

Amendment 45

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Shared effort to reduce greenhouse gas emissions

COM(2008)0017 – C6-0041/2008 – 2008/0014(COD)

A6-0411/2008

Proposal for a decision

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AMENDMENTS BY PARLIAMENT*

to the Commission proposal for a

Decision of the European Parliament and of the Council
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

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular
Article 175(1) thereof,

Having regard to the proposal from the Commission^{||},

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

* Political amendments: new or replacement text is marked in bold italics and deletions are indicated by the symbol **||**. Technical corrections and adaptations by the services: new or replacement text is marked in italics and deletions are indicated by the symbol *||*.

¹ OJ .

² OJ .

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹,

Whereas:

- (1) The ultimate objective of the United Nations Framework Convention on Climate Change, which was approved on behalf of the European Community by Council Decision 94/69/EC of 15 December 1993² concerning the conclusion of the United Nations Framework Convention on Climate Change (UNFCCC), is to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.
- (2) The view of the Community, most recently expressed *in particular by the European Council in its meeting of March 2007*, is that in order to meet this objective, the overall global annual mean surface temperature increase should not exceed 2°C above pre-industrial levels, which implies that global greenhouse gas emissions should be reduced to at least 50% below 1990 levels by 2050. *The Community greenhouse gas emissions covered by this decision should continue to decrease beyond 2020 as part of EU's efforts to contribute to this global emissions reduction goal.* Developed countries, *including the EU Member States*, should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990. *They should do so also with a view to collectively reducing their emissions by 60 to 80% by 2050 compared to 1990. All sectors of the economy should contribute to achieving these emissions reductions, including international maritime shipping and aviation. Aviation is contributing to these reductions through its inclusion in the Community scheme. In the event that no international agreement including international maritime emissions in its reduction targets through the IMO has been approved by the Member States and/or no such agreement through the UNFCCC has been approved by the Community by 31 December 2011, the Commission should make a proposal to include international maritime emissions in the Community reduction commitment with the aim of its entry into force by 2013. Such proposal should minimize any negative impact on EU competitiveness taking into account the potential environmental benefits.*
- (3) In order to meet this objective, the European Council in its meeting of 8 and 9 March 2007 in Brussels has endorsed a Community objective of a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries commit themselves to contributing adequately according to their responsibilities and capabilities.
- (4) The European Council has emphasised that the Community is committed to transforming Europe into a highly energy-efficient and low greenhouse-gas-emitting economy and has decided that, until a global and comprehensive agreement for the period after 2012 is concluded, and without prejudice to its position in international

¹ Position of the European Parliament of xx December 2008.

² OJ L 33, 7.2.1994, p.11.

negotiations, the Community makes a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990.

- (4a) ***Energy efficiency improvements are a crucial element for Member States to meet the requirements under this Decision. In this context, the Commission should closely monitor progress towards the objective to reduce energy consumption by 20% by 2020, and propose additional actions if progress is insufficient.***
- (5) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC¹ established a system for greenhouse gas emission allowance trading within the Community, which covers certain sectors of the economy. In order to cost-effectively achieve the objective of 20% reduction of greenhouse gas emissions by 2020 compared to 1990 levels, all sectors of the economy should contribute to achieving these emission reductions. Member States should therefore implement additional policies and measures in an effort to further limit the emission of greenhouse gases from sources not covered under Directive 2003/87/EC.
- (6) The effort of each Member State should be determined in relation to the level of its 2005 greenhouse gas emissions ***covered by this Decision, as adjusted to exclude the emissions of installations that existed in 2005 but which were brought into the emissions trading system in the period 2006 to 2012. Limit values for 2013 to 2020 in terms of tons of carbon dioxide equivalent should be determined on the basis of reviewed and verified data.***
- (7) Member State reduction efforts should be based on the principle of solidarity between Member States and the need for sustainable economic growth across the Community, taking into account the relative *per capita* GDP of Member States. Member States that currently have a relatively low *per capita* GDP and thus high GDP growth expectations should be allowed to increase their greenhouse emissions compared to 2005, but should limit this greenhouse emissions growth to contribute to the overall reduction commitment of the Community. Member States that currently have a relatively high *per capita* GDP should reduce their greenhouse emissions compared to 2005.
- (8) To further ensure a fair distribution of efforts between the Member States of the contribution to the implementation of the independent commitment of the Community, no Member State should be required to reduce its greenhouse gas emissions in 2020 to more than 20% below 2005 levels and no Member State should be allowed to increase its greenhouse gas emissions in 2020 to more than 20% above 2005 levels. Reductions in greenhouse gas emissions should take place between 2013 and 2020, with each Member State being allowed to carry forward from the following year a quantity ***up to 5%*** of the greenhouse gas emission limit of that Member State and a Member State whose emissions are below that limit being allowed to carry over its excess emission reductions to the subsequent year.

¹ OJ L 275, 25.10.2003, p. 32. ||

- (8a) *As a means to even out the differences in abatement cost faced by different Member States by allowing for increased geographical flexibility, and at the same time, enhancing the over-all cost-efficiency of the total commitment of the Community, Member States should be able to transfer part of their allowed greenhouse gas emissions allocation to other Member States. The transparency of such transfers would be ensured by way of a notification to the Commission and the registration of each transfer in the registries of both Member States involved, and may be effectuated in a manner that is mutually convenient, including via auctioning, use of market intermediaries acting on an agency basis, or by way of a bilateral arrangement.*
- (8b) *Significant emission reductions should be made within the EU. The use of credits from project activities should be limited so that it is supplemental to domestic action. The EU remains committed to the continued improvement of the Clean Development Mechanism and will seek improvements through the appropriate international processes. It is important that credits from projects used by Member States represent real, verifiable, additional and permanent emission reductions and have clear sustainable development benefits and no significant negative environmental or social impacts. Member States should also report on the qualitative criteria they are applying for the use of such credits.*
- (9) In order to provide for flexibility for Member States in implementing their commitments, to promote sustainable development in third countries, in particular in developing countries, and to provide certainty to investors, the Community should continue to recognise a certain amount of credits from greenhouse gas emission reduction projects in third countries before a future international agreement on climate change has been reached. Member States should ensure that their policies for purchasing these credits enhance the equitable geographical distribution of projects, *in particular by increasing the share of Certified Emission Reductions (CERs) purchased from Least Developed Countries (LDCs) and Small Island Developing States (SIDS)*, and enhance the achievement of a future international climate change agreement.
- (10) Member States should therefore be able to use greenhouse gas emission reduction credits issued for reductions that were made during the period 2008 to 2012 and that result from project types which were *eligible for use in the Community scheme on emissions trading* during that period. Member States should also be able to use greenhouse gas emission reduction credits for reductions that were made after the period 2008 to 2012 and that result from projects that were registered and implemented during the period 2008 to 2012 and that result from project types ('categories of project') which were *eligible for use in the Community scheme on emissions trading* during that period.
- (11) Very few clean development mechanism (CDM) projects have been implemented in Least Developed Countries (LDCs). Given that the Community supports the equitable distribution of CDM projects, including through the Commission's Global Climate

Change Alliance¹, it is appropriate to give certainty on the acceptance of credits from projects started after the period 2008 to 2012 in LDCs, for project types that were *eligible for use in the Community scheme on emissions trading* during the period 2008 to 2012. That acceptance should continue until 2020 or the conclusion of an agreement with the Community, whichever is the earlier.

- (12) In order to provide for further flexibility and to promote sustainable development in developing countries, Member States should be able to use additional credits from projects through agreements concluded by the Community with third countries. Without a future international agreement on climate change that determines the assigned amount for developed countries, Joint Implementation (JI) projects cannot continue after 2012. Greenhouse gas emission reduction credits resulting from such projects should however continue to be recognised through agreements with third countries.
- (13) The continued ability for Member States to use CDM credits is important to help ensure a market for those credits after 2012. To help ensure such market as well as to ensure further greenhouse gas emission reductions within the Community and thus enhance the implementation of the objectives of the Community relating to renewable energy, *energy efficiency*, energy security, innovation and competitiveness, it is proposed to allow the annual use by Member States of credits from greenhouse gas emission reduction projects in third countries *up to a quantity representing 3% of the greenhouse gas emissions of each Member State not covered under Directive 2003/87/EC in the year 2005 or in other Member States*, until a future international agreement on climate change has been reached. Member States should be allowed to transfer the unused part of that quantity to other Member States. *Member States with an emissions reduction target, or a target of an increase, of at most 5% as set out in Annex II, which are listed in Annex III, should, in addition to the credits referred to above, be allowed to use additional credits amounting to 1% of their verified emissions in 2005 from projects in Least Developed Countries and Small Island Development States each year, in consequence of their compliance with one of the four conditions set out in this Decision.*
- (13a) *This Decision is without prejudice to more stringent national objectives. Where Member States limit their greenhouse gas emissions covered by this Decision beyond their obligations under this Decision in view of meeting a more stringent objective, the limitation imposed by this Decision on the use of greenhouse gas emission credits does not apply for the additional emission reductions to reach the national objective.*
- (13b) *In order to increase the cost-effectiveness of meeting national objectives, in particular for Member States with ambitious objectives, Member States can make use of credits resulting from Community-level projects as defined in Article 24a of Directive 2003/87/EC.*

¹ Communication from the Commission to the Council and the European Parliament, Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change - COM(2007) 540 ||.

- (14) Once a future international agreement on climate change has been reached, Member States should only accept emission reduction credits from countries which have ratified that agreement and subject to a common approach.
- (14a) The fact that certain provisions of this Decision refer to the approval of a future international agreement on climate change by the Community is without prejudice to the conclusion of that agreement by the Member States as well.*
- (14b) Upon the approval of an international agreement on climate change for the period after 2012 and as provided for in that agreement, the Community and its Member States should participate to finance measurable, reportable, verifiable, nationally appropriate greenhouse gases emissions mitigation action, consistent with the objective of limiting climate change to 2°C compared to pre-industrial levels, in developing countries which have ratified the agreement.*
- (14c) Upon the approval of an international agreement on climate change and as provided for in that agreement, the Community and its Member States should for the period after 2012 participate to finance assistance for developing countries which have ratified the agreement, in particular for communities and countries most at risk from climate change, with the aim of supporting them in their adaptation and risk reduction strategies.*
- (14d) In the event that no international agreement has been approved by the Community by 31 December 2010, the Commission should make a proposal to include emissions and removals related to land use, land use change and forestry in the Community reduction commitment with the aim of its entry into force from 2013 onwards according to harmonised modalities, building on work carried out in the context of UNFCCC, ensuring permanence and the environmental integrity of the contribution of land use, land use change and forestry as well as accurate monitoring and accounting. The Commission should assess if the distribution of individual Member States' efforts should be adjusted accordingly.*
- (15) Progress in implementing commitments under this Decision should be annually evaluated on the basis of reports submitted under Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol¹. Every two years an assessment should be made on the projected progress and a full evaluation of the implementation this Decision should be made in 2016.
- (16) Any adjustments in the coverage of Directive 2003/87/EC should be matched by a corresponding adjustment in the maximum quantity of emissions by sources not covered under that Directive.
- (17) Upon the **approval** by the Community of an international agreement on climate change the emission limits for Member States should be adjusted to achieve the Community's greenhouse gas emission reduction commitment set out in that agreement, taking into account the principle of solidarity between Member States and the need for sustainable

¹ OJ L 49, 19.2.2004, p. 1.

economic growth across the Community. The amount of credits from greenhouse gas emission reduction projects in third countries that each Member State can use should be increased by up to half of the additional reduction effort from sources not covered under Directive 2003/87/EC.

- (18) The registries established under Decision 280/2004/EC and the Central Administrator designated under Directive 2003/87/EC should be used to ensure an accurate processing and accounting of all transactions for the implementation of this Decision.
- (18a) Since the commitment entered into by the Community imposes tasks not only on the central governments of Member States but also on their local and regional governments and on other local and regional advocacy forums and organisations, Member States should ensure cooperation between their central authorities and local authorities at different levels.***
- (18b) In addition to individual Member States, central governments and local and regional organisations and authorities, market actors – together with households and individual consumers – should be involved in contributing to the implementation of the Community's commitment, irrespective of the level of greenhouse gas emissions which can be attributed to them.***
- (18c) Member States should ensure funding for the use of new, innovative techniques in order to enable industrial operators to create new jobs, thereby increasing competitiveness and promoting the achievement of the objectives set by the Lisbon Strategy.***
- (18d) Since increasing electricity generation from renewable energy sources is a particularly important means of reducing greenhouse gas emissions, Member States should seek to do this in the context of the Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources.***
- (19) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission¹. In particular power should be conferred on the Commission to ***determine the limits for 2013 to 2020 in terms of carbon dioxide equivalent, to indicate modalities in order to facilitate transfers by Member States of parts of their emission allocations and increase the transparency of these transfers, as well as to adopt measures to implement the provisions relating to the registries and the Central Administrator.*** Since those measures are of general scope and are designed to ■ supplement this Decision by the addition of new non-essential elements, they should be adopted in accordance with the regulatory procedure with scrutiny provided for in Article 5a of Decision 1999/468/EC.
- (20) Since the objectives of this Decision cannot be sufficiently achieved by the Member States acting individually, and can therefore, by reason of its scale and effects be better achieved at Community level, the Community may adopt measures, in accordance with

¹ OJ L 184, 17.7.1999, p. 23.

the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve *those objectives*,

HAVE ADOPTED THIS DECISION:

Article 1

Subject matter

This Decision lays down **■** the *minimum* contribution of Member States to meeting the greenhouse gas emission reduction commitment of the Community from 2013 to 2020 for greenhouse gas emissions *covered by this Decision, rules on meeting these contributions* and for the evaluation thereof.

It also lays down provisions for assessing and implementing a stricter EU reduction commitment exceeding 20%, to be applied upon the approval by the Community of an international agreement leading to emissions reductions exceeding those required pursuant to Article 3, as reflected in the 30% commitment as endorsed by the Spring 2007 European Council.

Article 2

Definitions

■

■ "Greenhouse gas emissions" means the emission of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆) from *categories listed in Annex I*, expressed in terms of carbon dioxide equivalent, as determined pursuant to *Decision 280/2004/EC, excluding emissions of greenhouse gases covered under Directive 2003/87/EC*.

"Annual emission allocation" means the annual maximum allowed greenhouse gas emissions in the years 2013 to 2020 as specified in Article 3(2).

Article 3

Emission levels for the period 2013 to 2020

1. **■** Each Member State shall, by 2020, limit its greenhouse gas emissions *at a minimum* by the percentage set for that Member State in *Annex II* to this Decision in relation to its emissions in the year 2005.
2. Subject to *paragraphs 3, 3a and 3b* and Article 4, each Member State *with a negative limit under Annex II* shall ensure that its **■** greenhouse gas emissions in 2013 **■** do not

exceed the average annual greenhouse gas emissions of that Member State during the years 2008, 2009 and 2010, as reported and verified pursuant to Directive 2003/87/EC and Decision 280/2004/EC, *including by making use of the flexibilities provided for in this decision.*

Subject to paragraphs 3, 3a and 3b and Article 4, each Member State with a positive limit under Annex II shall ensure that its greenhouse gas emissions in 2013 do not exceed a level defined by a linear trajectory, starting in 2009 on the average annual greenhouse gas emissions of that Member State during the years 2008, 2009 and 2010, as reported and verified pursuant to Directive 2003/87/EC and Decision 280/2004/EC, ending in 2020 on the maximum level for that Member State as specified in Annex II, including by making use of the flexibilities provided for in this decision.

Subject to *paragraphs 3, 3a and 3b* and Article 4, each Member State shall annually limit those greenhouse gas emissions in a linear manner to ensure that those emissions do not exceed the maximum level for that Member State in 2020 as specified in *Annex II, including by making use of the flexibilities provided for in this decision.*

When the relevant reviewed and verified emission data are available, measures shall be adopted within 6 months to determine the limits for 2013 to 2020 in terms of tons of carbon dioxide equivalent.

Those measures, designed to amend non-essential elements of this decision, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 9(2).

3. During the years 2013 to 2019, a Member State may carry forward from the following year a quantity *up to 5% of its annual emission allocation*. If the *greenhouse gas emissions* of a Member State are below *its annual emission allocation, taking into account the use of flexibilities pursuant to paragraphs 3, 3a and 3b*, it may carry over *the part of its annual emission allocation of a given year that exceeds its greenhouse gas emissions in that year* to the subsequent years *up to 2020*.

A Member State may request an increased carry forward rate in excess of 5% in the year 2013 and the year 2014 in case of extreme meteorological conditions which have lead to substantially increased greenhouse gas emissions in those years compared to years with normal meteorological conditions. To this end, the Member State shall submit a report to the Commission substantiating this request. Within 3 months, the Commission shall decide whether an increased carry forward can be granted.

- 3a. *A Member State may transfer up to 5% of its annual emission allocation of a given year to other Member States. A receiving Member State may use this quantity for the implementation of its obligation under Article 3 for the given year or any subsequent years up to 2020. A Member State cannot transfer any part of its annual emission allocation if, at the moment of transfer, it is not in compliance with the requirements of this Decision.*
- 3b. *A Member State may transfer the part of its annual emission allocation that exceeds its greenhouse gas emissions for that year, taking into account the use of flexibilities*

pursuant to paragraphs 3 and 3a, to other Member States. A receiving Member State may use this quantity for the implementation of its obligation under Article 3 for the same year or any subsequent years up to 2020. A Member State cannot transfer any part of its annual emission allocation if it is not in compliance with the requirements of this Decision.

- 3c. *In order to facilitate the transfers referred to in paragraphs 3a and 3b and increase their transparency, measures shall be adopted indicating modalities.*

Those measures, designed to amend non-essential elements of this decision, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 9(2).

Article 3a

Energy Efficiency

1. *The Commission shall no later than 2012 assess and report on the progress of the Community and its Member States towards the objective to reduce energy consumption by 20% by 2020 compared to projections for 2020, as outlined in the Action Plan on Energy Efficiency.*
2. *If appropriate, in particular in view of assisting Member States in their contributions towards meeting the Community's greenhouse gas reduction commitments, the Commission shall propose strengthened or new measures to accelerate energy efficiency improvements, no later than December 2012.*

Article 4

Use of credits from project activities

1. **█** Member States may use the following greenhouse gas emission reduction credits for the implementation of their obligations under Article 3:
 - (a) Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) issued in respect of emission reductions until 31 December 2012 *which where eligible for use in the Community scheme on emissions trading* during the period 2008 to 2012.
 - (b) CERs and ERUs issued in respect of emission reductions from 1 January 2013 from projects which were registered *before 2013 and which were eligible for use in the Community scheme on emissions trading* during the period 2008 to 2012.
 - (c) CERs issued in respect of emission reductions achieved from projects implemented in Least Developed Countries *which were eligible for use in the Community scheme on emissions trading* during the period 2008 to 2012, until

those countries have ratified an agreement with the Community or until 2020, whichever is the earlier.

(ca) tCERs or ICERs from afforestation and reforestation projects provided that, where a Member State has used tCERs or ICERs towards their commitments under Decision 2002/358/EC for the period 2008 to 2012, the Member State commits to the continuing replacement of those credits by tCERs, ICERs or other units valid under the Kyoto Protocol before the expiry date of the tCERs or ICERs, and the Member State also commits to the continuing replacement of tCERs or ICERs used under this Decision with tCERs, ICERs or other units usable towards those commitments before the expiry date of the tCERs or ICERs. Where replacement takes place using tCERs or ICERs, the Member State shall replace also those tCERs or ICERs before their expiry on a continuing basis, until their replacement with units of unlimited validity.

Member States *should* ensure that their policies for purchasing these credits enhance the equitable geographical distribution of projects and the achievement of an international agreement on climate change.

2. In addition to paragraph 1 and in the event that the *negotiations on* an international agreement on climate change *are not concluded by the end of December 2009*, Member States may, for the implementation of their obligations under Article 3, use additional greenhouse gas emission reduction credits resulting from projects or other emission reducing activities in accordance with agreements referred to in Article 11a(5) of Directive 2003/87/EC.
 3. Once *an* international agreement on climate change *as referred to in Article 1* has been reached, *from January 2013* Member States may only use *credits from projects* from third countries which have ratified that agreement.
 4. The annual use of credits by each Member State pursuant to paragraphs 1, 2 and 3 shall not exceed a quantity equal to 3% of the greenhouse gas emissions of that Member State **█** in the year 2005, *plus any quantity transferred according to paragraph 4b*.
- 4a. *Member States with an emissions reduction target, or a target of an increase, of at most 5% as set out in Annex II, which are listed in Annex III, shall, in addition to credits used pursuant to paragraph 4, be allowed to use additional credits amounting to 1% of their verified emissions in 2005 from projects in Least Developed Countries and Small Island Development States each year, in consequence of their compliance with one of the following four conditions:*
- *where the direct costs of the overall package exceed 0,70 % of GDP according to the Commission's impact assessment; or*
 - *where there is an increase of at least 0,1% of GDP between the target actually adopted for the Member State concerned and the cost-effective scenario according to the Commission's impact assessment; or*

- *where more than 50 % of the total emissions covered by this Decision for the Member State concerned are accounted for by transport-related emissions; or*
 - *where the Member State concerned has a renewable energies target for 2020 in excess of 30 % as set out in the Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources*
- 4b.** *Each year, each Member State may transfer the unused part of the annual quantity equal to [3%] as defined in paragraph 4, to another Member State. Where a Member State's annual use of credits does not reach the quantity in paragraph 4, the Member State may carry over the unused part of that quantity to subsequent years.*
- 4c.** *Member States shall, in addition, be able to use credits from Community-level projects issued pursuant to Article 24a of Directive 2003/87/EC towards their emission reduction commitments, without any quantitative limit whatsoever.*

Article 5

Reporting, evaluation of progress, amendments and review

1. Member States shall, in their **■** reports submitted pursuant to Article 3 of Decision 280/2004/EC, **include the following:**
 - (a) their annual emissions resulting from the implementation of Article 3;
 - (b) the use, *geographical distribution and types of as well as the qualitative criteria applied to credits used* in accordance with Article 4;
 - (c) *projected progress towards meeting their commitments under this Decision, including information on national policies and measures and national projections;*
 - (d) *information on planned additional national policies and measures envisaged with a view to limit greenhouse gas emissions beyond their commitments under this Decision in view of the implementation of an international agreement, as referred to Article 6.*
- 1a.** *In case a Member State is using credits from project types that cannot be used by operators in the Community emission trading scheme that Member State shall provide detailed justification for the use of such credits.*
2. The Commission shall in its reports submitted pursuant to **Article 5(1) and (2)** of Decision 280/2004/EC evaluate whether progress **of Member States** is sufficient to **fulfil their** commitments under this Decision.

The evaluation shall take into account progress in Community policies and measures and information from Member States in accordance with Article 3 and Article 5 of Decision 280/2004/EC.

Every two years, starting with the emissions reported for the year 2013, the evaluation shall also include the projected progress of the Community and its Member States towards fulfilling their commitments under this Decision. ■

- 2a. In the report referred to in paragraph 2, the Commission shall assess the overall implementation of the Decision, including the use and quality of CDM credits and the need for further common and co-ordinated policies and measures at Community level in the sectors covered by this Decision to assist Member States in meeting their commitments under this Decision, and make proposals as appropriate.*
- 2b. In order to implement this Decision, the Commission shall make proposals to amend Decision 280/2004/EC and adopt amendments to Decision 2005/166/EC where appropriate and in view of their application from 1 January 2013, to ensure in particular:*
 - faster, efficient, transparent and cost-effective monitoring, reporting and verification;*
 - the need to develop national projections of greenhouse gas emissions beyond 2020.*

Article 5a

Corrective action

- 1. In case the greenhouse gas emissions exceed the limit as specified in Article 3(2), taking into account the flexibilities used pursuant to Articles 3 and 4, the following measures shall apply:*
 - deduction from the Member State emission allocation of the following year equal to the amount in tons of these excess emissions multiplied by an abatement factor of 1,08;*
 - development of the corrective action plan in accordance with paragraph 2 below;*
 - temporary suspension of the eligibility to transfer part of its emission allocation and JI/CDM rights to another Member State up until paragraph 1 no longer applies in the following years.*
- 2. If paragraph 1 applies, the Member State shall, within three months, submit to the Commission an assessment and a corrective action plan that includes:*
 - action that the Member State will implement in order to meet its specific obligations under Article 3(2), giving priority to domestic policies and measures and implementation of EU action;*
 - a timetable for implementing such action, which enables the assessment of*

annual progress in the implementation.

The Commission may issue an opinion on the corrective action plan of the Member State in question.

Before issuing that opinion, the Commission may submit the corrective action plan to the Climate Change committee for comments.

Article 6

Adjustments applicable upon the *approval by the Community* of a future international agreement on climate change

1. *At the latest 3 months after the signature by the Community of an international agreement on climate change leading, by 2020, to mandatory reductions of greenhouse gas emissions exceeding 20% compared to 1990 levels, as reflected in the 30% commitment as endorsed by the Spring 2007 European Council, the Commission shall submit a report assessing, in particular, the following elements:*
 - *the nature of the measures agreed upon in the framework of the international negotiations as well as the commitments made by other developed countries to comparable emission reductions to the EU's and the commitments made by economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities;*
 - *the implications of the international agreement, and consequently, options required at the EU level, in order to move to the 30 % reduction target in a balanced, transparent and equitable way, taking into account work under the Kyoto Protocol first commitment period;*
 - *the EU manufacturing industries competitiveness in the context of carbon leakage risks;*
 - *the impact of the international agreement on other EU economic sectors;*
 - *the impact on the EU agriculture sector, including carbon leakage risks;*
 - *appropriate modalities for including emissions and removals related to land use, land use change and forestry in the Community;*
 - *afforestation, reforestation, avoided deforestation and forest degradation in third countries in the event of the establishment of any internationally recognised system in this context;*
 - *the need for additional Community policies and measures in view of the Community's and the Member States' greenhouse gas reduction commitments.*
2. *On the basis of this report, the Commission shall, if appropriate, submit a legislative*

proposal to the European Parliament and to the Council amending the present decision pursuant to paragraph 1, with a view to its entry into force upon the approval by the Community of the international agreement and in view of the emissions reduction commitment to be implemented under that agreement.

This proposal shall be based upon the principles of transparency, economic efficiency and cost-effectiveness, and fairness and solidarity in the distribution of effort between Member States.

3. *This proposal shall allow, as appropriate, Member States to use CERs, ERUs or other approved credits from projects in third countries which have ratified the international agreement in addition to the credits provided for in the present decision.*
- 3a. *It shall also include, as appropriate, measures to allow for Member States to use the unused part of that quantity in the subsequent years or transfer the unused part of that quantity to another Member State.*
4. *It shall also include, as appropriate, any other measures needed to help reach the mandatory reductions in accordance with paragraph 1 in a transparent, balanced and equitable way and, in particular, implementing measures to provide for the use by Member States of additional types of project credits or the use by Member States of other mechanisms created under the international agreement, as appropriate.*
- 4a. *On the basis of rules agreed as part of a future international agreement, the Commission shall make a proposal to include emissions and removals related to land use, land use change and forestry in the Community reduction commitment, as appropriate, according to harmonised modalities ensuring permanence and the environmental integrity of the contribution of land use, land use change and forestry as well as accurate monitoring and accounting. The Commission shall assess if the distribution of individual Member States' efforts should be adjusted accordingly.*
5. *It shall include the appropriate transitional and suspensive measures pending the entry into force of the international agreement.*

Article 6a

Procedure in relation on land use, land use change and forestry in the event of no international agreement

In the event that no international agreement has been approved by the Community by 31 December 2010, Member States may specify their intentions for the inclusion of land use, land use change and forestry in the Community reduction commitment taking into account methodologies within the work carried out in the context of UNFCCC. Taking into account such specification by Member States the Commission shall, by 30 June 2011, assess modalities for the inclusion of emissions and removals from activities related to land use, land use change and forestry in the Community reduction commitment, ensuring permanence and the environmental integrity of the contribution of land use, land use change and forestry as well as accurate monitoring and accounting, and make a proposal

as appropriate with the aim of its entry into force from 2013 onwards. The Commission's assessment shall consider if the distribution of individual Member States' efforts should be adjusted accordingly.

Article 7

Changes in the scope and application of Article 24a of Directive 2003/87/EC

The maximum quantity of emissions *for each Member State* under Article 3 of this Decision shall be adjusted in accordance with:

- (a) the quantity of allowances *or credits* for greenhouse gas emissions issued pursuant to Article 11 of Directive 2003/87/EC that results from a change in the coverage of sources under that Directive following the final approval by the Commission of the national allocation plans for the period 2008 to 2012 pursuant to Directive 2003/87/EC;
- (b) *allowances or credits issued pursuant to Articles 24 and 24a of Directive 2003/87/EC in respect of emission reductions in a Member State covered by this Decision.*
- (c) *the quantity of allowances for greenhouse gas emissions from installations excluded from the Community scheme in accordance with Article 27 of Directive 2003/87/EC for the time that they are excluded.*

The Commission shall publish the figures resulting from that adjustment.

Article 8

Registries and Central Administrator

1. Member State registries established pursuant to Article 6 of Decision 280/2004/EC shall ensure the accurate accounting of transactions under this Decision. This information shall be accessible to the public.
2. The Central Administrator designated under Article 20 of Directive 2003/87/EC shall through its independent transaction log conduct an automated check on each transaction under this Decision and where necessary block transactions to ensure there are no irregularities. This information shall be accessible to the public.
3. The Commission shall adopt the measures necessary to implement paragraphs 1 and 2.

Those measures designed to amend non-essential elements of this decision by supplementing it shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 9(2).

Article 8a

Amendments to Regulation 994/2008/EC

In order to implement this Decision, the Commission shall adopt amendments to Commission Regulation 994/2008/EC.

Article 9

Committee

1. The Commission shall be assisted by the climate change committee instituted by Article 9 of Decision 280/2004/EC.
2. Where reference is made to this paragraph, *Articles 5a(1) to (4) and Article 7* of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

Article 10

Report

The Commission shall draw up a report evaluating the implementation of this Decision. ***That report shall also evaluate how the implementation of this Decision has affected competition at national, EU and international level.*** The Commission shall submit that report to the European Parliament and to the Council by 31 October 2016, accompanied by proposals as appropriate, ***in particular whether it is appropriate to differentiate national targets for the period post-2020.***

Article 11

Entry into force

This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Article 12

This Decision is addressed to the Member States.

Done at ||

For the European Parliament

The President

For the Council

The President

Annex I

***CATEGORIES REFERRED TO IN ARTICLE 2
AS FURTHER SPECIFIED IN ANNEX I, CATEGORIES 1 to 4 AND 6 OF
DECISION 2005/166/EC***

Energy

Fuel combustion

Fugitive emissions from fuels

Industrial processes

Solvent and other product use

Agriculture

Waste

Annex II

MEMBER STATE GREENHOUSE GAS EMISSIONS UNDER ARTICLE 3

	Member State greenhouse gas emission limits <i>in</i> 2020 compared to 2005 greenhouse gas emissions levels <i>from</i> sources not covered under Directive 2003/87/EC
Belgium	-15%
Bulgaria	20%
Czech Republic	9%
Denmark	-20%
Germany	-14%
Estonia	11%
Ireland	-20%
Greece	-4%
Spain	-10%
France	-14%
Italy	-13%
Cyprus	-5%
Latvia	17%
Lithuania	15%
Luxembourg	-20%
Hungary	10%
Malta	5%
Netherlands	-16%
Austria	-16%
Poland	14%
Portugal	1%
Romania	19%
Slovenia	4%
Slovakia	13%
Finland	-16%
Sweden	-17%
United Kingdom	-16%

Annex III

MEMBER STATES REFERRED TO IN ARTICLE 4(4a)

Austria

Belgium

Denmark

Finland

Ireland

Spain

Italy

Cyprus

Luxembourg

Portugal

Slovenia

Sweden

Or. en