives of the Climate Investment Fund as set out in the first subparagraph of this paragraph*** and on the basis of objective and transparent criteria, taking into account ***the extent to which projects provide a significant contribution to the Union's climate and energy targets while contributing to the zero pollution and circularity objectives in accordance with the first subparagraph of this paragraph, as well as the need to ensure the fair geographical distribution of projects in accordance with subparagraph 6a of this paragraph*** and, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly lower the costs of transitioning towards a ***climate neutral*** economy in the sectors concerned. ***Priority shall be given to technologies and processes addressing multiple environmental impacts.*** Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO₂. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology

deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100 % of the relevant costs of projects may be supported. ***Projects whose reduction in emissions benefit the decarbonisation of other actors in nearby geographical areas shall have preferential treatment in the criteria used for the selection of projects.***

Projects funded by the Climate Investment Fund shall be required to share knowledge with other relevant projects as well as with Union-based researchers having a legitimate interest. The terms of knowledge-sharing shall be defined by the Commission in calls for proposals.

The calls for proposal shall be open and transparent and clearly set out what kinds of technologies can be supported. In preparing the calls for proposal, the Commission shall ensure that all sectors are duly covered. The Commission shall take measures to ensure that the calls are communicated as widely as possible, and especially to small and medium-sized enterprises ('SMEs').

Amendment 542

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 6 a (new)

Text proposed by the Commission

Amendment

The Climate Investment Fund shall aim at a geographical balanced support, for support provided in the form of CCDs, and for projects related to upscaling, while ensuring the highest possible quality of the projects and upholding the selection criteria referred to in the sixth subparagraph of this paragraph, taking into account specific sectoral circumstances and investment needs, in particular in the sectors covered by Article

Amendment 543

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 7

Text proposed by the Commission

The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning rules on the operation of the **Innovation** Fund, including the selection procedure and criteria, and the eligible sectors and technological requirements for the different types of support.

Amendment

The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning rules on the operation of the **Climate Investment** Fund, including the selection procedure and criteria, **the participation of SMEs**, and the eligible sectors and technological requirements for the different types of support. ***The Commission shall aim for a timetable that frontloads a share of the support from the Climate Investment Fund to the beginning of the period. When implementing the Climate Investment Fund, the Commission shall take all the appropriate measures in accordance with Regulation (EU, Euratom) 2020/2092 to ensure the protection of funds in relation to measures and investments supported by the Climate Investment Fund in the event of failure to respect the rule of law in the Member States. To that end, the Commission shall provide an effective and efficient internal control system and shall seek recovery of amounts wrongly paid or incorrectly used.***

In order to ensure a fair and just transition, the selection criteria shall take into consideration environmental and social safeguards. All financial resources from the Climate Investment Fund shall be used in accordance with:

(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852;

(b) minimum safeguards as set out in

Article 18 of Regulation (EU) 2020/852.

In the case of support through CCDs, those delegated acts shall allow for technology neutral, price-competitive tendering in accordance with the objectives of the Climate Investment Fund as set out in the first subparagraph.

Amendment 544

Proposal for a directive

Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 7 a (new)

Text proposed by the Commission

Amendment

The Commission shall present every two years to the European Parliament and the Council a report outlining the consistency of the projects funded through the Climate Investment Fund and the objective of climate neutrality set out in Regulation (EU) 2021/1119, the progress achieved towards the deployment of the investments described in the industrial decarbonisation plans, and its action plan for the next two-year period.

Amendment 545

Proposal for a directive

Article 1 – paragraph 1 – point 13

Directive 2003/87/EC

Article 10c

Text proposed by the Commission

Amendment

(13) *in* Article 10c, *paragraph 7* is replaced by the following:

“Member States shall require benefiting electricity generating installations and network operators to report, by 28 February of each year, on the implementation of their selected investments, including the balance of free allocation and investment expenditure

(13) Article 10c is *deleted*;

incurred and the types of investments supported. Member States shall report on this to the Commission, and the Commission shall make such reports public.”;

Amendment 546

Proposal for a directive
Article 1 – paragraph 1 – point 13 a (new)
Directive 2003/87/EC
Article 10c a (new)

Text proposed by the Commission

Amendment

(13a) the following article is inserted:

“Article 10ca

Transitional free allocation for the modernisation of the energy sector

Any allowances for transitional free allocation for the modernisation of the energy sector that have not been allocated to operators in the Member States concerned by 31 December 2023 shall be added to the total quantity of allowances that the Member State concerned receives for auctioning pursuant to Article 10(2), point (a). However, Member States may use those allowances, or some of those allowances, in accordance with Article 10d to support investments within the framework of the Modernisation Fund.”

Amendment 547

Proposal for a directive
Article 1 – paragraph 1 – point 14 – point a
Directive 2003/87/EC
Article 10d – paragraph 1 – subparagraphs 1 a (new) and 1 b (new)

Text proposed by the Commission

Amendment

Support from the Modernisation Fund shall only be granted to Member States that have adopted legally binding targets for achieving climate neutrality by 2050 at the latest, as well as measures for the

phasing out of all fossil fuels in a timeframe consistent with the targets set out in Regulation (EU) 2021/1119.

In addition, no support under the Modernisation Fund shall be provided to support investments proposed by a beneficiary Member State in respect of which the procedure provided for in Article 6 of Regulation (EU, Euratom) 2020/2092 is ongoing or in respect of which the Council has adopted an implementing decision on appropriate measures pursuant to that Article.

Amendment 548

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point a

Directive 2003/87/EC

Article 10d – paragraph 1 – subparagraph 2

Text proposed by the Commission

The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal (*) and Regulation (EU) 2021/1119 ***of the European Parliament and of the Council (**)*** and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy ***generation facilities*** that use fossil fuels.

(*) COM(2019)0640.

(**) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Amendment

The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal (*) and Regulation (EU) 2021/1119 and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy-***related activities*** that use fossil fuels.

(*) COM(2019)0640.

Amendment 549

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b

Directive 2003/87/EC

Article 10d – paragraph 2 – introductory part

Text proposed by the Commission

2. **At least 80 %** of the financial resources from the Modernisation Fund shall be used to support investments in the following:

Amendment

2. **100 %** of the financial resources from the Modernisation Fund shall be used to support investments in the following:

Amendment 550

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b

Directive 2003/87/EC

Article 10d – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(aa) the generation of energy by hydrogen generators;

Amendment 551

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b

Directive 2003/87/EC

Article 10d – paragraph 2 – point c

Text proposed by the Commission

(c) the **improvement of** demand side energy efficiency, including in transport, buildings, agriculture and waste;

Amendment

(c) the **reduction of overall energy use through** demand side **management and** energy efficiency, including in transport, buildings, agriculture and waste, **while taking into account the electrification need linked to the climate transition and the associated increased demand for renewable electricity;**

Amendment 552

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b
Directive 2003/87/EC
Article 10d – paragraph 2 – point e

Text proposed by the Commission

(e) the support of low-income households, including in rural and remote areas, to address energy poverty and to modernise their heating systems; **and**

Amendment

(e) the support of low-income households, including in rural and remote areas to address energy poverty and to modernise their heating **and cooling** systems **and energy efficiency efforts in buildings for both residential and commercial use;**

Amendment 553

Proposal for a directive
Article 1 – paragraph 1 – point 14 – point b
Directive 2003/87/EC
Article 10d – paragraph 2 – point f

Text proposed by the Commission

(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with **the** social partners.;

Amendment

(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with **civil society and** social partners, **consistent with and contributing to the relevant actions included by the Member States in their territorial just transition plans in accordance with Article 8(2), point (k), of Regulation (EU) 2021/1056, where relevant; and**

Amendment 554

Proposal for a directive
Article 1 – paragraph 1 – point 14 – point b
Directive 2003/87/EC
Article 10d – paragraph 2 – point f a (new)

Text proposed by the Commission

Amendment

(fa) investments in the deployment of alternative fuels infrastructure.

Amendment 555

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b a (new)

Directive 2003/87/EC

Article 10d – paragraph 2 a (new)

Text proposed by the Commission

Amendment

(ba) the following paragraph is inserted:

“2a. All financial resources from the Modernisation Fund shall be used in accordance with:

(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852;

(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852.”

Amendment 556

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b b (new)

Directive 2003/87/EC

Article 10d – paragraph 5 – subparagraph 2 a (new)

Present text

Amendment

(bb) in paragraph 5, the following subparagraph is added:

“The investment committee shall seek the advice of the European Scientific Advisory Board on Climate Change to ensure that investment decisions are aligned with the criteria set out in this Article and support the achievement of the objectives set out in Regulation (EU) 2021/1119.”

Amendment 557

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b c (new)

Directive 2003/87/EC

Article 10d – paragraph 6

6. Before a beneficiary Member State decides to finance an investment from its share in the Modernisation Fund, it shall present the investment project to the investment committee and to the EIB.

Where the EIB confirms that an investment falls into the areas listed in paragraph 2, the Member State may proceed to finance the investment project from its share.

Where an investment in the modernisation of energy systems, which is proposed to be financed from the Modernisation Fund, does not fall into the areas listed in paragraph 2, the investment committee shall assess the technical and financial viability of that investment, including the emission reductions it achieves, and issue a recommendation on financing the investment from the Modernisation Fund. The investment committee shall ensure that any investment relating to district heating achieves a substantial improvement in energy efficiency and emission reductions.

That recommendation may include suggestions regarding appropriate financing instruments. Up to 70 % of the relevant costs of an investment which does not fall into the areas listed in paragraph 2 may be supported with resources from the Modernisation Fund provided that the remaining costs are financed by private legal entities.

(bc) paragraph 6 is replaced by the following:

"6. Before a beneficiary Member State decides to finance an investment from its share in the Modernisation Fund, it shall present the investment project to the investment committee and to the EIB.

The investment committee shall assess the technical and financial viability of that investment, including the emission reductions it achieves, and issue a recommendation on financing the investment from the Modernisation Fund. The investment committee shall ensure that any investment relating to district heating achieves a substantial improvement in energy efficiency and emission reductions.

That recommendation may include suggestions regarding appropriate financing instruments."

Amendment 558

Proposal for a directive

Article 1 – paragraph 1 – point 14 – point b d (new)

Directive 2003/87/EC

Article 10d – paragraph 11

Present text

11. The investment committee shall report annually to the Commission on experience with the evaluation of investments. By 31 December 2024, taking into consideration the findings of the investment committee, the Commission shall review the areas for projects referred to in paragraph 2 and the basis on which the investment committee bases its recommendations.

Amendment

(bd) paragraph 11 is replaced by the following:

"11. The investment committee shall report annually to the Commission, ***the Council and the European Parliament*** on experience with the evaluation of investments. ***That report shall be made public.*** By 31 December 2024, taking into consideration the findings of the investment committee, the Commission shall review the areas for projects referred to in paragraph 2 and the basis on which the investment committee bases its recommendations."

Amendment 559

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point -a (new)

Directive 2003/87/EC

Article 12 – paragraph 1

Present text

1. Member States shall ensure that allowances can be transferred between:

(a) ***persons*** within the Union;

(b) ***persons*** within the Union and persons in third countries, where such allowances are recognised in accordance with the procedure referred to in Article 25 without restrictions other than those contained in, or adopted pursuant to, this Directive.

Amendment

(-a) paragraph 1 is replaced by the following:

"1. Member States shall ensure that allowances can be transferred between:

(a) ***regulated entities*** within the Union;

(b) ***regulated entities*** within the Union and persons in third countries, where such allowances are recognised in accordance with the procedure referred to in Article 25 without restrictions other than those contained in, or adopted pursuant to, this Directive.

Regulated entities may mandate a natural person or a legal entity to operate registry accounts belonging to the regulated entity and conduct all types of transactions to which that account is entitled, on behalf of the regulated entity. Responsibility for compliance shall remain with the regulated entity. When mandating the

natural person or the legal entity, the regulated entity shall ensure that there is no conflict of interest between the mandated person or entity and competent authorities, national administrators, verifiers or other bodies subject to this Directive.”

Amendment 560

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point -a a (new)

Directive 2003/87/EC

Article 12 – paragraph 1a a (new)

Text proposed by the Commission

Amendment

(-aa) the following paragraph is inserted:

“1aa. By 1 July 2023, the Commission shall present a report to the European Parliament and to the Council in which it shall assess how a restriction of access to the European carbon emission allowance markets to regulated entities and financial intermediaries acting on their behalf, would impact on the integrity and effective functioning of the carbon emission allowance markets and on the achievement of the 2030 and 2050 Union energy and climate targets. Where the assessment is negative, the Commission shall, where appropriate, present a legislative proposal to adjust the relevant provisions in Article 12(1) and Article 19(2).”

Amendment 561

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point c

Directive 2003/87/EC

Article 12 – paragraph 3 – subparagraphs 1 a (new) and 1 b (new)

Text proposed by the Commission

Amendment

By way of derogation from the first subparagraph, point (c), until 31 December 2029, shipping companies may

surrender fewer allowances on the basis of the ice class of their ships or the fact their ships navigate in ice conditions, or both, in accordance with Annex Va.

By way of derogation from the first subparagraph, point (c), until 31 December 2029, shipping companies may surrender 55 % fewer allowances in respect of emissions that occur until 2030 from voyages between a port located in an outermost region of a Member State and a port located in the same Member State, including between two different ports located in different outermost regions of the same Member State. By 31 December 2027, the Commission shall assess, and present a report to the European Parliament and the Council on, the impact of ending this derogation for maritime transport to and from outermost regions.

Amendment 562

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e

Directive 2003/87/EC

Article 12 – paragraph 3b – subparagraph 1

Text proposed by the Commission

An obligation to surrender allowances shall not arise in respect of emissions of greenhouse gases which are considered to have been captured and utilised to become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.

Amendment

An obligation to surrender allowances shall not arise in respect of emissions of greenhouse gases which are considered to have been captured and utilised to become permanently chemically bound in a product so that they do not enter the atmosphere under normal use *and disposal*.

Amendment 563

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e

Directive 2003/87/EC

Article 12 – paragraph 3b – subparagraph 2

Text proposed by the Commission

The Commission shall adopt **implementing acts concerning** the requirements to consider that greenhouse gases have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.

Amendment

The Commission shall adopt **delegated acts in accordance with Article 23 to supplement this Directive by setting out** the requirements to consider that greenhouse gases have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use **and disposal as referred to in the first subparagraph of this paragraph.**

Amendment 564

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e

Directive 2003/87/EC

Article 12 – paragraph 3b – subparagraph 3

Text proposed by the Commission

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

Amendment

deleted

Amendment 565

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e a (new)

Directive 2003/87/EC

Article 12 – paragraph 3b a (new)

Text proposed by the Commission

Amendment

(ea) the following paragraph is inserted:

"3ba. By 1 January 2025, the Commission shall present a report to the European Parliament and to the Council in which it shall examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored shall be accounted for and how these negative emissions can be covered by emissions trading, and in which it shall propose a clear scope and strict criteria

and safeguards to ensure that such removals are not offsetting necessary emissions reductions in accordance with Union climate targets as laid down in Regulation (EU) 2021/1119. That report shall, where appropriate, be accompanied by a legislative proposal to cover negative emissions.”

Amendment 566

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e b (new)

Directive 2003/87/EC

Article 12 – paragraph 3b b (new)

Text proposed by the Commission

Amendment

(eb) the following paragraph is inserted:

"3bb. By 31 December 2029, the Commission shall present a report to the European Parliament and to the Council in which it shall examine whether all greenhouse gas emissions from the different activities covered by this Directive are effectively accounted for, at which stages of the process those greenhouse gas emissions are accounted for, and whether double counting has been avoided, in particular taking into account the downstream stages, including disposal and waste incineration, and export, and shall assess the comparative climate and economic benefits of accounting for the emissions from each activity at different stages of the process. The Commission may, where appropriate, accompany that report with a legislative proposal to amend this Directive to ensure that all emissions are accounted for at the most effective stage and that double counting is avoided."

Amendment 567

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e c (new)

Directive 2003/87/EC

Article 12 – paragraph 3b c (new)

Text proposed by the Commission

Amendment

(ec) the following paragraph is inserted:

"3bc. By 1 January 2025, the Commission shall present a report to the European Parliament and to the Council in which it shall examine a transparent, comparable and reliable methodology for how to account for emissions of greenhouse gases which are considered to have been captured and utilised to become chemically bound in a product in a way other than that referred to in paragraph 3b, based on a life-cycle assessment of the product. The methodology for the life-cycle assessment of the product shall take into account the dual role of greenhouse gases as emissions and as feedstock, including the emissions captured in the manufacture of the product, the emissions produced as part of the capture and utilisation process, the emissions utilised in the manufacture of the product, and the number of years the carbon captured from the emissions is bound in the product. The Commission shall, where appropriate, accompany that report with a legislative proposal to amend this Directive to include such a life-cycle assessment approach."

Amendment 568/rev

Proposal for a directive

Article 1 – paragraph 1 – point 15 – point e d (new)

Directive 2003/87/EC

Article 12 – paragraph 4

Present text

Amendment

4. Member States shall take the necessary steps to ensure that allowances will be cancelled at any time at the request of the person holding them. In the event of

(ed) paragraph 4 is replaced by the following:

"4. Member States shall take the necessary steps to ensure that allowances will be cancelled at any time at the request of the person holding them. In the event of

closure of electricity generation capacity in their territory due to additional national measures, Member States *may* cancel allowances from the total quantity of allowances to be auctioned by them referred to in Article 10(2) up to an amount corresponding to the average verified emissions of the installation concerned over a period of five years preceding the closure. The Member State concerned shall inform the Commission of such intended cancellation in accordance with the delegated acts adopted pursuant to Article 10(4).

closure of electricity generation capacity in their territory due to additional national measures, Member States *shall* cancel allowances from the total quantity of allowances to be auctioned by them referred to in Article 10(2) up to an amount corresponding to the average verified emissions of the installation concerned over a period of five years preceding the closure. The Member State concerned shall inform the Commission of such intended cancellation in accordance with the delegated acts adopted pursuant to Article 10(4).”

Amendment 569

Proposal for a directive

Article 1 – paragraph 1 – point 16

Directive 2003/87/EC

Article 14 – paragraph 1

Text proposed by the Commission

(16) in Article **14(1), first subparagraph**, the following ***sentence is added***:

“1. The Commission shall adopt ***implementing*** acts concerning the detailed arrangements for the monitoring and reporting of emissions and, where relevant, activity data, from the activities listed in Annex I, for the monitoring and reporting of tonne-kilometre data for the purpose of an application under Article 3e or 3f, which shall be based on the principles for monitoring and reporting set out in Annex IV and the requirements set out in paragraph 2 of this Article. Those ***implementing*** acts shall also specify the global warming potential of each greenhouse gas in the requirements for monitoring and reporting emissions for that gas. Those ***implementing*** acts shall apply the sustainability and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001 of the European Parliament and of the Council(*), with any necessary adjustments for application under this

Amendment

(16) in Article **14, paragraph 1 is replaced by** the following:

“1. The Commission shall adopt ***delegated*** acts ***in accordance with Article 23 to supplement this Directive*** concerning the detailed arrangements for the monitoring and reporting of emissions and, where relevant, activity data, from the activities listed in Annex I, for the monitoring and reporting of tonne-kilometre data for the purpose of an application under Article 3e or 3f, which shall be based on the principles for monitoring and reporting set out in Annex IV and the requirements set out in paragraph 2 of this Article. Those ***delegated*** acts shall also specify the global warming potential of each greenhouse gas in the requirements for monitoring and reporting emissions for that gas ***and be accompanied by a detailed impact assessment, taking into account the latest available science***. Those ***delegated*** acts shall apply the sustainability and greenhouse gas emission saving criteria for

Directive, for this biomass to be zero-rated. They shall specify how to account for storage of emissions from a mix of zero-rated sources and sources that are not zero-rated. They shall also specify how to account for emissions from renewable fuels of non-biological origin and recycled carbon fuels, ensuring that these emissions are accounted for and that double counting is avoided.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

(*) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82)."

Amendment 570

Proposal for a directive
Article 1 – paragraph 1 – point 19 a (new)
Directive 2003/87/EC
Article 19 – paragraph 2

Present text

2. ***Any person*** may hold allowances. The registry shall be accessible to the public and shall contain separate accounts to record the allowances held by each ***person*** to whom and from whom allowances are issued or transferred.

the use of biomass established by Directive (EU) 2018/2001 of the European Parliament and of the Council(*), with any necessary adjustments for application under this Directive, for this biomass to be zero-rated. They shall specify how to account for storage of emissions from a mix of zero-rated sources and sources that are not zero-rated. They shall also specify how to account for emissions from renewable fuels of non-biological origin and recycled carbon fuels, ensuring that these emissions are accounted for and that double counting is avoided.

(*) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82)."

Amendment

(19a) in Article 19, paragraph 2 is replaced by the following:

"2. ***Without prejudice to Article 12(1aa), besides the central and national administration accounts, only regulated entities with past, current, or predictable future EU ETS compliance obligations*** may hold allowances. The registry shall be accessible to the public and shall contain separate accounts to record the allowances held by each ***regulated entity*** to whom and from whom allowances are issued or transferred."

Amendment 571

Proposal for a directive

Article 1 – paragraph 1 – point 19 b (new)

Directive 2003/87/EC

Article 23 – paragraph 2

Present text

2. The power to adopt delegated acts referred to in *Articles* 3d(3), 10(4), 10a(1) and (8), 10b(5), 19(3), Article 22, *Articles* 24(3), 24a(1), 25a(1) *and* Article 28c shall be conferred on the Commission for an indeterminate period of time from 8 April 2018.

Amendment

(19b) in Article 23, paragraph 2 is replaced by the following:

"2. The power to adopt delegated acts referred to in *Article* 3d(3), *Article 3gaa(2), Article 3gab(7), Article 3gea, second paragraph, Article* 10(4), *Article* 10a(1) and (8), *Article* 10b(5), *Article 12(3b), Article 14(1), Article* 19(3), Article 22, *Article* 24(3), *Article* 24a(1), *Article* 25a(1), Article 28c, *Article 30c(2a) and Article 30f(4a)* shall be conferred on the Commission for an indeterminate period of time from 8 April 2018."

Amendment 572

Proposal for a directive

Article 1 – paragraph 1 – point 19 c (new)

Directive 2003/87/EC

Article 29a

Present text

Article 29a

Measures in the event of excessive price fluctuations

1. If, for more than six consecutive months, the allowance price is more than ***three times*** the average price of allowances during the two preceding years on the European carbon market, the Commission shall immediately convene a meeting of the Committee established by Article 9 of Decision No 280/2004/EC.

Amendment

(19c) Article 29a is replaced by the following:

"Article 29a

Measures in the event of excessive price fluctuations

1. If, for more than six consecutive months, the ***average*** allowance price is more than ***twice*** the average price of allowances during the two preceding years on the European carbon market, the Commission shall immediately, ***and no later than seven days after that point in time***, convene a meeting of the Committee established by Article 9 of Decision No 280/2004/EC ***to assess whether the price***

2. If the price evolution referred to in paragraph 1 does not correspond to changing market fundamentals, *one* of the following measures *may be adopted*, taking into account the degree of price evolution:

(a) a measure which allows Member States to bring forward the auctioning of a part of the quantity to be auctioned;

(b) a measure which allows Member States to auction up to 25 % of the remaining allowances in the new entrants reserve.

Those measures shall be adopted in accordance with the management procedure referred to in Article 23(4).

3. Any measure shall take utmost account of the reports submitted by the Commission to the European Parliament and to the Council pursuant to Article 29, as well as any other relevant information provided by Member States.

4. The arrangements for the application of these provisions shall be laid down in the acts referred to in Article 10(4).

evolution referred to in this paragraph corresponds to changing market fundamentals.

2. If the price evolution referred to in paragraph 1 does not correspond to changing market fundamentals, *any* of the following measures *shall be taken, as a matter of urgency*, taking into account the degree of price evolution:

(-a) the release of 100 million allowances covered by this Chapter from the market stability reserve in accordance with Article 1(7) of Decision (EU) 2015/1814, to be equally distributed within auctions during a period of six months;

(a) a measure which allows Member States to bring forward the auctioning of a part of the quantity to be auctioned *in a subsequent calendar year*;

(b) a measure which allows Member States to auction up to 25 % of the remaining allowances in the new entrants reserve.

Those measures shall be adopted in accordance with the management procedure referred to in Article 23(4).

3. Any measure shall take utmost account of the reports submitted by the Commission to the European Parliament and to the Council pursuant to Article 29, as well as any other relevant information provided by Member States.

4. The arrangements for the application of these provisions shall be laid down in the acts referred to in Article 10(4). "

Amendment 573

Proposal for a directive

Article 1 – paragraph 1 – point 19 d (new)

Directive 2003/87/EC

Article 29a a (new)

xx

(19d) the following article is inserted:

“Article 29aa

1. The access to the EU ETS market shall be limited to entities that are installations, aviation and maritime operators with compliance obligations under the EU ETS.

2. By way of derogation from paragraph 1, financial intermediaries purchasing allowances for the account of the installation and not for their own account shall have access to the EU ETS market.

3. The Commission shall assess whether Article 6(5) of Regulation (EU) No 1031/2010^{1a} is compatible with the provisions of this Article, and, where necessary, submit a legislative proposal to amend that Regulation.

^{1a} Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a system for greenhouse gas emission allowances trading within the Union (OJ L 302, 18.11.2010, p. 1).”

Amendment 574

Proposal for a directive

Article 1 – paragraph 1 – point 19 e (new)

Directive 2003/87/EC

Article 30 – paragraph 1

Present text

Amendment

1. This Directive shall be kept under review in the light of international

(19e) in Article 30, paragraph 1 is replaced by the following:

“1. This Directive shall be kept under review in the light of international

developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement.

developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement, ***including the commitment taken at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) to limit the temperature increase to 1,5 °C above pre-industrial levels.***"

Amendment 575

Proposal for a directive

Article 1 – paragraph 1 – point 20 a (new)

Directive 2003/87/EC

Article 30 – paragraph 3

Present text

3. The Commission shall report to the European Parliament and to the Council in the context of each global stocktake agreed under the Paris Agreement, in particular with regard to the need for additional Union policies and measures in view of necessary greenhouse gas reductions by the Union and its Member States, including in relation to the linear factor referred to in Article 9. The Commission may make proposals to the European Parliament and to the Council to amend this Directive where appropriate.

Amendment

(20a) in Article 30, paragraph 3 is replaced by the following:

"3. The Commission, ***having sought the advice of the European Scientific Advisory Board on Climate Change***, shall report to the European Parliament and to the Council in the context of each global stocktake agreed under the Paris Agreement, in particular with regard to the need for additional Union policies and measures in view of necessary greenhouse gas reductions by the Union and its Member States, including in relation to the linear factor referred to in Article 9. The Commission may make proposals to the European Parliament and to the Council to amend this Directive where appropriate. ***In its proposals, the Commission shall ensure compliance with the climate-neutrality objective as laid down in Article 2(1) of Regulation (EU) 2021/1119, the Union climate targets as laid down in Article 4 of that Regulation, and the indicative Union greenhouse gas budget for the 2030-2050 period as referred to in Article 4(4) of that Regulation. The proposals shall reflect progression over time, and reflect its highest possible ambition in accordance with Article 4(3)***

of the Paris Agreement."

Amendment 576

Proposal for a directive

Article 1 – paragraph 1 – point 20 b (new)

Directive 2003/87/EC

Article 30 – paragraph 4 a (new)

Present text

Amendment

(20b) in Article 30, the following paragraph is added:

"4a. When reviewing this Directive, in accordance with paragraphs 1, 2 and 3 of this Article, the Commission shall analyse how linkages between the EU ETS and other carbon markets can be established, without impeding the achievement of the climate-neutrality objective and the Union climate targets as laid down in Regulation (EU) 2021/1119. "

Amendment 577

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Chapter IVa – title

Text proposed by the Commission

Amendment

EMISSIONS TRADING SYSTEM FOR BUILDINGS **AND** ROAD TRANSPORT

EMISSIONS TRADING SYSTEM FOR BUILDINGS, ROAD TRANSPORT **AND OTHER FUELS**

Amendment 578

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30a – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The provisions of this Chapter shall apply in respect of the release for

consumption of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings only from 1 January 2029 subject to the assessment provided for in paragraph 1b.

Amendment 579

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30a – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. If the conditions are right, the Commission shall aim to extend this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029.

By 1 January 2026, the Commission shall present a report to the European Parliament and the Council in which it shall assess the extension of this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029 in a manner that leaves no one behind. In particular, that report shall include:

(a) a detailed assessment of the evolution of energy and mobility poverty in the Union and in each Member State as reported in accordance with Article 23(1) of Regulation (EU) .../... [Social Climate Fund Regulation];

(b) a detailed assessment of the results of the measures and investments included in the Member States' Social Climate Plans, in particular as regards the number of people that were lifted out of energy and mobility poverty as a result of those measures and investments, and of other investments from other Union funds;

(c) a detailed analysis and

quantification of the additional greenhouse gas emissions reduction that could be achieved through this extension, as well as the progress of Member States toward the achievement of the targets set out in Regulation (EU) 2018/842;

(d) an assessment of the feasibility and modalities of the cost pass-on reporting and limit mechanism set out in Article 30f(2a).

Based on the results of that report, the Commission shall, where appropriate, present a targeted review of this Directive and of Regulation (EU) .../... [Social Climate Fund Regulation] to extend this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029.

Amendment 580

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30a – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. A Member State may decide that the derogation in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings referred to in paragraph 1a shall not apply within its territory, provided that it has sufficient programmes in place to support low income households and to address energy and mobility poverty and subject to approval by the Commission. The Member State concerned shall inform the Commission if it intends to take such a decision. The Commission shall assess whether the Member State has sufficient programmes in place for those purposes and inform the Member State of its decision.

Amendment 581

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30a a (new)

Text proposed by the Commission

Amendment

Article 30aa

1. Where, in the six consecutive months preceding the year of the start of auctioning of allowances for fuels which are used for combustion in private road transport and private heating and cooling of residential buildings in accordance with Article 30a(1a), the average price of the fuels for consumption in the sectors covered by this Chapter is more than the average price of such fuels in March 2022 the deadline for surrendering allowances in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings, referred to in Article 30d(1), shall be extended until the price goes below that threshold.

By way of derogation from the first subparagraph, in the event that the Social Climate Fund established by Regulation (EU) .../... [Social Climate Fund Regulation] has not commenced operating, or has operated for less than three years, the auctioning of allowances covered by this Chapter shall be delayed until the Social Climate Fund has been operational for at least three years.

2. If applicable, the Commission shall publish that the conditions set out in paragraph 1 are met before the start of the auctions under this Chapter.

Amendment 582

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30b – paragraph 1

Text proposed by the Commission

1. Member States shall ensure that, from 1 January **2025**, no regulated entity carries out the activity referred to in Annex III unless that regulated entity holds a permit issued by a competent authority in accordance with paragraphs 2 and 3.

Amendment

1. Member States shall ensure that, from 1 January **2024**, no regulated entity carries out the activity referred to in Annex III unless that regulated entity holds a permit issued by a competent authority in accordance with paragraphs 2 and 3.

Amendment 583

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30c – paragraph 1

Text proposed by the Commission

1. The Union-wide quantity of allowances issued under this Chapter each year from **2026** shall decrease in a linear manner beginning in 2024. The 2024 value shall be defined as the 2024 emissions limits, calculated on the basis of the reference emissions under Article 4(2) of Regulation (EU) 2018/842 *of the European Parliament and of the Council(*)* for the sectors covered by this Chapter and applying the linear reduction trajectory for all emissions within the scope of that Regulation. The quantity shall decrease each year after 2024 by a linear reduction factor of 5,15 %. By 1 January 2024, the Commission shall publish the Union-wide quantity of allowances for the year **2026**.

Amendment

1. The Union-wide quantity of allowances issued under this Chapter each year from **2025** shall decrease in a linear manner beginning in 2024. The 2024 value shall be defined as the 2024 emissions limits, calculated on the basis of the reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by this Chapter and applying the linear reduction trajectory for all emissions within the scope of that Regulation. The quantity shall decrease each year after 2024 by a linear reduction factor of 5,15 %. By 1 January 2024, the Commission shall publish the Union-wide quantity of allowances for the year **2025**.

(*) Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

Amendment 584

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30c – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out an additional amount of allowances to be issued for each year from 2025 onwards to compensate for allowances surrendered in cases where there was double counting of emissions, notwithstanding rules to avoid such double counting as referred to in Article 30f(4). The additional amount of allowances set by the Commission shall correspond to the total amount of greenhouse gas emissions compensated for in the relevant reporting year pursuant to the delegated acts referred to in Article 30f(4a).

Amendment 585

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 1

Text proposed by the Commission

Amendment

1. From **2026**, allowances covered by this Chapter shall be auctioned, unless they are placed in the Market Stability Reserve established by Decision (EU) 2015/1814. The allowances covered by this Chapter shall be auctioned separately from the allowances covered by Chapters II, IIa and III.

1. From **2025**, allowances covered by this Chapter shall be auctioned, unless they are placed in the Market Stability Reserve established by Decision (EU) 2015/1814. The allowances covered by this Chapter shall be auctioned separately from the allowances covered by Chapters II, IIa and III.

Amendment 586

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 2 – subparagraph 1

Text proposed by the Commission

The auctioning of the allowances under this Chapter shall start in **2026** with a volume corresponding to 130 % of the auction volumes for **2026** established on the basis of the Union-wide quantity of allowances for that year and the respective auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).

Amendment

The auctioning of the allowances under this Chapter shall start in **2025** with a volume corresponding to 130 % of the auction volumes for **2025** established on the basis of the Union-wide quantity of allowances for that year and the respective auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).

Amendment 587

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 2 – subparagraph 2

Text proposed by the Commission

In **2026**, 600 million allowances covered by this Chapter are created as holdings in the Market Stability Reserve pursuant to Article 1a(3) of Decision (EU) 2015/1814.

Amendment

In **2025**, 600 million allowances covered by this Chapter are created as holdings in the Market Stability Reserve pursuant to Article 1a(3) of Decision (EU) 2015/1814.

Amendment 588

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 3

Text proposed by the Commission

3. 150 million allowances issued under this Chapter shall be auctioned and all

Amendment

3. 150 million allowances issued under this Chapter shall be auctioned and all

revenues from these auctions made available for the **Innovation** Fund established under **Article 10a(8)**. Article **10a(8)** shall **apply** to the **allowances referred to in this paragraph**.

revenues from these auctions made available for the **Social Climate** Fund established under **Regulation (EU) .../... [Social Climate Fund Regulation]** as **external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council***, and shall **be used in accordance with the rules applicable to the Social Climate Fund**.

*** Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).**

Amendment 589

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. In order to ensure that the available appropriations for the Social Climate Fund in the Union budget can evolve in close alignment with the carbon price and thus the burden for vulnerable households and traffic users, a Carbon Price Fluctuation Adjustment Mechanism shall enable annual reinforcements. The detailed provisions are to be provided for in the Multiannual Financial Framework Regulation, which, in accordance with Article 312 TFEU, shall ensure that the relevant expenditure ceilings are adjusted automatically each year in function of the rate of change of the carbon price under

the EU ETS for buildings, road transport and other fuels. The budgetary impact of the annual adjustment shall be budgeted.

Amendment 590

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 5 – subparagraph 1 – introductory part

Text proposed by the Commission

5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues for *one or more of the activities referred to in Article 10(3) or for one or more of the following*:

Amendment

5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget *as general income*. Member States shall use their revenues *first for the national co-financing of their Social Climate Plans and, for any remaining revenue, for social climate measures and investments in accordance with Article 6 of Regulation (EU) ... /... [Social Climate Fund Regulation]*:

Amendment 591

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 5 – subparagraph 1 – point a

Text proposed by the Commission

(a) measures intended to contribute to the *decarbonisation* of heating and cooling of buildings or to the reduction of the energy needs of buildings, *including the integration of renewable energies and related measures according to Articles 7(11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing*

Amendment

(a) measures intended to contribute to the *climate neutrality* of heating and cooling of buildings or to the reduction of the energy needs of buildings *in accordance with Article 6 of Regulation (EU) .../... [Social Climate Fund Regulation]*;

buildings;

Amendment 592

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30d – paragraph 5 – subparagraph 1 – point b

Text proposed by the Commission

(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality, *or to provide financial support in order to address social aspects concerning low and middle-income transport users.*

Amendment

(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality *in accordance with Article 6 of Regulation (EU) .../... [Social Climate Fund Regulation].*

Amendment 593

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30e – paragraph 2

Text proposed by the Commission

2. From 1 January **2027**, Member States shall ensure that, by 30 April each year, the regulated entity surrenders a number of allowances covered by this Chapter, that is equal to the total emissions, corresponding to the quantity of fuels released for consumption pursuant to Annex III, during the preceding calendar year as verified in accordance with Articles 15 and 30f, and that those allowances are subsequently cancelled.

Amendment

2. From 1 January **2026**, Member States shall ensure that, by 30 April each year, the regulated entity surrenders a number of allowances covered by this Chapter, that is equal to the total emissions, corresponding to the quantity of fuels released for consumption pursuant to Annex III, during the preceding calendar year as verified in accordance with Articles 15 and 30f, and that those allowances are subsequently cancelled.

Amendment 594

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30f – paragraph 2

Text proposed by the Commission

2. Member States shall ensure that each regulated entity monitors for each calendar year as from **2025** the emissions corresponding to the quantities of fuels released for consumption pursuant to Annex III. They shall also ensure that each regulated entity reports these emissions to the competent authority in the following year, starting in **2026**, in accordance with the acts referred to in Article 14(1).

Amendment

2. Member States shall ensure that each regulated entity monitors for each calendar year as from **2024** the emissions corresponding to the quantities of fuels released for consumption pursuant to Annex III. They shall also ensure that each regulated entity reports these emissions to the competent authority in the following year, starting in **2025**, in accordance with the acts referred to in Article 14(1).

Amendment 595

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30f – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Subject to the assessment in Article 30a(1b), second subparagraph, point (d), from ... [one year before the date of application of this Chapter in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings] and every month thereafter, regulated entities shall report to the Commission a breakdown of the costs going into the retail price of the fuels released for consumption pursuant to Annex III, including in particular the share of national taxes and fees and costs related to the surrender of allowances in the retail price, as well as the percentage of the costs related to the surrender of allowances which is passed on to the end consumer. Where this percentage changes by more than 5 % points compared to the last reporting period, an explanation shall be provided.

By ... [the date of entry into force of this Chapter], the Commission shall adopt an implementing act setting out the reporting categories and format to be used for reporting in accordance with the first subparagraph of this paragraph. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

From ... [the date of application of this Chapter in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings] or, if a Member State in accordance with Article 30a(1c) has decided that the derogation referred to in paragraph 1a of that Article does not apply, from ... [the date of entry into force of this Chapter], regulated entities shall not pass on more than 50 % of the costs related to the surrender of allowances for fuels released for consumption pursuant to Annex III to the final consumer.

Where the Commission finds that a regulated entity has passed on a share of costs higher than 50 %, that entity shall pay a penalty in accordance with Article 16 of this Directive. The penalty amount shall be calculated on the basis of the quantity of allowances equivalent to the excess pass through in accordance with this paragraph, multiplied by the highest recorded primary or secondary market settlement price for allowances under this Chapter in the preceding year. Each year by 28 February, the Commission shall communicate the excess pass through penalty price. The revenues generated from penalties referred to in this subparagraph shall be allocated to the Social Climate Fund referred to in Regulation (EU) ... /... [Social Climate Fund Regulation].

Amendment 596

**Proposal for a directive
Article 1 – paragraph 1 – point 21**

Text proposed by the Commission

4. Member States shall ensure that the regulated entities are able to identify and document reliably and accurately per type of fuel, the precise volumes of fuel released for consumption ***which are used for combustion in the buildings and road transport sectors as identified in*** Annex III, and the final use of the fuels released for consumption by the regulated entities. The Member States shall take appropriate measures to avoid any risk of double counting of emissions covered under this Chapter and the emissions under Chapters II, IIa and III. Detailed rules for avoiding double counting shall be adopted in accordance with Article 14(1).

Amendment

4. Member States shall ensure that the regulated entities are able to identify and document reliably and accurately per type of fuel, the precise volumes of fuel released for consumption ***pursuant to*** Annex III, and the final use of the fuels released for consumption by the regulated entities. The Member States shall take appropriate measures to avoid any risk of double counting of emissions covered under this Chapter and the emissions under Chapters II, IIa and III. Detailed ***and harmonised*** rules for avoiding double counting shall be adopted in accordance with Article 14(1).

(This amendment in relation to ‘fuel released for consumption which are used for combustion in the buildings and road transport sectors as identified in Annex III’ applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Amendment 597

Proposal for a directive
Article 1 – paragraph 1 – point 21
Directive 2003/87/EC
Article 30f – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out the Union-wide and fully harmonised rules regarding compensation of costs arising from double counting for operators of installations pursuant to Article 3e that are incurred from costs passed on in fuel prices concerning emissions from the combustion of fuels, and provided that those emissions are

reported by the operator pursuant to Article 14 as well as the regulated entity pursuant to this Article, and that the double counting is not avoided pursuant to paragraph 4 of this Article. The calculation of the compensation amount shall be based on the average price of allowances auctioned pursuant to Article 30d(4) in the reporting year concerned pursuant to this Article. The revenues generated from the auctioning of allowances covered by this Chapter shall, to the extent necessary and up to a level corresponding to the double counting in the reporting year pursuant to this Article, be used for the compensation amount.

Amendment 598

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30h – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Where, prior to 1 January 2030, every time the average price of allowances referred to in paragraph 1 of this Article exceeds a price cap of 50 EUR, the Commission shall, as a matter of urgency, adopt a decision to release 10 million allowances covered by this Chapter from the market stability reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.

Where, prior to 1 January 2030, the average price of allowances referred to in paragraph 1 exceeds 45 EUR, the Commission and Member States shall, as a matter of urgency, take further measures to reduce carbon dioxide emissions in order to avoid reaching the price cap referred to in the first subparagraph of this paragraph.

In the event of application of paragraph 1 or 2, the application of this paragraph shall be suspended during that period.

Amendment 599

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30i – paragraph 1

Text proposed by the Commission

By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.

Amendment

By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. ***By 1 January 2029, the Commission shall present a report to the European Parliament and to the Council in which it assesses whether the price cap referred to in Article 30h(2a), first subparagraph, has been effective and whether it should be continued. The Commission shall, where appropriate, accompany that report with a legislative proposal to the European Parliament and to the Council to amend this Directive to adjust that price cap, in due time for it to apply from 1 January 2030.*** By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.

Amendment 600

Proposal for a directive

Article 1 – paragraph 1 – point 21

Directive 2003/87/EC
Article 30i – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The Commission shall consider possible amendments to this Directive with regard to regulatory simplification. The Commission and the competent authorities shall continuously adapt to best practice administrative procedures and take all measures to simplify the enforcement of this Directive, keeping administrative burdens to a minimum.

Amendment 601

Proposal for a directive
Article 1 – paragraph 1 – point 21 a (new)
Directive 2003/87/EC
Article 30i a (new)

Text proposed by the Commission

Amendment

(21a) the following article is inserted:

“Article 30ia

Sectoral roadmaps

- 1. By 1 January 2025, the Commission, supported by the European Scientific Advisory Board on Climate Change, shall publish indicative roadmaps for the activities covered by Annex I to this Directive towards achieving the Union’s climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119.***
- 2. The Commission shall engage closely with stakeholders, including individuals, civil society, social partners, academia, policy makers and sectors and subsectors affected by this Directive, while preparing the roadmaps provided for in paragraph 1.***
- 3. Every four years after the publication of the roadmaps provided for***

in paragraph 1, the Commission shall update those roadmaps in accordance with the latest scientific knowledge, while engaging closely with stakeholders as referred to in paragraph 2.

4. All data used to produce the sectoral roadmaps provided for in paragraph 1, and for their updates pursuant to paragraph 3, shall be made available to the public, in an easily accessible form.”;

Amendment 602

Proposal for a directive

Article 1 – paragraph 1 – point 21 b (new)

Directive 2003/87/EC

Article 30i b (new)

Text proposed by the Commission

Amendment

(21b) the following article is inserted:

“Article 30ib

Scientific advice regarding EU ETS sectors

The European Scientific Advisory Board on Climate Change may, on its own initiative, provide scientific advice and issue reports regarding this Directive, and its consistency with the climate objectives of Regulation (EU) 2021/1119 and the Paris Agreement, in particular with a view to delivering a just transition and informing any subsequent revision of this Directive. All advice presented by the European Scientific Advisory Board on Climate Change pursuant to this Article shall be made public, in an easily accessible form. The Commission shall take due account of advice of the European Scientific Advisory Board on Climate Change and publicly justify the reasons for disregarding it.”;

Amendment 603

Proposal for a directive

Article 1 – paragraph 1 – point 21 c (new)

Directive 2003/87/EC

Chapter IVa a (new) – Articles 30i c (new) and 30i d (new)

Text proposed by the Commission

Amendment

(21c) the following chapter is inserted after Article 30ib:

“CHAPTER IVaa

Visibility of financial support from EU ETS revenues

Article 30ic

Visibility of financial support from national EU ETS revenues

1. Member States shall ensure the visibility of funding from EU ETS revenues in all operations referred to in Article 10(3), Article 10a(6) and Article 30d(5).

2. Member States shall ensure the visibility of the financial support to the final beneficiaries and the public by:

(a) displaying an appropriate label that reads ‘funded by the European Union (EU Emissions Trading System)’, as well as the emblem of the Union and the amount of funding, on documents and communication material relating to the implementation of the operation intended for the final beneficiaries or for the public and, for operations involving physical investment or equipment, clearly visible and durable plaques or billboards;

(b) providing on their official website and social media sites, where such sites exist, a short description of the operation, including its aims and results, and highlighting the financial support from the EU ETS revenues.

3. The Commission shall take all measures necessary to ensure that the rules under paragraphs 1 and 2 are implemented. The penalties provided for shall be effective, proportionate and dissuasive.

Article 30id

***Visibility of financial support from Union
EU ETS revenues***

1. The Commission shall ensure the visibility of funding from EU ETS revenues in all operations referred to in Article 10a(8) (Climate Investment Fund), Article 10d (Modernisation Fund) and Article 3gab (Ocean Fund) of this Directive and in Regulation (EU) .../... [Social Climate Fund Regulation].

2. The beneficiaries shall acknowledge financial support from the funds referred to in paragraph 1 and the origin of those funds by:

(a) displaying an appropriate label that reads ‘funded by the European Union (EU Emissions Trading System – [relevant fund])’, as well as the emblem of the Union and the amount of funding, on documents and communication material relating to the implementation of the operation intended for the final beneficiaries or for the public and, for operations involving physical investment or equipment, clearly visible and durable plaques or billboards;

(b) providing on their official website and social media sites, where such sites exist, a short description of the operation, including its aims and results, and highlighting the financial support from the relevant fund and EU ETS revenues.

3. The Commission shall take all measures necessary to ensure that the rules under paragraphs 1 and 2 are implemented. The penalties provided for shall be effective, proportionate and dissuasive.”

Amendment 604

**Proposal for a directive
Article 1 – paragraph 1 – point 21 d (new)
Directive 2003/87/EC
Article 30i e (new)**

Text proposed by the Commission

Amendment

(21d) the following article is inserted:

“Article 30ie

***Report on developing countries’
decarbonisation needs***

***By 31 December 2023, the Commission
shall submit a report to the European
Parliament and to the Council on the
decarbonisation needs of developing
countries. That report shall contain:***

***(a) an assessment of developing
countries’ greenhouse gas emissions per
country;***

***(b) an indication of the main sources of
emissions per country, indicating, where
possible, the share of emissions
attributable to EU ETS and non-EU ETS
sectors;***

***(c) an indication of the possible
decarbonisation pathways for each
country;***

***(d) each country’s nationally
determined contributions under the Paris
Agreement.”;***

Amendment 605

Proposal for a directive

Article 1 – paragraph 1 – point 1 – point c

Decision (EU) 2015/1814

Article 1 – paragraph 5 – subparagraph 1

Text proposed by the Commission

In any given year, if the total number of allowances in circulation is between **833** million and **1 096** million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and **833** million, shall be deducted from the volume of allowances to be auctioned by the Member States under

Amendment

In any given year, if the total number of allowances in circulation is between **700** million and **921** million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and **700** million, shall be deducted from the volume of allowances to be auctioned by the Member States under

Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above **1 096** million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled.

Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above **921** million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled. ***As from 2025, the thresholds referred to in this subparagraph shall be reduced in proportion to the reduction of the Union-wide quantity of allowances referred to in Article 9 of Directive 2003/87/EC in the same year.***

Amendment 606

Proposal for a directive

Article 2 – paragraph 1 – point 2 a (new)

Decision (EU) 2015/1814

Article 3 – paragraph 1

Present text

The Commission shall monitor the functioning of the reserve in the context of the report provided for in Article 10(5) of Directive 2003/87/EC. That report should consider relevant effects on competitiveness, in particular in the industrial sector, including in relation to GDP, employment **and** investment indicators. Within three years of the start of the operation of the reserve and at five-year intervals thereafter, the Commission shall, on the basis of an analysis of the orderly functioning of the European carbon market, review the reserve and submit a

Amendment

(2a) in Article 3, paragraph 1 is replaced by the following:

"The Commission, supported by the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119, shall monitor the functioning of the reserve in the context of the report provided for in Article 10(5) of Directive 2003/87/EC. That report should consider relevant effects on achieving the climate-neutrality objective and the Union climate targets as laid down in Regulation (EU) 2021/1119 and on meeting the obligations of the Union and its Member States under the Paris Agreement, competitiveness, in particular

proposal, where appropriate, to the European Parliament and to the Council. Each review shall pay particular attention to the percentage figure for the determination of the number of allowances to be placed in the reserve pursuant to Article 1(5) of this Decision, as well as the numerical value of the threshold for the total number of allowances in circulation **and** the number of allowances to be released from the reserve pursuant to Article 1(6) or (7) of this Decision. In its review, the Commission shall also look into the impact of the reserve on growth, jobs, the Union's industrial competitiveness and on the risk of carbon leakage.

in the industrial sector, including in relation to GDP, employment, investment indicators **and the objective of delivering a just transition that leaves no one behind.** Within three years of the start of the operation of the reserve and at five-year intervals thereafter, the Commission shall, on the basis of an analysis of the orderly functioning of the European carbon market, review the reserve and submit a proposal, where appropriate, to the European Parliament and to the Council. Each review shall pay particular attention to the percentage figure for the determination of the number of allowances to be placed in the reserve pursuant to Article 1(5) of this Decision, as well as the numerical value of the threshold for the total number of allowances in circulation, the number of allowances to be released from the reserve pursuant to Article 1(6) or (7) of this Decision **and other relevant development options for the market stability reserve.** In its review, the Commission **and the European Scientific Advisory Board on Climate Change** shall also look into the impact of the reserve on growth, jobs, the Union's industrial competitiveness and on the risk of carbon leakage."

Amendment 607

Proposal for a directive
Article 3 – paragraph 1 – point -1 (new)
Regulation (EU) 2015/757
Title

Present text

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

Amendment

(-1) the title is replaced by the following:

"Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of **greenhouse gas** emissions from maritime transport, and amending Directive 2009/16/EC. "

Amendment 608

Proposal for a directive

Article 3 – paragraph 1 – point -1 a (new)

Text proposed by the Commission

Amendment

(-1a) throughout the Regulation, except in the cases referred to in Article 5(1) of and Annex I to the Regulation, the term 'CO₂' is replaced by 'greenhouse gas' and any necessary grammatical changes are made;

Amendment 609

Proposal for a directive

Article 3 – paragraph 1 – point -1 b (new)

Regulation (EU) 2015/757

Article 1

Present text

Amendment

(-1b) Article 1 is replaced by the following:

Article 1

“Article 1

Subject matter

Subject matter

This Regulation lays down rules for the accurate monitoring, reporting and verification of ***carbon dioxide (CO₂)*** emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State, in order to promote the reduction of ***CO₂*** emissions from maritime transport in a cost effective manner.

This Regulation lays down rules for the accurate monitoring, reporting and verification of ***greenhouse gas*** emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State, in order to promote the reduction of ***such*** emissions from maritime transport in a cost effective manner."

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)

Amendment 610

Proposal for a directive

Article 3 – paragraph 1 – point -1 c (new)

Regulation (EU) 2015/757

Article 2 – paragraph 1

Present text

1. This Regulation applies to ships **above** 5000 gross tonnage in respect of **CO2** emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.

Amendment

(-1c) in Article 2, paragraph 1 is replaced by the following:

"1. This Regulation applies to ships **of** 5000 gross tonnage **and above** in respect of **greenhouse gas** emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.

1a. From 1 January 2024, this Regulation shall apply to ships of 400 gross tonnage and above in respect of greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State. However, ships of 400 gross tonnage and above but of less than 5 000 gross tonnage shall only be required to report the information which is relevant for the inclusion of such ships within the scope of the EU ETS from 1 January 2027. "

Amendment 611

Proposal for a directive

Article 3 – paragraph 1 – point -1 d (new)

Regulation (EU) 2015/757

Article 2 – paragraph 2

Present text

2. This Regulation does not apply to warships, naval auxiliaries, fish-catching or fish-processing ships, wooden ships of a primitive build, ships not propelled by

Amendment

(-1d) in Article 2, paragraph 2 is replaced by the following:

"2. This Regulation does not apply to warships, naval auxiliaries, fish-catching or fish-processing ships, wooden ships of a primitive build, ships not propelled by

mechanical means, *or* government ships used for non-commercial purposes.

mechanical means, government ships used for non-commercial purposes *or ships for civil protection and search and rescue purposes.* "

Amendment 612

Proposal for a directive

Article 3 – paragraph 1 – point -1 e (new)

Regulation (EU) 2015/757

Article 3 – paragraph 1 – point a

Present text

(a) ‘**CO₂** emissions’ means the release of CO₂ into the atmosphere *by ships*;

Amendment

(-1e) in Article 3, point (a) is replaced by the following:

“(a) ‘*greenhouse gas* emissions’ means the release of *carbon dioxide (CO₂)*, *methane (CH₄)* and *nitrous oxides (N₂O)* into the atmosphere;”

Amendment 613

Proposal for a directive

Article 3 – paragraph 1 – point -1 f (new)

Regulation (EU) 2015/757

Article 3 – paragraph 1 – point b

Present text

(b) "port of call" means the port where a ship stops to load or unload cargo or to embark or disembark passengers; consequently, stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship and/or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, and stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities are excluded;

Amendment

(-1f) in Article 3, point (b) is replaced by the following:

"(b) "port of call" means the port where a ship stops to load or unload cargo or to embark or disembark passengers; consequently, stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship and/or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, *stops in a non-EU transshipment port* and stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities are excluded *from this definition*;"

Amendment 614

Proposal for a directive

Article 3 – paragraph 1 – point -1 g (new)

Regulation (EU) 2015/757

Article 3 – paragraph 1 – point c

Present text

(c) ‘voyage’ means any movement of a ship that originates from or terminates in a port of call and that serves the purpose of transporting passengers or cargo for commercial purposes;

Amendment

(-1g) in Article 3, point (c) is replaced by the following:

“(c) ‘voyage’ means any movement of a ship that originates from or terminates in a port of call **or structure situated on the continental shelf of a Member State, such as offshore supply services,** and that serves the purpose of transporting passengers or cargo for commercial purposes **or performing service activities for offshore installations;**”

Amendment 615

Proposal for a directive

Article 3 – paragraph 1 – point 3 a (new)

Regulation (EU) 2015/757

Article 5 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

(3a) in Article 5, the following paragraph is added:

“2a. By 1 July 2023, the Commission shall adopt delegated acts in accordance with Article 23 to supplement this Regulation by specifying the methods for determining and reporting greenhouse gas emissions other than CO₂. Such methods shall be based on the same principles as the methods for monitoring CO₂ emissions as set out in Annex I, with the adjustments necessary due to the nature of the relevant greenhouse gas emissions.”

Amendment 616

Proposal for a directive

Article 3 – paragraph 1 – point 4 – point -a (new)

Regulation (EU) 2015/757

Article 6 – paragraph 4

Present text

4. The monitoring plan *may* also contain information on the ice class of the ship and/or the procedures, responsibilities, formulae and data sources for determining and recording the distance travelled and the time spent at sea when navigating through ice.

Amendment

(-a) paragraph 4 is replaced by the following:

"4. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions or both under Directive 2003/87/EC, the monitoring plan shall also contain information on the ice class of the ship and/or the procedures, responsibilities, formulae and data sources for determining and recording the distance travelled and the time spent at sea when navigating through ice."

Amendment 617

Proposal for a directive

Article 3 – paragraph 1 – point 5 a (new)

Regulation (EU) 2015/757

Article 9 – paragraph 1 – subparagraph 2

Present text

Companies may also monitor information relating to the ship's ice class and to navigation *through* ice, where applicable.

Amendment

(5a) in Article 9(1), the second subparagraph is replaced by the following:

"Companies may also monitor information relating to the ship's ice class and to navigation in ice conditions, where applicable. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions or both under Directive 2003/87/EC, monitoring shall include information on whether the voyage involved navigation in ice conditions, including information on the date, time, and location of the navigation in ice conditions, the method used to measure fuel oil consumption,

fuel consumption and the fuel's emission factor for each type of fuel when navigating in ice conditions, and the distance travelled when navigating in ice conditions. Information on whether the voyage occurs between ports under the jurisdiction of a Member State, departs from a port under the jurisdiction of a Member State or arrives in a port under the jurisdiction of a Member State shall also be provided. "

Amendment 618

Proposal for a directive

Article 3 – paragraph 1 – point 6 a (new)

Regulation (EU) 2015/757

Article 10 – paragraph 2

Present text

Companies may monitor information relating to the ship's ice class and to navigation through ice, where applicable.

Amendment

(6a) in Article 10, the second paragraph is replaced by the following:

"Companies may monitor information relating to the ship's ice class and to navigation through ice, where applicable. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions, or both, under Directive 2003/87/EC, monitoring shall include aggregated greenhouse gas emissions from all voyages that involved navigating in ice conditions and the total distance travelled during voyages that involved navigating in ice conditions."

Amendment 619

Proposal for a directive

Article 3 – paragraph 1 – point 14 – point a

Regulation (EU) 2015/757

Article 23 – paragraph 2 – subparagraph 2

Text proposed by the Commission

The power to adopt delegated acts referred to in Article 5(2), as regards ensuring the

Amendment

The power to adopt delegated acts referred to in Article 5(2), as regards ensuring the

functioning of the EU ETS, and Articles 6(8), 7(5), 11a(4), 13(6) and 15(6) shall be conferred on the Commission for ***an indeterminate*** period of ***time*** from the entry into force of [revised MRV Regulation].”;

functioning of the EU ETS, and Articles 6(8), 7(5), 11a(4), 13(6) and 15(6) shall be conferred on the Commission for ***a*** period of ***five years*** from the entry into force of [revised MRV Regulation]. ***The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.***”;

Amendment 620

Proposal for a directive

Article 4 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. By way of derogation from paragraph 1, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 1, point (15)(-a), of this Directive by 1 January 2025 at the latest. They shall forthwith communicate to the Commission the text of those provisions.

Amendment 621

Proposal for a directive

Annex I – paragraph 1 – point a

Directive 2003/87/EC

Annex I – point 1

Text proposed by the Commission

Amendment

1. Installations or parts of installations used for research, development and testing of new products and processes, and installations ***where emissions from the combustion of biomass that complies with the criteria set out pursuant to Article 14***

1. 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.

contribute to more than 95 % of the total greenhouse gas emissions are not covered by this Directive.

Amendment 622

Proposal for a directive

Annex I – paragraph 1 – point a a (new)

Directive 2003/87/EC

Annex I – point 5

Present text

5. When the capacity threshold of any activity in this Annex is found to be exceeded in an installation, all units in which fuels are combusted, other than units for the incineration of hazardous *or municipal* waste, shall be included in the greenhouse gas emission permit.

Amendment

(aa) point 5 is replaced by the following:

"5. When the capacity threshold of any activity in this Annex is found to be exceeded in an installation, all units in which fuels are combusted, other than units for the incineration of hazardous waste, shall be included in the greenhouse gas emission permit."

Amendment 623

Proposal for a directive

Annex I – paragraph 1 – point b – point -i (new)

Directive 2003/87/EC

Annex I – table – row 1

Present text

Combustion of fuels in installation with a total rated thermal input exceeding 20MW (except in installations for the incineration of hazardous *or municipal* waste)

Carbon dioxide

Amendment

(-i) the first row is replaced by the following:

Combustion of fuels in installations with a total rated thermal input exceeding 20 MW (except in installations for the incineration of hazardous waste) ***including, from 1 January 2026, the combustion of fuels in installations for the incineration of municipal waste***

Carbon dioxide

Amendment 624

Proposal for a directive

Annex I – paragraph 1 – point c – point v

Directive 2003/87/EC

Annex I – table – row 24 – column 1

Text proposed by the Commission

Production of hydrogen (H₂) and synthesis gas with a production capacity exceeding 25 tonnes per day

Amendment

Production of hydrogen(H₂) and synthesis gas with a production capacity exceeding 25 tonnes per day ***and production of hydrogen (H₂) and synthesis gas where the energy content is derived from renewable energy sources with a production capacity exceeding 5 tonnes per day***

Amendment 625

Proposal for a directive

Annex I – paragraph 1 – point c – point vii

Directive 2003/87/EC

Annex I – table – row 30

Text proposed by the Commission

“Maritime transport

Maritime transport activities of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council performing voyages with the purpose of transporting passengers ***or*** cargo for commercial purposes

Greenhouse gases covered by Regulation (EU) 2015/757”;

Amendment

“Maritime transport

Maritime transport activities of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council performing voyages with the purpose of transporting passengers, cargo for commercial purposes ***and, from 2024, performing service activities for offshore installations***

Carbon dioxide (CO₂), nitrous oxides (N₂O) and methane (CH₄) in line with Regulation (EU) 2015/757”

Such activities shall not include:

(a) voyages performed in the framework of a public service contract or subject to public service obligations in accordance to Council Regulation (EEC) No 3577/92;

(b) humanitarian voyages;

(c) search and rescue voyages or parts of normal voyages by ships where search and rescue activities had to be carried out;

(d) force majeure for all or part of the voyage.

Amendment 626

Proposal for a directive

Annex I – paragraph 1 – point 2

Directive 2003/87/EC

Annex III – table

Text proposed by the Commission

Activity:

Greenhouse gases

*1. Release for consumption of fuels which are used for combustion **in the sectors of buildings and road transport.***

Carbon dioxide (CO₂)

This activity shall not include:

(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive, except if used for combustion in the activities of transport of greenhouse gases for geological storage (activity row twenty seven);

(b) the release for consumption of fuels for which the emission factor is zero.

*2. **The sectors of buildings and road transport shall correspond to the following sources of emissions, defined in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with the necessary modifications to those definitions as follows:***

*(a) **Combined Heat and Power Generation (CHP) (source category code 1A1a ii) and***

Heat Plants (source category code 1A1a iii), insofar as they produce heat for categories under (c) and (d) of this point, either directly or through district heating networks;

(b) Road Transportation (source category code 1A3b), excluding the use of agricultural vehicles on paved roads;

(c) Commercial / Institutional (source category code 1A4a);

(d) Residential (source category code 1A4b).

Amendment

Activity:	Greenhouse gases
Release for consumption of fuels which are used for combustion.	Carbon dioxide (CO ₂)

This activity shall not include:

(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive, except if used for combustion in the activities of transport of greenhouse gases for geological storage (activity row twenty seven);

(b) the release for consumption of fuels for which the emission factor is zero.

(c) the release for consumption of fuels used in agriculture;

(d) the release for consumption of fuels used in ships or activities referred to in Article 2(2) of Regulation (EU) 2015/757;

(e) the release for consumption of fuels used in the activity 'Aviation' referred to in Annex I;

(f) the release for consumption of fuels used for private road transport and for private heating and cooling of residential buildings until 1 January 2029, subject to the assessment provided for in Article 30a(1b).

Amendment 627

Proposal for a directive

Annex I – point 3 – point a – point i

Directive 2003/87/EC

Annex IV – Part A – Calculation – subparagraph 4

Text proposed by the Commission

The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the **implementing** acts referred to in Article 14, shall be zero.;

Amendment

The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the **delegated** acts referred to in Article 14, shall be zero;

Amendment 628

Proposal for a directive

Annex I – point 4 a (new)

Directive 2003/87/EC

Annex V a (new)

Text proposed by the Commission

Amendment

(4a) the following annex is added to Directive 2003/87/EC:

“Annex Va

Option to surrender a readjusted amount of allowances for ice class ships

The readjusted amount of emission allowances to be surrendered for ice class ships shall correspond to a readjusted amount of emissions that is calculated based on the formula presented in this Annex. The readjusted amount of emissions shall take into account the technical characteristics that increase emissions of ships belonging to a Finnish-Swedish ice class IA or IA Super or an equivalent ice class during navigation at all times and the further increase of emissions due to navigating in ice conditions.

Readjusted amount of emission allowances to be surrendered annually means readjusted amount of annual

emissions CO_{2R} .

The annual total emission CO_{2T} within the scope of the EU ETS are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:

$$CO_{2T} = CO_{2T \text{ voyages between MS}} + CO_{2B} + 0,5 \times (CO_{2 \text{ voyages from MS}} + CO_{2 \text{ voyages to MS}}) \quad (1),$$

where $CO_{2T \text{ voyages between MS}}$ denotes the aggregated CO_2 emissions from all voyages between ports under the jurisdiction of a Member State, CO_{2B} the emissions which occurred within ports under the jurisdiction of a Member State at berth, $CO_{2eq \text{ voyages from MS}}$ the aggregated CO_2 emissions from all voyages which departed from ports under the jurisdiction of a Member State and $CO_{2 \text{ voyages to MS}}$ the aggregated CO_2 emissions from all voyages to ports under the jurisdiction of a Member State.

Similarly, the annual total emissions of an ice-class ship when navigating in ice conditions within the scope of the EU ETS CO_{2eI} are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:

$$CO_{2eI} = CO_{2eq \text{ I voyages between MS}} + 0,5 \times (CO_{2eq \text{ I voyages from MS}} + CO_{2eq \text{ I voyages to MS}}) \quad (2),$$

where $CO_{2eq \text{ I voyages between MS}}$ denotes the aggregated CO_2 emissions of an ice-classed ship when navigating in ice conditions between ports under the jurisdiction of a Member, $CO_{2eq \text{ I voyages from MS}}$ emissions of an ice-classed ship when navigating in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and $CO_{2eq \text{ I voyages to MS}}$ emissions of an ice-classed ship when navigating in ice conditions from all voyages to ports under the jurisdiction of a Member State.

The annual total distance travelled within the scope of the EU ETS is calculated as follows:

$$D_T = D_{T \text{ voyages between MS}} + 0,5 \times (D_{T \text{ voyages}}$$

from MS +D_T voyages to MS) (3),

where D_T voyages between MS denotes the aggregated distance of all voyages between ports under the jurisdiction of a Member State, D_T voyages from MS the aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State and D_T voyages to MS the aggregated distance of all voyages to ports under the jurisdiction of a Member State.

The aggregated distance travelled when navigating in ice conditions within the scope of the EU ETS is calculated as follows:

$$D_I = D_{I \text{ voyages between MS}} + 0,5 \times (D_{I \text{ voyages from MS}} + D_{I \text{ voyages to MS}}) \quad (4),$$

where D_I voyages between MS denotes the aggregated distance sailed in ice conditions from all voyages between ports under the jurisdiction of a Member State, D_I voyages from MS the aggregated distance sailed in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and D_I voyages to MS the aggregated distance sailed in ice conditions from all voyages to ports under the jurisdiction of a Member State.

The readjusted amount of annual emissions CO₂eq_R are calculated as follows:

$$CO_{2R} = CO_{2T} - CO_{2TF} - CO_{2NI} \quad (5),$$

where CO_{2TF} denotes the increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an equivalent ice class and CO_{2NI} the increase in annual emissions of an ice-class ship due to navigating in ice conditions.

The increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an equivalent ice class CO_{2TF} is calculated as follows:

$$CO_{2TF} = 0,05 \times (CO_{2T} - CO_{2B} - CO_{2NI}) \quad (6)$$

The increase in annual emissions due to

navigating in ice conditions is calculated as follows:

$$CO_{2NI} = CO_{2I} - CO_{2RI} \quad (7)$$

where the readjusted annual emissions for navigating in ice conditions CO_{2RI} are:

$$CO_{2RI} = D_I \times (CO_{2eq/D})_{open\ water}, \quad (8)$$

where $(CO_{2eq/D})_{ow}$ denotes the emissions for voyages per distance travelled in open water. The latter is defined as follows:

$$(CO_{2eq/D})_{ow} = (CO_{2T} - CO_{2B} - CO_{2I}) / (D_T - D_I) \quad (9)$$

List of all symbols:

CO_{2T} annual total emissions within the geographical scope of the EU ETS

CO_{2T} voyages between MS aggregated CO_2 emissions from all voyages between ports under the jurisdiction of a Member State

CO_{2B} emissions which occurred within ports under the jurisdiction of a Member State at berth

CO_{2eq} voyages from MS aggregated CO_2 emissions from all voyages which departed from ports under the jurisdiction of a Member State

CO_{2} voyages to MS aggregated CO_2 emissions from all voyages to ports under the jurisdiction of a Member State

D_T annual total distance travelled within the scope of the EU ETS

D_T voyages between MS aggregate distance of all voyages between ports under the jurisdiction of a Member State

D_T voyages from MS aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State

D_T voyages to MS aggregated distance of all voyages to ports under the jurisdiction of a Member State

D_I aggregated distance travelled when navigating in ice conditions within the geographical scope of the EU ETS

D_I voyages between MS aggregated distance sailed in ice conditions of all voyages

between ports under the jurisdiction of a Member State

$D_{I \text{ voyages from MS}}$ aggregated distance sailed in ice conditions of all voyages which departed from ports under the jurisdiction of a Member State

$D_{I \text{ voyages to MS}}$ aggregated distance sailed in ice conditions of all voyages to ports under the jurisdiction of a Member State

CO_{2I} annual emissions of an ice-class ship when navigating in ice conditions

CO_{2NI} increase of annual emissions of an ice-class ship due to navigating in ice conditions

CO_{2R} readjusted annual emissions

CO_{2RI} readjusted annual emissions for navigating in ice conditions

CO_{2TF} annual emissions due to technical characteristics of a ship with a Finnish-Swedish ice class IA or IA Super or an equivalent ice class on average, compared to ships designed to sail only in open water

$(CO_{2eq}/D)_{ow}$ annual average of emissions for distance travelled in open water only.