



**2016/0231(COD)**

20.12.2016

**\*\*\*I**

# **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Gerben-Jan Gerbrandy

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▯ symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change  
(COM(2016)0482 – C8-0331/2016 – 2016/0231(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0482),
  - having regard to Article 294(2) and Article 192(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0331/2016),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the opinion of the European Economic and Social Committee of 14 December 2016<sup>1</sup>,
  - having regard to the opinion of the Committee of the Regions of ...<sup>2</sup>,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Industry, Research and Energy, the Committee on Transport and Tourism and the Committee on Agriculture and Rural Development (A8-0000/2016),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

### **Amendment 1**

#### **Proposal for a regulation**

#### **Title**

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<sup>1</sup> Not yet published in the Official Journal.

<sup>2</sup> Not yet published in the Official Journal.

*Text proposed by the Commission*

Proposal for a  
REGULATION OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL

on ***binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union*** and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change

(Text with EEA relevance)

*Amendment*

Proposal for a  
REGULATION OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL

on ***climate action*** to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (***"Climate Action Regulation implementing the Paris Agreement"***)

(Text with EEA relevance)

Or. en

*Justification*

*New title to better reflect the content of the Regulation.*

**Amendment 2**

**Proposal for a regulation**  
**Recital 3**

*Text proposed by the Commission*

(3) ***On 10 June 2016 the Commission presented the proposal for the EU to ratify the Paris agreement.*** This legislative proposal forms part of the implementation of the EU's commitment in the Paris agreement. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

*Amendment*

(3) ***The Council ratified the Paris Agreement on 5 October 2016, following the consent given by the European Parliament on 4 October 2016. The Paris Agreement entered into force on 4 November 2016 and aims at keeping the increase of global temperature to 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.*** This legislative proposal forms part of the implementation of the EU's commitment in the Paris agreement. The Union's commitment to economy-wide emission reductions was confirmed in the intended nationally determined

contribution of the Union and its Member States that was submitted to the Secretariat of the UNFCCC on 6 March 2015.

Or. en

*Justification*

*Update of the text further to ratification of Paris Agreement.*

**Amendment 3**

**Proposal for a regulation**

**Recital 4**

*Text proposed by the Commission*

(4) The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020.

*Amendment*

(4) The Paris Agreement replaces the approach taken under the 1997 Kyoto Protocol which will not be continued beyond 2020. ***The Green Investment Schemes linked to the Kyoto Protocol, providing financial support for emission reduction projects in lower-income Member States, will therefore also be discontinued.***

Or. en

*Justification*

*Clarification linked to the proposal for additional financial support to lower-income Member States (see amendments 7 and 25).*

**Amendment 4**

**Proposal for a regulation**

**Recital 4 a (new)**

*Text proposed by the Commission*

*Amendment*

***(4 a) The Environment Council meeting on 21 October 2009 supported a Union objective, in the context of necessary reductions according to the Intergovernmental Panel on Climate Change (IPCC) by developed countries as a group, to reduce emissions by 80-95%***

*Justification*

*Clarifying the long-term objective.*

**Amendment 5**

**Proposal for a regulation**

**Recital 9**

*Text proposed by the Commission*

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council<sup>19</sup> should be continued from 2021 to 2030, with the start of the trajectory calculation in **2020** on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. An adjustment to the allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.

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<sup>19</sup> Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction

*Amendment*

(9) The approach of annually binding national limits taken in Decision No 406/2009/EC of the European Parliament and of the Council<sup>19</sup> should be continued from 2021 to 2030, with the start of the trajectory calculation in **2017** on the average of the greenhouse gas emissions during 2016 to 2018 and the end of the trajectory being the 2030 limit for each Member State. An adjustment to the allocation in 2021 is provided for Member States with both a positive limit under Decision 406/2009/EC and increasing annual emission allocations between 2017 and 2020 determined pursuant to Decisions 2013/162/EU and 2013/634/EU, to reflect the capacity for increased emissions in those years. The European Council concluded that the availability and use of existing flexibility instruments within the non-ETS sectors should be significantly enhanced in order to ensure cost-effectiveness of the collective Union effort and convergence of emissions per capita by 2030.

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<sup>19</sup> Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction



commitments up to 2020 (OJ L 140, 5.6.2009, p. 136).

commitments up to 2020 (OJ L 140, 5.6.2009, p. 136).

Or. en

*Justification*

*Linked to amendment 14.*

**Amendment 6**

**Proposal for a regulation  
Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***(9 a) The emission reductions of each Member State from 2031 onwards should be based on a linear trajectory leading to at least 80% greenhouse gas emission reductions by 2050 compared to 2005.***

Or. en

*Justification*

*Linked to amendment 18.*

**Amendment 7**

**Proposal for a regulation  
Recital 10 a (new)**

*Text proposed by the Commission*

*Amendment*

***(10 a) A Green Investment and Auctioning Platform should be created for the auctioning of 150 million annual emission allocations in the first three years of the 2021-2030 period, and excess annual emission allocations in the last three years of that period. Auctioning revenues from the first three years should be made available for building renovations in lower-income Member States. Auctioning revenues from the last three years should be made available for emission reduction projects in those***

***Member States that have transferred their excess emission allocations to the Auctioning Platform. The 150 million annual emission allocations for auctions in the first three years should be made available as a result of a more stringent emission trajectory between 2021 and 2030, due to the start of the trajectory calculation in 2017.***

Or. en

*Justification*

*Linked to amendment 25.*

## **Amendment 8**

### **Proposal for a regulation Recital 10 b (new)**

*Text proposed by the Commission*

*Amendment*

***(10b) In order to determine the annual emission allocations for Member States for the period from 2021 to 2030 and from 2031 to 2050, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Articles 4 and 4a. Based on the notifications by Member States that intend to make use of a limited cancellation of ETS allowances, such acts should also specify the quantities that may be taken into account for the compliance check under Article 9.***

Or. en

*Justification*

*Linked to amendments 15 and 18.*

## Amendment 9

### Proposal for a regulation

#### Recital 12

##### *Text proposed by the Commission*

(12) Regulation [ ] [on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework] lays down accounting rules on greenhouse gas emissions and removals relating to land use, land-use change and forestry (LULUCF). While the environmental outcome under this Regulation in terms of the levels of greenhouse gas emission reductions that are made is affected by taking into account a quantity up to the sum of total net removals and total net emissions from deforested land, afforested land, managed cropland and managed grassland as defined in Regulation [ ], flexibility for a maximum quantity of **280** million tonnes of CO<sub>2</sub> equivalent of these removals divided among Member States according to the figures in Annex III should be included as an additional possibility for Member States to meet their commitments when needed. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 7 to reflect a contribution of the accounting category managed forest land in the flexibility provided by that Article. Before adopting such a delegated act, the Commission should evaluate the robustness of accounting for managed forest land based on available data, and in particular the consistency of projected and actual harvesting rates. In addition, the possibility to voluntarily delete annual emission allocation units should be allowed

##### *Amendment*

(12) Regulation [ ] [on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework] lays down accounting rules on greenhouse gas emissions and removals relating to land use, land-use change and forestry (LULUCF). While the environmental outcome under this Regulation in terms of the levels of greenhouse gas emission reductions that are made is affected by taking into account a quantity up to the sum of total net removals and total net emissions from deforested land, afforested land, managed cropland and managed grassland as defined in Regulation [ ], flexibility for a maximum quantity of **190** million tonnes of CO<sub>2</sub> equivalent of these removals divided among Member States according to the figures in Annex III should be included as an additional possibility for Member States to meet their commitments when needed. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Article 7 to reflect a contribution of the accounting category managed forest land in the flexibility provided by that Article. Before adopting such a delegated act, the Commission should evaluate the robustness of accounting for managed forest land based on available data, and in particular the consistency of projected and actual harvesting rates. In addition, the possibility to voluntarily delete annual emission allocation units should be allowed

under this Regulation in order to allow for such amounts to be taken into account when assessing Member States' compliance with requirements under Regulation [ ].

under this Regulation in order to allow for such amounts to be taken into account when assessing Member States' compliance with requirements under Regulation [ ].

Or. en

### *Justification*

*Linked to amendment 21.*

## **Amendment 10**

### **Proposal for a regulation Recital 12 a (new)**

*Text proposed by the Commission*

*Amendment*

***(12 a) This Regulation, including the available flexibilities, should provide an incentive for emission reductions consistent with other Union climate and energy legislation for sectors that are covered by this Regulation, including in the area of energy efficiency.***

Or. en

## **Amendment 11**

### **Proposal for a regulation Recital 17**

*Text proposed by the Commission*

*Amendment*

***(17) In order to ensure uniform conditions for the implementation of Article 4 according to which annual emission limits for Member States will be established, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>21</sup>.***

***deleted***

<sup>21</sup> **Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).**

Or. en

*Justification*

*Linked to amendments 8, 15, 16 and 17.*

**Amendment 12**

**Proposal for a regulation**

**Recital 20**

*Text proposed by the Commission*

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

*Amendment*

(20) This Regulation should be reviewed as of 2024 and every 5 years thereafter in order to assess its overall functioning. The review should ***be based on a preparatory report by the European Environment Agency, taking into account the Union's objective to reduce economy-wide greenhouse gas emissions by 80-95% by 2050 compared to the 1990 levels and the Paris Agreement goal of achieving net-zero emissions in the second half of this century. The Commission and the European Environment Agency should also*** take into account evolving national circumstances and be informed by the results of the global stocktake of the Paris Agreement.

Or. en

*Justification*

*Linked to amendment 33.*

## Amendment 13

### Proposal for a regulation

#### Article 1 – paragraph 1 – subparagraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***This Regulation provides for a predictable transition towards a low-carbon economy through the establishment of a pathway towards reducing the greenhouse gas emissions of the Union by 80-95% by 2050 compared to 1990 and achieving net-zero emissions in the second half of the century.***

Or. en

*Justification*

*Linked to amendment 6, 12 and 18.*

## Amendment 14

### Proposal for a regulation

#### Article 4 – paragraph 2

*Text proposed by the Commission*

*Amendment*

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in **2020** on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

2. Subject to the flexibilities provided for in Articles 5, 6 and 7, to the adjustment pursuant to Article 10(2) and taking into account any deduction resulting from the application of Article 7 of Decision No 406/2009/EC, each Member State shall ensure that its greenhouse gas emissions in each year between 2021 and 2029 do not exceed the level defined by a linear trajectory, starting in **2017** on the average of its greenhouse gas emissions during 2016, 2017 and 2018 determined pursuant to paragraph 3 and ending in 2030 on the limit set for that Member State in Annex I to this Regulation.

Or. en

### *Justification*

*A more stringent emissions trajectory between 2021 and 2030, based on the current European trend of decoupling emissions from economic growth.*

## **Amendment 15**

### **Proposal for a regulation**

#### **Article 4 – paragraph 3**

##### *Text proposed by the Commission*

3. The Commission shall adopt ***an implementing act*** setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO<sub>2</sub> equivalent as specified in paragraphs 1 and 2. For the purposes of this ***implementing act***, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

##### *Amendment*

3. The Commission shall adopt ***a delegated act in accordance with Article 12 to supplement this Regulation by*** setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO<sub>2</sub> equivalent as specified in paragraphs 1 and 2. For the purposes of this ***delegated act***, the Commission shall carry out a comprehensive review of the most recent national inventory data for the years 2005 and 2016 to 2018 submitted by Member States pursuant to Article 7 of Regulation No (EU) 525/2013.

Or. en

### *Justification*

*Alignment to TFEU Article 290. Amendments 15, 16 and 17 are interlinked.*

## **Amendment 16**

### **Proposal for a regulation**

#### **Article 4 – paragraph 4**

##### *Text proposed by the Commission*

4. This ***implementing act*** shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all

##### *Amendment*

4. This ***delegated act*** shall also specify, based on the percentages notified by Member States under Article 6(2), the quantities that may be taken into account for their compliance under Article 9 between 2021 and 2030. If the sum of all

Member States' quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

Member States' quantities were to exceed the collective total of 100 million, the quantities for each Member State shall be reduced on a pro rata basis so that the collective total is not exceeded.

Or. en

*Justification*

*Amendment 15, 16 and 17 are interlinked.*

**Amendment 17**

**Proposal for a regulation  
Article 4 – paragraph 5**

*Text proposed by the Commission*

*Amendment*

**5. This implementing act shall be adopted in accordance with the examination procedure referred to in Article 13.**

*deleted*

Or. en

*Justification*

*Amendment 15, 16 and 17 are interlinked.*

**Amendment 18**

**Proposal for a regulation  
Article 4 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 4 a**

***Long-term emission reduction trajectory  
from 2031***

***Each Member States shall, for each year from 2031 to 2050, continue to reduce the greenhouse gas emissions covered by this Regulation. Each Member State shall ensure that its greenhouse gas emissions in each year between 2031 and 2050 do not exceed the level defined by a linear***



*trajectory, starting in 2027 on the average of its greenhouse gas emissions during 2026, 2027 and 2028 and ending in 2050 on a level of emissions that is 80% below 2005 levels for that Member State, taking into account the international objective of achieving a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.*

*The Commission shall adopt a delegated act in accordance with Article 12 to supplement this Regulation by specifying the annual emission allocations for the years from 2031 to 2050 in terms of tonnes of CO<sub>2</sub> equivalent.*

*This Article will be reviewed in accordance with Article 14.*

Or. en

#### *Justification*

*The lack of a long-term trajectory could lock in investments in carbon-intensive transport infrastructure, buildings etc., resulting in stranded assets and significantly higher overall costs of climate action. In order to provide predictability for Member States and private investors, this amendment sets out a long-term trajectory towards 80% greenhouse gas emission reductions by 2050.*

### **Amendment 19**

#### **Proposal for a regulation Article 5 – paragraph 2**

##### *Text proposed by the Commission*

2. In respect of the years 2021 to **2029**, a Member State may borrow a quantity of up to 5% from its annual emission allocation for the following year.

##### *Amendment*

2. In respect of the years 2021 to **2025**, **a Member State may borrow a quantity of up to 10% from its annual emission allocation for the following year.**

***In respect of the years 2026 to 2029***, a Member State may borrow a quantity of up to 5% from its annual emission allocation for the following year.

Or. en

### *Justification*

*An increased level of borrowing is proposed, in order to address the challenges for Member States to meet their targets in the first years after 2020. This is especially important for Member States that shift from an emissions growth limit in the 2013-2020 Effort Sharing System towards a real emissions reductions target for the period 2021-2030.*

### **Amendment 20**

#### **Proposal for a regulation Article 5 – paragraph 6**

##### *Text proposed by the Commission*

6. Member States shall be able to use credits from projects issued pursuant to Article 24a (1) of Directive 2003/87/EC for compliance under Article 9, without any quantitative limit and while avoiding double-counting.

##### *Amendment*

6. Member States shall be able to use credits from projects issued pursuant to Article 24a (1) of Directive 2003/87/EC for compliance under Article 9, without any quantitative limit and while avoiding double-counting. ***Member States shall encourage private sector participation in such projects.***

Or. en

### *Justification*

*Also the private sector should be eligible to participate in emission reduction projects, in order to increase the investment leverage. Article 24a of the ETS Directive ensures that the final responsibility for the project and for avoiding double-counting remains with the Member State hosting the project.*

### **Amendment 21**

#### **Proposal for a regulation Article 7 – title**

##### *Text proposed by the Commission*

Additional use of up to **280** million net removals from deforested land, afforested land, managed cropland and managed grassland

##### *Amendment*

Additional use of up to **190** million net removals from deforested land, afforested land, managed cropland and managed grassland

Or. en

### *Justification*

*The European Commission's impact assessment sets out that with a 30% energy efficiency target a quantity of 79 million tonnes of LULUCF credits is required to cost-efficiently meet Member State Effort Sharing targets. With this in mind, in order to keep up a consistent incentive for energy efficiency improvements in this Regulation and to ensure that the achievement of the overall EU target is not weakened, the LULUCF flexibility is adjusted towards a lower quantity of LULUCF credits of 190 million (based on the lower scenario in the impact assessment accompanying the proposal for the LULUCF regulation).*

### **Amendment 22**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 1 – point -a (new)**

*Text proposed by the Commission*

*Amendment*

***(-a) the Member State has, by 30 June 2019, submitted an action plan to the Commission, that sets out the actions and financial measures that the Member State shall implement in order to ensure that any net removals in excess of the requirements under Article 4 of Regulation [ ][LULUCF] are constant over the five year periods set out in Article 9(2); that action plan shall, inter alia, address the use of relevant Union financing for climate change mitigation;***

Or. en

### *Justification*

*The LULUCF flexibility is important for a number of Member States for reducing compliance costs. Moreover, the flexibility could provide additional support to the agricultural and forestry sectors in certain Member States for contributing to climate action. However, it must be ensured that LULUCF credits provide for additional and permanent sinks. In the action plan Member States must provide in advance information on what measures they will take to deliver on a robust overachievement of obligations under the LULUCF regulation.*

### **Amendment 23**

#### **Proposal for a regulation**

#### **Article 7 – paragraph 1 – point b**

*Text proposed by the Commission*

*Amendment*

(b) such quantity is in excess of that Member State's requirements under Article 4 of Regulation [ ][LULUCF];

(b) such quantity is ***demonstrated to be*** in excess of that Member State's requirements under Article 4 of Regulation [ ][LULUCF] ***in each year during the five year periods set out in Article 9(2), as confirmed by comprehensive reviews to be undertaken by the Commission in 2027 and 2032 as set out in Article 12 of Regulation [ ][LULUCF];***

Or. en

*Justification*

*The LULUCF flexibility is important for a number of Member States for reducing compliance costs. Moreover, the flexibility could provide additional support to the agricultural and forestry sectors in certain Member States for contributing to climate action. However, it must be ensured that LULUCF credits provide for additional and permanent sinks. Member States should demonstrate that they have overachieved their obligations under the LULUCF regulation in a stable and robust manner.*

**Amendment 24**

**Proposal for a regulation  
Article 7 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.

2. Where the delegated act to update the forest reference levels based on the national forestry accounting plans pursuant to Article 8 (6) of Regulation [LULUCF] is adopted, the Commission shall be empowered to adopt a delegated act to modify paragraph 1 of this Article, ***without affecting the cumulative quantities of annual emission allocations available to Member States under this Article***, in order to reflect a contribution of the accounting category managed forest land in accordance with Article 12 of this Regulation.

Or. en

*Justification*

*Amendment clarifying the mandate of the Commission under the delegated act.*

**Amendment 25**

**Proposal for a regulation**

**Article 7 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 7 a**

**Green Investment and Auctioning Platform**

- 1. In 2021, 2022 and 2023, 50 million annual emission allocations shall be auctioned each year through a central Union auctioning platform. Any Member State is eligible to bid and may use the quantity acquired for compliance under Article 9 for the given year or subsequent years. Auctioning revenues shall be made available for building renovation projects in the Member States listed in Annex IV. Support to these projects shall be given through the European Investment Bank, on the basis of objective and transparent criteria.**
- 2. In 2027, a Member State whose greenhouse gas emissions for the period from 2021 to 2025 are below its annual emission allocations for that period according to Article 4 by at least 20%, before taking into account the flexibilities pursuant to Article 5, 6 and 7, as confirmed by the compliance check set out in Article 9, shall make available for auction through a central Union auctioning platform 10% of the quantity by which it is below its annual emission allocations. The available annual emission allocations shall be auctioned in 2028, 2029 and 2030. Any Member State is eligible to bid and may use the quantity acquired for compliance under Article 9 for the given year or subsequent years.**

*The auctioning revenues of the auctions set out in this paragraph shall be made available for projects and programmes reducing greenhouse gas emissions covered by this Regulation pro rata in the Member State that transferred the annual emission allocations in excess. Support to these projects shall be given through the European Investment Bank, on the basis of objective and transparent criteria.*

*3. By 30 June 2019, the Commission shall adopt a delegated act in accordance with Article 12 to supplement this Regulation concerning the timing, administration, use of revenues, a minimum auction price and other aspects of auctioning annual emission allocations through a central Union auctioning platform as set out in paragraphs 1 and 2, while avoiding unnecessary administrative complexity.*

Or. en

#### *Justification*

*Auctioning of 150 million allowances, in order to assist lower-income Member States with meeting their targets. The auctioning revenues, combined with other EU financial instruments, can leverage a significant amount of investments in building renovations. The annual emission allocations for auctions are available due to the more stringent emissions trajectory with a starting point in 2017 (Amendment 14).*

#### **Amendment 26**

##### **Proposal for a regulation**

##### **Article 9 – paragraph 1 – point a a (new)**

*Text proposed by the Commission*

*Amendment*

*(a a) the Member State shall transfer an amount of EUR 100 to the Union budget per tonne of CO<sub>2</sub> equivalent of the excess greenhouse gas emissions; and*

Or. en

## *Justification*

*Introducing a payment obligation consistent with the administrative fine for installations under the EU ETS Directive.*

### **Amendment 27**

#### **Proposal for a regulation Article 10 – paragraph 2**

##### *Text proposed by the Commission*

2. The amount contained in Annex IV to this Regulation shall be added to the allocation for the year 2021 for each Member State referred to in that Annex.

##### *Amendment*

2. The amount contained in Annex IV to this Regulation, ***amounting to 39, 14 million tonnes of CO<sub>2</sub> equivalent in total***, shall be added to the allocation for the year 2021 for each Member State referred to in that Annex.

Or. en

## *Justification*

*Clarification in the main text of the total amount set out in Annex IV.*

### **Amendment 28**

#### **Proposal for a regulation Article 11 – paragraph 1**

##### *Text proposed by the Commission*

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013, ***including*** annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.

##### *Amendment*

1. The Commission shall ensure the accurate accounting under this Regulation through the Union Registry established pursuant to Article 10 of Regulation (EU) No 525/2013. ***The Commission shall, for that purpose, adopt a delegated act in accordance with Article 12 to supplement this Regulation, concerning in particular*** annual emission allocations, flexibilities exercised under Article 4 to 7, compliance under Article 9 and changes in coverage under Article 10 of this Regulation. The Central Administrator shall conduct an automated check on each transaction under this Regulation and, where necessary, block transactions to ensure there are no

irregularities. This information shall be accessible to the public.

Or. en

*Justification*

*Technical adjustment.*

## **Amendment 29**

### **Proposal for a regulation Article 11 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

**2. The Commission shall be empowered to adopt a delegated act to implement paragraph 1 in accordance with Article 12 of this Regulation.** **deleted**

Or. en

*Justification*

*Technical adjustment, delegated act incorporated into Article 11 paragraph 1.*

## **Amendment 30**

### **Proposal for a regulation Article 12 – paragraph 2**

*Text proposed by the Commission*

*Amendment*

2. The power to adopt delegated acts referred to in Article 7(2) and 11 of this Regulation shall be conferred on the Commission for ***an indeterminate*** period of ***time*** from the entry into force of this Regulation.

2. The power to adopt delegated acts referred to in Article ***4(3), 4a, 7(2), 7a(3)*** and 11 of this Regulation shall be conferred on the Commission for ***a*** period of ***five years*** from ... [***the date of*** entry into force of this 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.*

Or. en

## **Amendment 31**

### **Proposal for a regulation**

#### **Article 12 – paragraph 3**

*Text proposed by the Commission*

3. The delegation of powers referred to in Article 7(2) and 11 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

*Amendment*

3. The delegation of powers referred to in Article 4(3), **Article 4a**, **Article 7(2)**, **Article 7a(3)** and **Article 11** may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Or. en

## **Amendment 32**

### **Proposal for a regulation**

#### **Article 13**

*Text proposed by the Commission*

#### **Article 13**

##### **Committee procedure**

**1. The Commission shall be assisted by the Climate Change Committee established by Regulation (EU) No 525/2013. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.**

**2. Where reference is made to this paragraph, Article 5 of Regulation (EU)**

*Amendment*

**deleted**

*No 182/2011 shall apply.*

Or. en

*Justification*

*Linked to deletion of implementing act in amendments 15-17.*

**Amendment 33**

**Proposal for a regulation**  
**Article 14 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU's overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement, ***and may make proposals*** if appropriate.

***Within six months of the facilitative dialogue under the UNFCCC in 2018 the Commission shall publish a communication assessing the consistency of the Union's climate change legislation with the Paris Agreement goals. In particular, the communication shall examine the role and adequacy of the obligations laid down in this Regulation in meeting the Paris Agreement goals.***

The Commission shall report to the European Parliament and to the Council by 28 February 2024 and every five years thereafter on the operation of this Regulation, its contribution to the EU's overall 2030 greenhouse gas emission reduction target and its contribution to the goals of the Paris Agreement. ***The report shall, if appropriate, be accompanied by a legislative proposal to increase the minimum contributions of Member States.***

***The report shall also, if appropriate, be accompanied by a legislative proposal to increase the long-term emissions trajectory set out in Article 4a, taking into account the latest scientific findings of the IPCC and a preparatory report to be drawn up by the European Environment Agency, which should include recommendations with regard to the fair share of the contribution of the Union. The Commission shall provide specific***

*arguments if it proposes to deviate from the recommendations contained in the preparatory report.*

Or. en

*Justification*

*Review clause linked to the UNFCCC facilitative dialogue in 2018 and the Paris Agreement first global stocktake in 2023.*

**Amendment 34**

**Proposal for a regulation  
Annex III**

*Text proposed by the Commission*

	Maximum amount expressed in million tonnes of CO <sub>2</sub> equivalent
Belgium	<b>3,8</b>
Bulgaria	<b>4,1</b>
Czech Republic	<b>2,6</b>
Denmark	<b>14,6</b>
Germany	<b>22,3</b>
Estonia	<b>0,9</b>
Ireland	<b>26,8</b>
Greece	<b>6,7</b>
Spain	<b>29,1</b>
France	<b>58,2</b>
Croatia	<b>0,9</b>
Italy	<b>11,5</b>
Cyprus	<b>0,6</b>
Latvia	<b>3,1</b>
Lithuania	<b>6,5</b>
Luxembourg	<b>0,25</b>
Hungary	<b>2,1</b>
Malta	<b>0,03</b>
Netherlands	<b>13,4</b>
Austria	<b>2,5</b>

Poland	<b>21,7</b>
Portugal	<b>5,2</b>
Romania	<b>13,2</b>
Slovenia	<b>1,3</b>
Slovakia	<b>1,2</b>
Finland	<b>4,5</b>
Sweden	<b>4,9</b>
United Kingdom	<b>17,8</b>
Maximum total:	<b>280</b>

*Amendment*

Maximum amount expressed in million tonnes of CO<sub>2</sub> equivalent

Belgium	<b>2,6</b>
Bulgaria	<b>2,8</b>
Czech Republic	<b>1,8</b>
Denmark	<b>9,9</b>
Germany	<b>15,2</b>
Estonia	<b>0,6</b>
Ireland	<b>18,2</b>
Greece	<b>4,6</b>
Spain	<b>19,8</b>
France	<b>39,5</b>
Croatia	<b>0,6</b>
Italy	<b>7,8</b>
Cyprus	<b>0,4</b>
Latvia	<b>2,1</b>
Lithuania	<b>4,4</b>
Luxembourg	<b>0,2</b>
Hungary	<b>1,4</b>
Malta	<b>0</b>
Netherlands	<b>9,1</b>
Austria	<b>1,7</b>
Poland	<b>14,8</b>

Portugal	3,5
Romania	8,9
Slovenia	0,9
Slovakia	0,8
Finland	3,1
Sweden	3,4
United Kingdom	12,1
Maximum total:	190

Or. en

*Justification*

*Linked to amendment 21.*

## **EXPLANATORY STATEMENT**

The European Commission proposal for an Effort Sharing Regulation, or "Climate Action Regulation implementing the Paris Agreement", covers about 60 percent of the EU's greenhouse gas emissions. All sectors that fall outside the scope of the EU Emissions Trading System (EU ETS) are covered by the Regulation, including transport, waste, the built environment and agriculture.

The Commission proposal is a welcome first step and aims to deliver, in the covered sectors, 30 percent emission reductions by 2030 compared to 2005 levels. However, several amendments are required in order to better promote long-term predictability, ensure consistency with other policies, in particular the EU's energy efficiency target, and provide sufficient flexibility and solidarity between Member States.

### **Long-term predictability**

The world is moving towards a low-carbon economy and the Paris Agreement adopted last year marks this development as being irreversible. The Paris Agreement sets out the goal to keep global temperature increase well below two degrees Celsius, and to strive for no more than a 1,5 degrees Celsius temperature increase. Consistent with these goals, the Paris Agreement also requires that net-zero emissions must be achieved in the second half of this century. In addition, in 2009 the EU adopted its objective of 80 to 95% greenhouse gas emission reductions by 2050.

Despite these commitments, the Commission proposal for a Regulation only aims at delivering the EU's 2030 objective. The lack of a long-term trajectory could lock in investments in carbon-intensive transport infrastructure, buildings etc., resulting in stranded assets and significantly higher overall costs of climate action in the long term. In order to provide long-term predictability, the proposal is amended with a new Article setting out a long-term trajectory towards at least 80% greenhouse gas emission reductions by 2050.

Moreover, considering the significant challenges to decarbonise all sectors of the economy, a more stringent emissions trajectory for the period 2021-2030 is provided, following the current European trend of decoupling emissions from economic growth.

### **Energy efficiency**

The European Parliament has consistently championed a higher level of EU ambition on energy efficiency. In addition to climate benefits, energy efficiency reduces energy costs, creates jobs and improves energy security.

The Commission proposal for this Regulation was published in July 2016, before the European Commission "Winter Package" of November 2016, which included an increased

energy efficiency target of 30% (slightly more ambitious than the 27% target adopted by the European Council in October 2014).

The European Commission's impact assessment sets out that, with a 30% energy efficiency target, a quantity of 79 million tonnes of LULUCF credits is required to cost-efficiently meet Member State Effort Sharing targets. With that in mind, in order to keep up a consistent incentive for energy efficiency improvements in this Regulation and to ensure that the achievement of the overall EU target is not weakened, the LULUCF flexibility of Article 7 is adjusted towards a lower level of LULUCF credits (190 million, instead of the proposed 280 million).

### **Green Investment and Auctioning Platform**

The Member States in Central and Eastern Europe have a large low-cost potential for emission reductions in the sectors covered by this Regulation, especially with regard to renovations of buildings. However, building renovations are capital-intensive and require public support and regulations. The Member States in Central and Eastern Europe will also shift from a system of "emission growth limits" under the 2013-2020 Effort Sharing system towards real emission reduction targets for the 2021-2030 period. In order to assist these Member States with meeting their targets, the Rapporteur proposes to auction 150 million annual emission allocations in the first three years of the 2021-2030 period. The auctioning revenues, combined with other EU financial instruments, can leverage a significant amount of investments in building renovations in Central and Eastern Europe. The annual emission allocations for auctions are available due to the more stringent emissions trajectory with a starting point in 2017.

Additionally, an increased level of "borrowing" is proposed, in order to address the challenges for Member States to meet their targets in the first years after 2020.

Moreover, Member States with a large surplus of annual emission allocations accumulating in 2021-2025 will be required to transfer their surplus to an auctioning platform, with the obligation to reuse the revenues for supporting green investments, comparable to the Kyoto Protocol based Green Investment Schemes.

### **LULUCF**

The LULUCF flexibility in Article 7 is important for a number of Member States for reducing compliance costs. Moreover, the flexibility could provide additional support to the agricultural and forestry sectors in certain Member States for contributing to climate action. However, it must be ensured that LULUCF credits provide for truly additional and permanent sinks.

Also the use of existing EU financial instruments in support of the agricultural sector should be improved. The European Court of Auditors recently concluded that with regard to the use

of the common agricultural policy "no significant shift towards climate action and not all potential opportunities for financing climate-related action have been fully explored".

The proposal is therefore amended so as to better ensure that the LULUCF flexibility delivers climate benefits and to encourage Member States to use the existing variety of EU financial instruments for the agricultural sector.