



2021/0211(COD)

11.5.2022

# COMPROMISE AMENDMENTS

## 1 - 33

**Draft report**

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(PE703.068v01-00)

on the proposal for a directive of the European Parliament and of the Council Amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (ETS Revision)

Proposal for a directive

(COM(2021)0571 – C9-0318/2021 – 2021/0211(COD))

AM\_Com\_LegCompr

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# CA 1 (Alt.): Ambition (Cap, Linear Reduction Factor, Downward Adjustment)

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supported by S&D, RE, Greens, The Left

## Compromise Amendment 1 (Alt.)

Compromise amendment replacing Amendments 793-815 (Article 9(3)); TRAN 81, 240-254 (recital 26 and recital 27)

## Proposal for a directive

### Article 1 – paragraph 1 – point 10

Directive 2003/87/EC

Article 9 – paragraph 3

#### *Text proposed by the Commission*

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

#### *Amendment*

In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall ***equal the average emissions of the period [the three years preceding the year of entry into force], adjusted, from the mid-point of this period, by the linear reduction factor***. In the same year, the Union-wide quantity of allowances shall be increased by ***a number of allowances corresponding to the emissions from*** maritime transport ***activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor***. In [the year following entry into force of this amendment], the linear factor shall be 4,2 %. ***In each subsequent year until 2030, the reduction factor shall increase by 0,1 percentage points compared to the previous year***. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted];

Or. en

## Proposal for a directive Recital 26

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 27**

*Text proposed by the Commission*

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

*Amendment*

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

reduction of the quantity of allowances should reduce the total quantity of allowances so that it is in line with ***this level of annual reduction having been made from 2021 onwards.***

total quantity of allowances so that it is in line with ***the real average emissions of the three years preceding the entry into force of this Directive, adjusted, from the mid-point of this period, by the linear reduction factor.***

Or. en

# CA 1: Ambition (Cap, Linear Reduction Factor, Downward Adjustment)

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supported by EPP, ECR

## Compromise Amendment 1

Compromise amendment replacing Amendments 793-815 (Article 9(3)); TRAN 81, 240-254 (recital 26 and recital 27)

## Proposal for a directive

### Article 1 – paragraph 1 – point 10

Directive 2003/87/EC

Article 9 – paragraph 3

#### *Text proposed by the Commission*

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

#### *Amendment*

In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be increased by ***[number corresponding to scope of application to maritime transport activities as set out in Article 3g of Directive 2003/87/EC]*** allowances for maritime transport. Starting in [the year following entry into force of this amendment], the linear factor shall be ***5,09 % until 2030***. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].;

Or. en

## Proposal for a directive

### Recital 26

#### *Text proposed by the Commission*

(26) Achieving the Union's emissions reduction target for 2030 will require a reduction in the emissions of the sectors covered by the EU ETS of 61 % compared to 2005. The Union-wide quantity of allowances of the EU ETS needs to be reduced to create the necessary long-term carbon price signal and drive for this

#### *Amendment*

26) Achieving the Union's emissions reduction target for 2030 will require a ***significant*** reduction in the emissions of the sectors covered by the EU ETS of 61 % compared to 2005. The Union-wide quantity of allowances of the EU ETS needs to be reduced ***progressively*** to create the necessary long-term carbon price signal

degree of decarbonisation. To this end, the linear reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.

and drive for this degree of decarbonisation. To this end, the linear reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.

Or. en

### **Proposal for a directive** **Recital 27**

#### *Text proposed by the Commission*

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

#### *Amendment*

(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper linear reduction pathway of the EU ETS should be a straight line from 2021 to 2030, such as to achieve emission reductions in the EU ETS of 61 % by 2030, as the appropriate intermediate step towards Union economy-wide climate neutrality in 2050 ***at the latest.***

Or. en

## CA 2: CCU/CCS

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supported by EPP, S&D, RE, Greens, ECR, The Left

### Compromise Amendment 2

Compromise amendment replacing Amendments 2, 81, 636, 648-657 (Article 3(1)(1); 1325 (Article 12(3)(a)); 77-79, 1328-1351, 169-183, 385-400 (Article 12(3)(b), recital 13, recital 40); 3, 80, 789, 1403 (Article 12(3)(b a new)), ITRE 2, ITRE 18, ITRE 19, ITRE 22, TRAN 22, TRAN 50-51)

### Definition of ‘emissions’ (Article 3(1)(b))

#### Proposal for a directive

#### Article 1 – paragraph 1 – point 2 – point a

Directive 2003/87/EC

Article 3 – paragraph 1 – point b

#### *Text proposed by the Commission*

(b) ‘emissions’ means the release of greenhouse gases from sources in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;

#### *Amendment*

(b) ‘emissions’ means the release of greenhouse gases from sources in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;

Or. en

### CCS (Article 12(3)(a))

#### Proposal for a directive

#### Article 1 – paragraph 1 – point 15 – point d a (new)

Directive 2003/87/EC

Article 12 – paragraph 3 a

#### *Text proposed by the Commission*

3a. An obligation to surrender allowances shall not arise in respect of emissions verified as captured and transported for

#### *Amendment*

3a. An obligation to surrender allowances shall not arise in respect of emissions verified as captured and transported for

permanent storage to a facility for which a permit is in force in accordance with Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide.

permanent storage to a facility for which a permit is in force in accordance with Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide.

Or. en

## CCU (Article 12(3)(b))

### Proposal for a directive

#### Article 1 – paragraph 1 – point 15 – point e

Directive 2003/87/EC

Article 12 – paragraph 3 b – subparagraph 1

#### *Text proposed by the Commission*

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

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

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

#### *Amendment*

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

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 16**

Directive 2003/87/EC

Article 14 – paragraph 1 – subparagraph 1

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 12 – paragraph 3b b (new)

*Present text*

*Amendment*

***The following paragraph is inserted:***

***"3bb. By 31 December 2029, the Commission shall present a report to the European Parliament and to the Council in which it shall examine whether all greenhouse gas emissions from the different activities covered by this Directive are effectively accounted for, at which stages of the process those greenhouse gas emissions are accounted for, and whether double accounting has been avoided, , in particular taking into***

*account the downstream stages, including disposal and waste incineration, and export, and assess the comparative climate and economic benefits of accounting for the emissions for each activity at different stages of the process . The Commission may, where appropriate, accompany that report with a legislative proposal to amend this Directive to ensure that all emissions are accounted for at the most effective stage and that double counting is avoided."*

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 12 – paragraph 3b c (new)

*Present text*

*Amendment*

*The following paragraph is inserted:*

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

*where appropriate, accompany that report with a legislative proposal to amend this Directive to include such a life-cycle assessment approach."*

Or. en

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

*Text proposed by the Commission*

*Amendment*

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

## Proposal for a directive

### Recital 13

#### *Text proposed by the Commission*

(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council<sup>46</sup>, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt **implementing** acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.

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<sup>46</sup> Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

#### *Amendment*

(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council<sup>46</sup>, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use **and disposal**. The Commission should be empowered to adopt **delegated** acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use **and disposal**, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.

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<sup>46</sup> Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

**Proposal for a directive**  
**Recital 40**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Negative emissions (Article 12(3)(b a new))**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 15 – point e a (new)**  
Directive 2003/87/EC  
Article 12 – paragraph 3 b a (new)

*Text proposed by the Commission*

*Amendment*

***(ea) The following paragraph is inserted:***

***"3ba. By 1 January 2025, the Commission shall present a report to the European Parliament and to the Council in which it shall examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored shall be accounted for and how these negative emissions can be covered by emissions trading, and in which it shall propose a clear scope and strict criteria and safeguards to ensure that such removals are not offsetting necessary emissions reductions in accordance with Union climate targets as laid down in Regulation (EU) 2021/1119. That report shall, where appropriate, be accompanied by a legislative proposal to cover negative emissions.***

Or. en

**Proposal for a directive**  
**Recital 13 b**

*Text proposed by the Commission*

*Amendment*

***(13b) In line with Regulation (EU) 2021/1119, priority should be given to direct emissions reductions, which will have to be complemented by increased CO<sub>2</sub> removals in order to achieve climate neutrality. In the medium-term, CO<sub>2</sub> removals could already help to increase the ambition above the Union 2030 climate target as laid down in Regulation (EU) 2021/1119. Therefore, the Commission should examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored, for example through***

*direct air capture, can be accounted for and incentivised in emissions trading, including by proposing a clear scope and strict criteria and safeguards to ensure that such removals do not offset necessary emissions reductions but are genuine and permanent.*

Or. en

## CA 3: Biomass

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supported by EPP, S&D, RE, The Left

### Compromise Amendment 3

Compromise amendment replacing Amendments AM 1080, 1081, 1356 - 1362, 1382, 1639-1648, 1666, 1667, 1686-1693 (Articles 14 & 27, Annex I & IV) 382-384, 403-411(Recitals 39, 40, 42), TRAN 23, TRAN 103, TRAN 124, ITRE 23, ITRE 53

### **Zero-Rating when compliant with RED II criteria (Article 14(1))**

#### Proposal for a directive

#### Article 1 – paragraph 1 – point 16

Directive 2003/87/EC

Article 14 – paragraph 1

#### *Text proposed by the Commission*

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

1. The Commission shall adopt **implementing** acts concerning the detailed arrangements for the monitoring and reporting of emissions and, where relevant, activity data, from the activities listed in Annex I, for the monitoring and reporting of tonne-kilometre data for the purpose of an application under Article 3e or 3f, which shall be based on the principles for monitoring and reporting set out in Annex IV and the requirements set out in paragraph 2 of this Article. Those **implementing** acts shall also specify the global warming potential of each greenhouse gas in the requirements for monitoring and reporting emissions for that gas.

#### *Amendment*

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

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

Or. en

## Proposal for a directive

### Article 1 – paragraph 1 – point 16

Directive 2003/87/EC

Article 14 – paragraph 1 – subparagraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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

Or. en

## Proposal for a directive

### Annex – point 3 – point a – point 1

Directive 2003/87/EC

Annex IV – Part A – Calculation – subparagraph 4

#### *Text proposed by the Commission*

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

#### *Amendment*

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

Or. en

**Proposal for a directive**  
**Annex – paragraph 1 – point c – point vii**  
Directive 2003/87/EC  
Annex I – table – last row –column 2

*Text proposed by the Commission*

Greenhouse gases covered by Regulation (EU) 2015/757

*Amendment*

Greenhouse gases covered by Regulation (EU) 2015/757

Or. en

**Proposal for a directive**  
**Recital 39**

*Text proposed by the Commission*

(39) Commission Implementing Regulation (EU) 2018/2066<sup>54</sup> lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council<sup>55</sup>, the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt **implementing** acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.

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<sup>54</sup> Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on

*Amendment*

(39) Commission Implementing Regulation (EU) 2018/2066<sup>54</sup> lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council<sup>55</sup>, the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt **delegated** acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.

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<sup>54</sup> Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on

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

<sup>55</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

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

<sup>55</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Or. en

## Scope of biomass using installations covered (Annex I, IV)

**Proposal for a directive**  
**Annex – paragraph 1 – point a**  
Directive 2003/87/EC  
Annex I – point 1

*Text proposed by the Commission*

1. Installations or parts of installations used for research, development and testing of new products and processes, and installations **where emissions from the combustion of biomass that complies with the criteria set out pursuant to Article 14 contribute to more than 95 % of the total greenhouse gas emissions** are not covered by this Directive.

*Amendment*

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

Or. en

**Proposal for a directive**  
**Annex – paragraph 1 – point a**  
Directive 2003/87/EC  
Annex I – point 2

*Text proposed by the Commission*

2. When the total rated thermal input

*Amendment*

2. When the total rated thermal input

of an installation is calculated in order to decide upon its inclusion in the EU ETS, the rated thermal inputs of all technical units which are part of it, in which fuels are combusted within the installation, shall be added together. These units may include all types of boilers, burners, turbines, heaters, furnaces, incinerators, calciners, kilns, ovens, dryers, engines, fuel cells, chemical looping combustion units, flares, and thermal or catalytic post-combustion units. Units with a rated thermal input under 3 MW shall not be taken into account for the purposes of this calculation.;

of an installation is calculated in order to decide upon its inclusion in the EU ETS, the rated thermal inputs of all technical units which are part of it, in which fuels are combusted within the installation, shall be added together. These units may include all types of boilers, burners, turbines, heaters, furnaces, incinerators, calciners, kilns, ovens, dryers, engines, fuel cells, chemical looping combustion units, flares, and thermal or catalytic post-combustion units. Units with a rated thermal input under 3 MW shall not be taken into account for the purposes of this calculation.;

Or. en

## **Proposal for a directive**

### **Recital 42**

*Text proposed by the Commission*

(42) *The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331<sup>56</sup>.*

*Amendment*

(42) *Deleted*

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<sup>56</sup> *Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council*

## **Exclusion Criteria for small installations**

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 27 a – paragraph 1 – introductory part

#### *Text proposed by the Commission*

1. Member States may exclude from the EU ETS installations that have reported to the competent authority of the Member State concerned emissions of less than 2 500 tonnes of carbon dioxide equivalent, disregarding emissions from biomass, in each of the three years preceding the notification under point (a), provided that the Member State concerned:

#### *Amendment*

"1. Member States may exclude from the EU ETS installations that have reported to the competent authority of the Member State concerned emissions of less than 2 500 tonnes of carbon dioxide equivalent, disregarding emissions from biomass, in each of the three years preceding the notification under point (a), provided that the Member State concerned:"

## CA 4: Municipal Waste Incineration

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*supported by EPP, S&D, RE, Greens, The Left*

### **Compromise Amendment 4**

Compromise amendment replacing Amendments 4, 48, 49, 109, 168, 184-189, 236, 783, 784, 785, 816, 817, 1405, 1633, 1634, 1635, 1649-1657

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 3h – paragraph 1a (new)

*Text proposed by the Commission*

*Amendment*

***1. From 1 January 2026, the provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of municipal waste incineration installations.***

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

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

***The Commission shall, where appropriate, accompany that report with a legislative proposal to prevent the impacts referred to the third paragraph and to include the processes referred to in the fourth subparagraph in the EU ETS.***

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 10**  
Directive 2003/87/EC  
Article 9 – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**  
**Annex I - paragraph 1 - point a a (new)**  
Directive 2003/87/EC  
Annex I – point 5

*Present text*

*Amendment*

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

***In Annex I, point 5 is amended as follows:***

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

Or. en

**Proposal for a directive**  
**Annex - paragraph 1 - point b - point -i (new)**  
Directive 2003/87/EC  
Annex I – table - row 1

*Present text*

Combustion of fuels in installation with a total rated thermal input exceeding 20MW (except in installations for the incineration of hazardous <i>or municipal</i> waste)	Carbon dioxide
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*Amendment*

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

Combustion of fuels in installations with a total rated thermal input exceeding 20 MW (except in installations for the incineration of hazardous waste) <b><i>including, from 1 January 2026, the combustion of fuels in installations for the incineration of municipal waste</i></b>	Carbon dioxide
--	----------------

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(13a) The EU ETS should avoid, as much as possible, undue exemptions and distortive measures. In the long-term, all sectors should play a role in contributing to the achievement of climate neutrality within the Union by 2050 and all CO<sub>2</sub> emissions should be covered by the appropriate Union policy instruments. The inclusion of municipal waste incineration installations in the EU ETS would contribute to the circular economy by encouraging recycling, reuse and repair of products, while also contributing to economy-wide decarbonisation. Since***

*recycling and regeneration activities are already covered by the EU ETS, the inclusion of municipal waste incineration installations would reinforce incentives for sustainable management of waste in line with the waste hierarchy. It would complement other elements of Union waste legislation. Moreover, integrating waste incineration into the EU ETS would create a level playing field between the regions that have included municipal waste incineration under the scope, reducing the risk of tax competition between regions. However to avoid deviation of waste from municipal waste incineration installations towards landfills in the Union, which create methane emissions, and exports of waste to third countries, with a potentially hazardous impact on the environment, the inclusion of municipal waste incineration installations within the scope of Directive 2003/87/EC from 1 January 2026 should be preceded by an impact assessment to be conducted by 31 December 2024, which, where appropriate, should be accompanied by a legislative proposal to prevent such deviation of waste and such exports.*

Or. en

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

*Text proposed by the Commission*

*Amendment*

*(13b) According to the Communication of the Commission of 14 October 2020 on an EU strategy to reduce methane emissions, 26 % of the continent's methane emissions come from waste. Worldwide, landfills and dumpsites are predicted to account for 8–10 % of all*

***anthropogenic greenhouse gas emissions by 2025. The Union should aim at significantly reducing landfilling in the Union and should in any case avoid that the future inclusion of waste incineration in the EU ETS creates an uneven playing field and leads to increased landfilling. Therefore, the Commission should also assess the possibility and feasibility of including all waste management processes, such as landfills, fermentation, composting and mechanical-biological treatment, in the EU ETS.***

Or. en

## CA 5: Cross-Sectoral Correction Factor

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supported by EPP, S&D, RE, The Left

### Compromise Amendment 5

Compromise amendment replacing Amendments 64-66; 910-912, 1122-1133; (Article 10a(5)); 33 (recital 66a new)

### Proposal for a directive

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

Directive 2003/87/EC

Article 10a – paragraph 5

#### *Present text*

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

#### *Amendment*

***(da) paragraph 5 is replaced by the following:***

"5. In order to respect the auctioning share set out in Article 10, for every year in which the sum of free allocations does not reach the maximum amount that respects the auctioning share, the remaining allowances up to that amount shall be used to prevent or limit reduction of free allocations to respect the auctioning share in later years. Where, nonetheless, the maximum amount is reached, free allocations shall be adjusted accordingly. Any such adjustment shall be done in a uniform manner. ***However, installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union in the years 2021 and 2022 for the relevant product benchmarks shall be exempted from the adjustment.***"

Or. en

### Proposal for a directive

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

Directive 2003/87/EC

## Article 10a – paragraph 5a and 5b

### *Text proposed by the Commission*

5a. By way of derogation from paragraph 5, an additional amount of up to 3 % of the total quantity of allowances shall, to the extent necessary, be used to increase the maximum amount available under paragraph 5

5b. Where less than 3 % of the total quantity of allowances is needed to increase the maximum amount available under paragraph 5:

- a maximum of 50 million allowances shall be used to increase the amount of allowances available to support innovation in accordance with Article 10a(8); and

- a maximum of 0,5 % of the total quantity of allowances shall be used to increase the amount of allowances available to modernise the energy systems of certain Member States in accordance with Article 10d.”

### *Amendment*

“5a. By way of derogation from paragraph 5, an additional amount of up to 3 % of the total quantity of allowances shall, to the extent necessary, be used to increase the maximum amount available under paragraph 5.

5b. Where less than 3 % of the total quantity of allowances is needed to increase the maximum amount available under paragraph 5:

- a maximum of 50 million allowances shall be used to increase the amount of allowances available to support innovation in accordance with Article 10a(8); and

- a maximum of 0,5 % of the total quantity of allowances shall be used to increase the amount of allowances available to modernise the energy systems of certain Member States in accordance with Article 10d.”

Or. en

## Recitals

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

#### *Text proposed by the Commission*

#### *Amendment*

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

Or. en



# CA 6A (Alt.): Free Allocations

## General provisions & Carbon leakage list

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*supported by Greens, The Left*

### Compromise Amendment 6A

Compromise amendment replacing the following amendments: 368, 821-823, 1221-1229, TRAN 82

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 - point -a (new)

Directive 2003/87/EC

Article 10 – paragraph 1 - subparagraph 2

#### *Present text*

From 2021 onwards, and without prejudice to a possible reduction pursuant to Article 10a(5a), the share of allowances to be auctioned shall be 57 %.

#### *Amendment*

From 2021 onwards, and without prejudice to a possible reduction pursuant to Article 10a(5a), the share of allowances to be auctioned shall be 57 %. ***From [the year of entry into force of this Directive] onwards, the share of allowances to be auctioned shall be 60%. The share of allowances to be auctioned shall thereafter be revised upwards as follows: 65% in 2026, 70% in 2027, 80% in 2028, 90% in 2029 and 100% from 2030 onwards. Sectors and subsectors covered by Regulation (EU) .../... [Carbon Border Adjustment Mechanism] shall receive free allocation in accordance with Article 10a(1a).***

Or. en

### Proposal for a directive

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

Directive 2003/87/EC

Article 10b – paragraph 1

#### *Present text*

1. Sectors and subsectors in relation to which the product resulting from

#### *Amendment*

1. Sectors and subsectors in relation to which the product resulting from

multiplying their intensity of trade with third countries, defined as the ratio between the total value of exports to third countries plus the value of imports from third countries and the total market size for the European Economic Area (annual turnover plus total imports from third countries), by their emission intensity, measured in kgCO<sub>2</sub>, divided by their gross value added (in euros), exceeds 0,2, shall be deemed to be at risk of carbon leakage. Such sectors and subsectors shall be allocated allowances free of charge *for the period until 2030 at 100 % of the quantity determined pursuant to Article 10a.*

multiplying their intensity of trade with third countries, defined as the ratio between the total value of exports to third countries plus the value of imports from third countries and the total market size for the European Economic Area (annual turnover plus total imports from third countries), by their emission intensity, measured in kgCO<sub>2</sub>, divided by their gross value added (in euros), exceeds 0,2, shall be deemed to be at risk of carbon leakage. Such sectors and subsectors shall be allocated allowances free of charge *in accordance with Article 10(1).*

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 12 c (new)**  
Directive 2003/87/EC  
Article 10b – paragraph 2

*Present text*

2. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries by their emission intensity exceeds 0,15 may be included in the group referred to in paragraph 1, using data for the years from 2014 to 2016, on the basis of a qualitative assessment and of the following criteria:

- (a) the extent to which it is possible for individual installations in the sector or subsector concerned to reduce emission levels or electricity consumption;
- (b) current and projected market characteristics, including, where relevant, any common reference price;
- (c) profit margins as a potential indicator of long-run investment or

*Amendment*

2. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries by their emission intensity exceeds 0,15 may be included in the group referred to in paragraph 1, using data for the years from 2014 to 2016, on the basis of a qualitative assessment and of the following criteria:

- (a) the extent to which it is possible for individual installations in the sector or subsector concerned to reduce emission levels or electricity consumption;
- (b) current and projected market characteristics, including, where relevant, any common reference price;
- (c) profit margins as a potential indicator of long-run investment or

relocation decisions, taking into account changes in costs of production relating to emission reductions.

relocation decisions, taking into account changes in costs of production relating to emission reductions.

Or. en

### Proposal for a directive

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

Directive 2003/87/EC

Article 10b – paragraph 4

#### *Present text*

4. Other sectors and subsectors are considered to be able to pass on more of the costs of allowances in product prices, and shall be allocated allowances free of charge at 30 % of the quantity determined pursuant to Article 10a. ***Unless otherwise decided in the review pursuant to Article 30, free*** allocations to other sectors and subsectors, ***except district heating***, shall decrease by equal amounts after 2026 so as to reach a level of no free allocation in 2030.

#### *Amendment*

4. Other sectors and subsectors are considered to be able to pass on more of the costs of allowances in product prices, and shall be allocated allowances free of charge at 30 % of the quantity determined pursuant to Article 10a. ***Free*** allocations to other sectors and subsectors shall decrease by equal amounts after 2026 so as to reach a level of no free allocation in 2030.

Or. en

# CA 6A : Free Allocations

## General provisions & Carbon leakage list

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*supported by EPP, S&D, RE, ECR*

### **Compromise Amendment 6A**

Compromise amendment replacing the following amendments: 368, 821-823, 1221-1229, TRAN 82

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 11 - point -a (new)**

Directive 2003/87/EC

Article 10 – paragraph 1 - subparagraph 2

#### *Present text*

From 2021 onwards, and without prejudice to a possible reduction pursuant to Article 10a(5a), the share of allowances to be auctioned shall be 57 %.

#### *Amendment*

From 2021 onwards, and without prejudice to a possible reduction pursuant to Article 10a(5a), the share of allowances to be auctioned shall be 57 %.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 a (new)**

Directive 2003/87/EC

Article 10b – paragraph 1

#### *Present text*

1. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries, defined as the ratio between the total value of exports to third countries plus the value of imports from third countries and the total market size for the European Economic Area (annual turnover plus total imports from third countries), by their emission intensity, measured in kgCO<sub>2</sub>, divided by their gross value added (in euros), exceeds 0,2, shall

#### *Amendment*

1. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries, defined as the ratio between the total value of exports to third countries plus the value of imports from third countries and the total market size for the European Economic Area (annual turnover plus total imports from third countries), by their emission intensity, measured in kgCO<sub>2</sub>, divided by their gross value added (in euros), exceeds 0,2, shall

be deemed to be at risk of carbon leakage. Such sectors and subsectors shall be allocated allowances free of charge for the period until 2030 at 100 % of the quantity determined pursuant to Article 10a.

be deemed to be at risk of carbon leakage. Such sectors and subsectors shall be allocated allowances free of charge for the period until 2030 at 100 % of the quantity determined pursuant to Article 10a.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 c (new)**

Directive 2003/87/EC

Article 10b – paragraph 2

#### *Present text*

2. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries by their emission intensity exceeds 0,15 may be included in the group referred to in paragraph 1, using data for the years from 2014 to 2016, on the basis of a qualitative assessment and of the following criteria:

- (a) the extent to which it is possible for individual installations in the sector or subsector concerned to reduce emission levels or electricity consumption;
- (b) current and projected market characteristics, including, where relevant, any common reference price;
- (c) profit margins as a potential indicator of long-run investment or relocation decisions, taking into account changes in costs of production relating to emission reductions.

#### *Amendment*

2. Sectors and subsectors in relation to which the product resulting from multiplying their intensity of trade with third countries by their emission intensity exceeds 0,15 may be included in the group referred to in paragraph 1, using data for the years from 2014 to 2016, on the basis of a qualitative assessment and of the following criteria:

- (a) the extent to which it is possible for individual installations in the sector or subsector concerned to reduce emission levels or electricity consumption;
- (b) current and projected market characteristics, including, where relevant, any common reference price;
- (c) profit margins as a potential indicator of long-run investment or relocation decisions, taking into account changes in costs of production relating to emission reductions.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 b (new)**

*Present text*

4. Other sectors and subsectors are considered to be able to pass on more of the costs of allowances in product prices, and shall be allocated allowances free of charge at 30 % of the quantity determined pursuant to Article 10a. Unless otherwise decided in the review pursuant to Article 30, free allocations to other sectors and subsectors, except district heating, shall decrease by equal amounts after 2026 so as to reach a level of no free allocation in 2030.

*Amendment*

4. Other sectors and subsectors are considered to be able to pass on more of the costs of allowances in product prices, and shall be allocated allowances free of charge at 30 % of the quantity determined pursuant to Article 10a. Unless otherwise decided in the review pursuant to Article 30, free allocations to other sectors and subsectors, except district heating, shall decrease by equal amounts after 2026 so as to reach a level of no free allocation in 2030.

Or. en

## CA 6B : Exports CBAM (Article 10a(1a))

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*supported by EPP, S&D, RE, Greens, The Left*

### **Compromise Amendment 6B**

Compromise amendment replacing the following amendments:

- Articles: 1045, 1047, 1048, 1046, 1075, 1352, ITRE 30
- Recitals: 311 - 315, 318, 319, 328, 329, 335, 336, 638

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 10 – paragraph 1a a (new)

*Present text*

*Amendment*

*(ba) the following paragraph is inserted:*

*“1aa. Each year starting in 2025, as part of the annual Commission report pursuant to Article 10(5), the Commission shall present a report to the European Parliament and to the Council monitoring the effectiveness of the Carbon Border Adjustment Mechanism (CBAM) in addressing the carbon leakage risk for EU production for export to third countries without EU ETS or similar regulation. The report shall in particular assess the development of EU exports in CBAM sectors and the developments in trade flows and embedded emissions of covered products on the global market. Where the report finds such a carbon leakage risk for EU production for export to third countries, the Commission shall, where appropriate, present a legislative proposal to address the carbon leakage risk for EU production exported to third countries in a manner that is compliant with WTO rules and take into account the decarbonisation of installations in the Union.”*

**Proposal for a directive**  
**Recital 30 c (new)**

*Text proposed by the Commission*

*Amendment*

***(30c) CBAM is a mechanism that addresses the risk of carbon leakage through the application of a uniform price on emissions embedded in products placed on the domestic EU market. Therefore, it is important to also monitor, prevent and address the risk of EU production intended for export to third countries being replaced on the global market by more carbon intensive goods. Hence, the Commission should continuously monitor and assess the effectiveness of the Carbon Border Adjustment Mechanism (CBAM) in light of the carbon leakage risk on export markets, including the development of EU exports in CBAM sectors and the developments in trade flows and embedded emissions of related products on the global market. Where a risk of carbon leakage is detected, the Commission should present a WTO-compatible legislative proposal to address the carbon leakage risk on export markets. In addition to that, the EU should at the same time actively pursue the establishment of an international “carbon club” and continuously engage in international cooperation for the introduction of carbon pricing mechanisms as the success of the European carbon market is critical from a global perspective and will encourage more countries to introduce market driven carbon pricing. The Commission should further analyse how linkages with other carbon markets could be established while ensuring the achievement of the EU’s***

*own economy-wide climate target.*

Or. en

## CA 6C (Alt.): ETS/CBAM/Free allocation trajectory

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supported by S&D, RE, Greens, The Left

### **Compromise Amendment 6C**

Compromise amendment replacing Amendments 14, 15, 16, 27, 58, 59, 60, 62, 63, 82, 286 - 310, 498 - 507, 951-970, 993, 996-1020, 1021-1044, 1049-1059, 1074, 1076-1078, ITRE 10, ITRE 27, ITRE 29, ITRE 31, TRAN 18, TRAN 31, TRAN 89

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 2 b

#### *Present text*

No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) ..../. [reference to CBAM](\*\*). The measures referred to in the first subparagraph shall be adjusted accordingly.

#### *Amendment*

No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) ..../. [reference to CBAM](\*\*). The measures referred to in the first subparagraph shall be adjusted accordingly.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 – point b**

Directive 2003/87/EC

Article 10a – paragraph 1a – subparagraph 1

#### *Present text*

No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.

#### *Amendment*

No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 – point b**

*Present text*

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

*Amendment*

By way of derogation from the *first* subparagraph, for the first years of operation of Regulation [CBAM], the production of products *listed in Annex I to that Regulation until 31 December 2030*, shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of *those* products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period during the entry into force of [CBAM regulation] and the end of **2024**, **90 % in 2025**, **80 % in 2026**, **70 % in 2027**, **50% in 2028**, **25% in 2029** and **reach 0 % in 2030**.

*1a. Each year from 2025, as part of its annual report to the European Parliament and to the Council pursuant to Article 10(5) of Directive 2003/87/EC, the Commission shall assess the effectiveness of the CBAM in addressing the carbon leakage risk for goods produced in the Union for export to third countries which do not apply the EU ETS or a similar carbon pricing mechanism. The report shall in particular assess the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where the report concludes that there is a carbon leakage risk for goods produced in the Union for export to such third countries which do not apply the EU ETS or a similar carbon pricing mechanism, the Commission shall, where appropriate, present a legislative proposal to address that carbon leakage risk in a manner that is compliant with WTO rules and takes into account the decarbonisation of installations in the Union.*

Or. en

## Proposal for a directive

### Article 1 – paragraph 1 – point 12 – point b

Directive 2003/87/EC

Article 10a – paragraph 1a – subparagraph 3

#### *Present text*

The reduction of free allocation shall be calculated annually as the average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.

#### *Amendment*

The reduction of free allocation shall be calculated annually as the average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.

Or. en

## Proposal for a directive

### Recital 30

#### *Present text*

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [.../..] of the European Parliament and of the Council<sup>51</sup>, is an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **2025, 90 % in 2026** and should be reduced by **10**

#### *Amendment*

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [.../..] of the European Parliament and of the Council<sup>51</sup>, is an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances, is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **the end of 2024, 90 % in 2025, 80 % in 2026, 70 % in**

percentage points each year **to reach 0 %** and thereby eliminate free allocation by the **tenth** year.

The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. **The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors.** To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

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<sup>51</sup> [please insert full OJ reference]

**2027, 50% in 2028, 25% in 2029 and reach 0 % in 2030.**

The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

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<sup>51</sup> [please insert full OJ reference]

Or. en

## CA 6C: ETS/CBAM/Free allocation trajectory

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*supported by EPP, ECR*

### **Compromise Amendment 6C**

Compromise amendment replacing Amendments 14, 15, 16, 27, 58, 59, 60, 62, 63, 82, 286 - 310, 498 - 507, 951-970, 993, 996-1020, 1021-1044, 1049-1059, 1074, 1076-1078, ITRE 10, ITRE 27, ITRE 29, ITRE 31, TRAN 18, TRAN 31, TRAN 89

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 - point a - point i**

Directive 2003/87/EC

Article 10a – paragraph 1 - subparagraph 2b

#### *Text proposed by the Commission*

No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) .../.. [reference to CBAM](\*\*). The measures referred to in the first subparagraph shall be adjusted accordingly.

#### *Amendment*

No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) .../.. [reference to CBAM](\*\*). The measures referred to in the first subparagraph shall be adjusted accordingly.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 - point b**

Directive 2003/87/EC

Article 10a – paragraph 1a - subparagraph 1

#### *Text proposed by the Commission*

No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.

#### *Amendment*

No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point b**

Directive 2003/87/EC

Article 10a – paragraph 1a - subparagraph 2

*Text proposed by the Commission*

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

*Amendment*

By way of derogation from the *first* subparagraph, for the first years of operation of Regulation [CBAM], the production of products *listed in Annex I to that Regulation* shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of *those* products shall be applied (CBAM factor). *Contingent upon ensuring WTO compatibility and the avoidance of double protection*, the CBAM factor shall be equal to 100 % for the period *between ... [the date of entry into force of [CBAM regulation]]* and the end of **2027**. *Contingent upon application of operational phase of [CBAM regulation, Article 36(3)(d)]*, the CBAM factor shall be reduced during a *transitional period by 10% from 2028 until 2030* before being reduced by 17,5 percentage points each year to reach 0 % by the *end of 2034*.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point b**

Directive 2003/87/EC

Article 10a – paragraph 1a - subparagraph 3

*Text proposed by the Commission*

The reduction of free allocation shall be calculated annually as the average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for

*Amendment*

The reduction of free allocation shall be calculated annually as the average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for

all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.

all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point b**

Directive 2003/87/EC

Article 10a – paragraph 1a a (new)

*Text proposed by the Commission*

*Amendment*

***1aa. For each year in the period from 2028 to 2034, the allowances resulting from the reduction of free allocation in accordance with paragraph 1a shall be placed in a Carbon Border Adjustment Reserve.***

***By 28 February 2028 and by 28 February of each subsequent year in the period referred to in the first subparagraph, the Commission shall present a report to the European Parliament and to the Council on the implementation of the Carbon Border Adjustment Mechanism (CBAM) during the calendar year preceding that of the report. In its report, the Commission shall, in particular, assess if the CBAM has entered into force and has been effectively implemented such that it leads to a level of carbon leakage protection that is equivalent to that of the free allocation system which it replaces under this Article.***

***In the event that the Commission in its report concludes that, in the calendar year preceding that of the report, the CBAM has been effectively implemented such that it leads to a level of carbon leakage protection at least equivalent to that of the free allocation system which it replaces under this Article, the allowances placed in the Carbon Border Adjustment Reserve for the preceding calendar year shall be made available to support innovation in***

*accordance with Article 10a(1a)(4) and Article 10a(8).*

*In the event that the Commission in its report concludes that, in the calendar year preceding that of the report, the CBAM has not been effectively implemented such that it leads to a level of carbon leakage protection at least equivalent to that of the free allocation system which it replaces under this Article, the allowances placed in the Carbon Border Adjustment Reserve for the preceding calendar year shall be reallocated to installations in accordance with Article 10a(1).*

*1ab. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the detailed arrangements for the Carbon Border Adjustment Reserve provided for in paragraph 1aa of this Article, including the criteria to be used for the assessment referred to in the second subparagraph of that paragraph, and the modalities for the reallocation of allowances from the Carbon Border Adjustment Reserve to installations referred to in the fourth subparagraph of that paragraph.*

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 20**  
Directive 2003/87/EC  
Article 30 – paragraph 2

*Text proposed by the Commission*

The measures applicable to CBAM sectors shall be kept under review in light of the application of Regulation xxx [reference to CBAM].;

*Amendment*

The measures applicable to CBAM sectors shall be kept under review in light of the application of Regulation xxx [reference to CBAM].

Or. en

## Proposal for a directive

### Recital 30

#### *Text proposed by the Commission*

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [...] of the European Parliament and of the Council<sup>51</sup>, is an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **2025, 90 % in 2026** and should be reduced by **10** percentage points each year **to reach 0 %** and thereby eliminate free allocation by the **tenth** year.

The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. **The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'),**

#### *Amendment*

(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [...] of the European Parliament and of the Council<sup>51</sup>, is an alternative to free allocation to address the risk of carbon leakage **without undermining the Union competitiveness**. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free allowances, **combined with a reserve and review mechanism**, is needed to allow producers, importers and traders to adjust to the new regime **and to assess the effective implementation of the CBAM**. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and **the end of 2027, and contingent upon application of operational phase under the CBAM regulation, Article 36(3)(d)**, and should be reduced by 10 percentage points each year **from 2028 until 2030 before being reduced by 17,5 percentage points each year** to reach 0 % and thereby eliminate free allocation by **2034**.

The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. **This phase-out of free allocation should be kept under review in light of the entry into force and effective implementation of the CBAM**. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free

***carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors.*** To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

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<sup>51</sup> [please insert full OJ reference]

allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

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<sup>51</sup> [please insert full OJ reference]

Or. en

## **Proposal for a directive Recital 30 a (new)**

*Text proposed by the Commission*

*Amendment*

***(30a) A temporary Carbon Border Adjustment Reserve should be established, linked to an annual review mechanism to assess the entry into force and effective implementation of the CBAM. Each year, the free allocation no longer provided to the CBAM sectors, based on the free allocation phase-out calculation, should be moved into a temporary reserve. By 28 February of the following year, the Commission should assess and report on the entry into force of the CBAM and its effectiveness during the preceding year, namely whether it resulted in an equivalent level of carbon leakage protection. Where the assessment is positive, the allowances in the reserve from the preceding year should automatically be auctioned and the revenues should accrue to the Net-Zero-***

*Fund. Special attention should be given to projects in CBAM sectors, in particular those with higher export intensity . Where the assessment is negative, the allowances in the reserve from the preceding year should automatically be released back to industry to fill the carbon leakage protection gap. This should limit any possible gaps that might arise in carbon leakage protection, while avoiding double protection.*

Or. en

## CA 6D: Free Allocation Revenue

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*supported by* EPP, S&D, RE, Greens, The Left

### **Compromise Amendment 6D**

Compromise amendment replacing the following amendments:

- Articles: 61, 1060-1073,
- Recitals: 255, 269

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 - point b**

Directive 2003/87/EC

Article 10a – paragraph 1a - subparagraph 4

#### *Text proposed by the Commission*

Allowances resulting from the reduction of free allocation shall be made available to support innovation in accordance with Article 10a(8);

#### *Amendment*

Allowances resulting from the reduction of free allocation shall be made available **for the Fund** in accordance with Article 10a(8);

Or. en

## CA 7: Conditionality (Article 10(1)(2a & b); Recital 29)

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supported by EPP, S&D, RE, Greens,

### Compromise Amendment 7

Compromise amendment replacing Amendments 56, 820, 917-962, ITRE 26 (Article 10a(1)); 13, 272-285, ITRE 9 (recital 29)

### Energy Audit Contitionality and Decarbonisation Plans (Article 10a(1))

#### Proposal for a directive

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

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 2 a (new)

#### *Text proposed by the Commission*

In the case of installations covered by the obligation to conduct an energy audit under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(\*) [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the recommendations of the audit report are implemented, to the extent that the pay-back time for the relevant investments does not exceed **five** years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced by 25 %. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report. The measures referred to in the first subparagraph shall be adjusted accordingly.

#### *Amendment*

**2a.** In the case of installations covered by the obligation to conduct an energy audit **or implement a certified energy management system** under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(\*) [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the recommendations of the audit report **or of the certified energy management system** are implemented, to the extent that the pay-back time for the relevant investments does not exceed **eight** years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced **in accordance with subparagraph 2c**. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report **for the installation concerned**. The measures referred to in the first subparagraph shall be adjusted

accordingly.

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

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

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

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

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

***Member States may provide financial support to operators for the implementation of their plans referred to***

*in the third subparagraph. Such support shall not be considered illegal state aid. The attainment of the targets and milestones referred to in point (b) of the third subparagraph shall be verified by 31 December 2025 and by 31 December of each subsequent year thereafter until 2050, in accordance with the verification and accreditation procedures provided for in Article 15.*

*If no decarbonisation plan has been established in accordance with this paragraph or if the milestones and targets in the plan have not been attained, the amount of free allocation shall be reduced in accordance with subparagraph 2c.*

*2ba. The Commission, supported by the European Scientific Advisory Board on Climate Change referred in Article 3 of Regulation (EU) 2021/1119, is empowered to adopt delegated act in accordance with Article 23 to supplement this Directive by setting minimal content and format of the decarbonisation plans referred to in paragraph 2b, in particular as to benchmarks for the intermediate targets and milestones referred to in point (b) of paragraph 2b. The establishment and adoption of the delegated act shall involve all relevant stakeholders.*

*2c. Where the requirements in either subparagraph 2a or in subparagraph 2b have not been fulfilled, free allocation shall be reduced by:*

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

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

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

**Where the requirements in neither subparagraph 2a nor 2b have been fulfilled, the percentages set out in points (a), (b) and (c) of the [x] subparagraph shall be doubled.**

**2d. An additional free allocation of 10 % of the applicable benchmark value shall be given to installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant product benchmarks provided allowances are available in accordance with the second subparagraph.**

**For the purpose of the additional free allocation referred to in the seventh subparagraph of this paragraph, any allowances that are not allocated due to a reduction of free allocation in accordance with the fifth subparagraph of this paragraph shall be used.**

**any allowances that are not allocated due to a reduction of free allocation in accordance with the fifth subparagraph of this paragraph shall be used.**

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

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

Or. en

**Proposal for a directive**  
**Recital 29**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

## CA 8: Benchmarks

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supported by EPP, S&D, RE, Greens,

### Compromise Amendment 8

Compromise amendment replacing the following amendments

- 57, 971 - 995, 1079 - 1121, 1134 - 1150, 1157, 1158, 1297 - 1299; 1630 (Articles);  
17, 147 - 156, 158, 320 - 327, 330 - 334, 337, ITRE 11 (Recitals 8, 8a, 31)

### Proposal for a directive

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

Directive 2003/87/EC

Article 10 a – paragraph 1 - subparagraph 3

#### *Text proposed by the Commission*

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

#### *Amendment*

In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed ***as soon as possible and no later than ... [six months after the date of entry into force of this Directive]*** in view of potentially modifying the definitions[, ***scope***] and system boundaries of existing product benchmarks ***and potentially including new benchmarks ensuring that free allocation for the production of a product is independent of the feedstock or the type of production process, where the production processes have the same purpose, accounts for the circular use potential of materials, or avoids that installations with partially or fully decarbonised processes producing products with similar or equal characteristics as conventional installations in the benchmark are excluded from or cannot participate in the benchmarks system. The benchmark values resulting from that review shall be published as soon as the necessary information becomes available, in order for those benchmark values to apply from***

2026.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point a - point ii a (new)**

Directive 2003/87/EC

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

*Text proposed by the Commission*

In defining the principles for setting ex-ante benchmarks in individual sectors and subsectors, the Commission shall consult the relevant stakeholders, including the sectors and subsectors concerned.

*Amendment*

In defining the principles for setting ex-ante benchmarks in individual sectors and subsectors, the Commission shall consult the relevant stakeholders, including the sectors and subsectors concerned.

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

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

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

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

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*Text proposed by the Commission*

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

*Amendment*

(d) Where the annual reduction rate exceeds 2,5 % or is below **0.4** %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point c - point iii a (new)**

Directive 2003/87/EC

Article 10 a – paragraph 2 - subparagraph 6

*Text proposed by the Commission*

In order to promote efficient energy recovery from waste gases, for the period referred to in point (b) of the third subparagraph, the benchmark value for hot metal, which predominantly relates to waste gases, shall be updated with an annual reduction rate of 0,2 %.

*Amendment*

In order to promote efficient energy recovery from waste gases, for the period referred to in point (b) of the third subparagraph, the benchmark value for hot metal, which predominantly relates to waste gases, shall be updated with an annual reduction rate of 0,2 %.

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point f**

Directive 2003/87/EC

Article 10 a – paragraph 7 - subparagraph 1

*Text proposed by the Commission*

Allowances from the maximum amount referred to in paragraph 5 of this Article which were not allocated for free by 2020 shall be set aside for new entrants, together with 200 million allowances placed in the market stability reserve pursuant to Article

*Amendment*

Allowances from the maximum amount referred to in paragraph 5 of this Article which were not allocated for free by 2020 shall be set aside for new entrants, together with 200 million allowances placed in the market stability reserve pursuant to Article

1(3) of Decision (EU) 2015/1814. Of the allowances set aside, up to 200 million shall be returned to the market stability reserve at the end of the period from 2021 to 2030 if not allocated for that period.

1(3) of Decision (EU) 2015/1814. Of the allowances set aside, up to 200 million shall be returned to the market stability reserve at the end of the period from 2021 to 2030 if not allocated for that period.

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 - point 14 a (new)**

Directive 2003/87/EC

Article 11 – paragraph 1 - subparagraph 2

#### *Text proposed by the Commission*

A list of installations covered by this Directive for the five years beginning on 1 January 2021 shall be submitted by 30 September 2019, and lists for each subsequent period of five years shall be submitted every five years thereafter. Each list shall include information on production activity, transfers of heat and gases, electricity production and emissions at sub-installation level over the five calendar years preceding its submission. Free allocations shall only be given to installations where such information is provided.

#### *Amendment*

“A list of installations covered by this Directive for the five years beginning on 1 January 2021 shall be submitted by 30 September 2019, and lists for each subsequent period of five years shall be submitted every five years thereafter. Each list shall include information on production activity, transfers of heat and gases, electricity production and emissions at sub-installation level over the five calendar years preceding its submission. Free allocations shall only be given to installations where such information is provided.”

Or. en

## **Recitals**

### **Proposal for a directive**

#### **Recital 8**

#### *Text proposed by the Commission*

(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some

#### *Amendment*

(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some

categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of hydrogen outside the refineries sector.

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

Or. en

**Proposal for a directive**  
**Recital 8 a (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 31**

*Text proposed by the Commission*

*Amendment*

(31) In order to better reflect technological progress and adjust the

(31) In order to better reflect technological progress and adjust the

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

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

Or. en

## CA 9 (Alt.): Indirect cost compensation

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*supported by S&D, Greens, The Left*

*If this compromise is adopted, the reference to indirect carbon costs shall be deleted in Article 10*

### **Compromise Amendment 9 (Alt.)**

Compromise amendment replacing Amendments 316, 1134-1156, ITRE 12

#### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 – point e**

Directive 2003/87/EC

Article 10a – paragraph 6 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

(e) *in paragraph 6, the first subparagraph is replaced by the following:*

(e) *paragraph 6 is deleted.*

*‘Member States should adopt financial measures in accordance with the second and fourth subparagraphs in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. The financial measures adopted should not compensate indirect costs covered by free allocation in accordance with the benchmarks established pursuant to paragraph 1. Where a Member State spends an amount higher than the equivalent of 25 % of their auction revenues of the year in which the indirect costs were incurred, it shall set out the reasons for exceeding that amount.’*

Or. en



## CA 9: Indirect cost compensation

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*supported by EPP, ECR*

### **Compromise Amendment 9**

Compromise amendment replacing Amendments 316, 1134-1156, ITRE 12

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 – point e**

Directive 2003/87/EC

Article 10a – paragraph 6

#### *Text proposed by the Commission*

Member States should adopt financial measures in accordance with the second and fourth subparagraphs in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. The financial measures adopted should not compensate indirect costs covered by free allocation in accordance with the benchmarks established pursuant to paragraph 1. Where a Member State spends an amount higher than the equivalent of 25 % of their auction revenues of the year in which the indirect costs were incurred, it shall set out the reasons for exceeding that amount.;

#### *Amendment*

Member States should adopt financial measures in accordance with the second and fourth subparagraphs in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. The financial measures adopted should not compensate indirect costs covered by free allocation in accordance with the benchmarks established pursuant to paragraph 1. Where a Member State spends an amount higher than the equivalent of 25 % of their auction revenues of the year in which the indirect costs were incurred, it shall set out the reasons for exceeding that amount.;

Or. en

### **Proposal for a directive**

#### **Recital 31 a (new)**

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

Or. en

## CA 10: Modernisation Fund

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supported by EPP, S&D, RE, Greens, The Left

### Compromise Amendment 10

Compromise amendment replacing Amendments 50, 74-76, 824-839, 1234-1249, 1251-1296, ITRE 23, ITRE 43-48, TRAN 83, TRAN 95-98, DEVE 16-23 (article 10 and 10d), 1532, 111, 1669, 1670, 1671 (Annex IIB), 11, 256-268, TRAN 17, BUDG 1, ITRE 7 (recital 28), 369-381, ITRE 17, ITRE 24, TRAN 21 (recital 38, recital 38 a (new))

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 - point a

Directive 2003/87/EC

Article 10 – paragraph 1 - subparagraph 3 and 4

#### *Text proposed by the Commission*

2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States ('the beneficiary Member States') as set out in Article 10d ('the Modernisation Fund'). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part A of Annex IIB.

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

#### *Amendment*

2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States ('the beneficiary Member States') as set out in Article 10d ('the Modernisation Fund'). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part A of Annex IIB.

In addition, **2 %** of the total quantity of allowances between ... [year following the entry into force of the Directive] and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIB. ***The additional quantity of allowances referred to in the previous paragraph shall, where appropriate, also be used to fund cross-border projects with the beneficiary***

*Member States and the adjacent low-growth border regions.*

*In addition, 0.5% of the total quantity of allowances between ... [year following the entry into force of the Directive] and 2030 shall be made available for the Innovation Fund established under Article 10a(8).*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point a**

Directive 2003/87/EC

Article 10 d – paragraph 1 - subparagraph 1

*Text proposed by the Commission*

A fund to support investments proposed by the beneficiary Member States, including the financing of small-scale investment projects, to modernise energy systems and improve energy efficiency shall be established for the period from 2021 to 2030 (the ‘Modernisation Fund’). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein.

*Amendment*

A fund to support investments proposed by the beneficiary Member States, including the financing of small-scale investment projects, to modernise energy systems and improve energy efficiency shall be established for the period from 2021 to 2030 (the ‘Modernisation Fund’). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein.

***Support from the Modernisation Fund shall only be granted to Member States that have adopted legally binding targets for achieving climate neutrality by 2050 at the latest as well as measures for the phase out of all fossil fuels in a timeframe consistent with the targets set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council.***

***In addition, no support under the Modernisation Fund shall be provided to***

*support investments proposed by a beneficiary Member State in respect of which the procedure provided for in Article 6 of Regulation (EU, Euratom) 2020/2092 is ongoing or in respect of which the Council has adopted an implementing decision on appropriate measures pursuant to Article 6 of Regulation 2020/2092.”;*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point a**

Directive 2003/87/EC

Article 10 d – paragraph 1 - subparagraph 2

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - introductory part

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - point a

*Text proposed by the Commission*

(a) the generation and use of electricity from renewable sources;

*Amendment*

(a) the generation and use of electricity from renewable sources;

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

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

*Text proposed by the Commission*

*Amendment*

**(aa) the generation of energy by hydrogen generators;**

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - point b

*Text proposed by the Commission*

(b) heating and cooling from renewable sources;

*Amendment*

(b) heating and cooling from renewable sources;

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - point c

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - point e

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

Article 10 d – paragraph 2 - point f

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 14 - point b**

Directive 2003/87/EC

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

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 10 d – paragraph 2 a (new)

*Present text*

*Amendment*

*(ba) the following paragraph is inserted:*

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

***(a) The “do no significant harm” criteria as set out in the Article 17 of the Regulation (EU) 2020/852;***

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

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 14 - point b c (new)**

Directive 2003/87/EC

Article 10 d – paragraph 5

#### *Present text*

5. An investment committee for the Modernisation Fund is hereby established. The investment committee shall be composed of a representative from each beneficiary Member State, the Commission and the EIB, and three representatives elected by the other Member States for a period of five years. It shall be chaired by the representative of the Commission. One representative of each Member State that is not a member of the investment committee may attend meetings of the committee as an observer.

The investment committee shall operate in a transparent manner. The composition of the investment committee and the curricula vitae and declarations of interests of its members shall be made available to the public and, where necessary, updated.

#### *Amendment*

5. An investment committee for the Modernisation Fund is hereby established. The investment committee shall be composed of a representative from each beneficiary Member State, the Commission and the EIB, and three representatives elected by the other Member States for a period of five years. It shall be chaired by the representative of the Commission. One representative of each Member State that is not a member of the investment committee may attend meetings of the committee as an observer.

The investment committee shall operate in a transparent manner. The composition of the investment committee and the curricula vitae and declarations of interests of its members shall be made available to the public and, where necessary, updated.

***The investment committee shall seek the advice of the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation( EU) 2021/1119 to ensure that investment decisions are aligned with the criteria set***

*out in this Article and support the achievement of the objectives set out in Regulation (EU) 2021/1119.*

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 10 d – paragraph 6

*Present text*

6. Before a beneficiary Member State decides to finance an investment from its share in the Modernisation Fund, it shall present the investment project to the investment committee and to the EIB. Where the EIB confirms that an investment falls into the areas listed in paragraph 2, the Member State may proceed to finance the investment project from its share.

Where an investment in the modernisation of energy systems, which is proposed to be financed from the Modernisation Fund, does not fall into the areas listed in paragraph 2, the investment committee shall assess the technical and financial viability of that investment, including the emission reductions it achieves, and issue a recommendation on financing the investment from the Modernisation Fund. The investment committee shall ensure that any investment relating to district heating achieves a substantial improvement in energy efficiency and emission reductions. That recommendation may include suggestions regarding appropriate financing instruments. *Up to 70 % of the relevant costs of an investment which does not fall into the areas listed in paragraph 2 may be supported with resources from the Modernisation Fund provided that the remaining costs are*

*Amendment*

*(bc) paragraph 6 is replaced by the following:*

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

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

*financed by private legal entities.*

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 10 d – paragraph 11

*Present text*

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

*Amendment*

***(bb) paragraph 11 is replaced by the following:***

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

Or. en

**Proposal for a directive**

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

Directive 2003/87/EC

Article 10 d – paragraph 12

*Present text*

12. The Commission shall adopt implementing acts concerning detailed rules on the operation of the Modernisation Fund. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).

*Amendment*

***(ba) paragraph 12 is replaced by the following:***

***"12. The Commission shall adopt implementing acts concerning detailed rules on the operation of the Modernisation Fund. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2)."***

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 21 a (new)**  
Directive 2003/87/EC  
Chapter IV a a (new)

*Present text*

*Amendment*

**(21a) The following chapter is inserted after Article 30i:**

**“CHAPTER IVaa**

**Visibility of financial support from ETS revenues**

**Article 30j**

**Visibility of financial support from national ETS revenues**

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

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

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

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

**The Commission shall take all measures necessary to ensure that the rules under**

*paragraph 1 and 2 are implemented. The penalties provided for must be effective, proportionate and dissuasive.*

**Article 30k**

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

**1. The Commission shall ensure the visibility of funding from ETS revenues in all operations referred to in Article 10a(8) (Innovation Fund), Article 10d (Modernisation Fund), Article [X] (Ocean Fund) and Regulation [Social Climate Fund].**

**2. The beneficiaries shall acknowledge financial support from those Funds and the origin of those funds by:**

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

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

**The Commission shall take all measures necessary to ensure that the rules under article 30j and 30k and are implemented. The penalties provided for must be effective, proportionate and dissuasive.**

Or. en

## **Recitals**

**Proposal for a directive**  
**Recital 28**

*Text proposed by the Commission*

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

*Amendment*

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

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

Or. en

**Proposal for a directive**  
**Recital 38**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

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

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

Or. en

**Proposal for a directive**  
**Annex – paragraph 1 – point 1**  
Directive 2003/87/EC  
Annex II b – part B

*Text proposed by the Commission*

***Part B - DISTRIBUTION OF FUNDS FROM THE MODERNISATION FUND  
CORRESPONDING TO ARTICLE 10(1), FOURTH SUBPARAGRAPH***

<i>Bulgaria</i>	<i>5,0 %</i>
<i>Czechia</i>	<i>12,9 %</i>
<i>Estonia</i>	<i>2,2 %</i>
<i>Greece</i>	<i>10,3 %</i>
<i>Croatia</i>	<i>2,3 %</i>
<i>Latvia</i>	<i>1,1 %</i>
<i>Lithuania</i>	<i>1,9 %</i>
<i>Hungary</i>	<i>5,9 %</i>
<i>Poland</i>	<i>34,8 %</i>
<i>Portugal</i>	<i>8,8 %</i>
<i>Romania</i>	<i>9,9 %</i>
<i>Slovakia</i>	<i>4,9 %</i>

*Amendment*

*deleted*



# CA 11: Art. 10c - Free allocation for the modernization of the energy sector

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*supported by EPP, S&D, RE, Greens, The Left*

Compromise amendment replacing Amendments 72, 73, 916 (article 10a), 1230-1233 (article 10c), 12, 270-271, ITRE 8 (recital 28a)

## **Proposal for a directive**

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

Directive 2003/87/EC

Article 10a – paragraph 1 – subparagraph 2

*Text proposed by the Commission*

*Amendment*

No free allocation shall be made in respect of any electricity production, ***except for cases falling within Article 10c and electricity produced from waste gases.***

***(-i) in the second subparagraph, the last sentence is replaced by the following:***

***"No free allocation shall be made available in respect of any electricity production."***

Or. en

## **Proposal for a directive**

### **Article 1 – paragraph 1 – point 13**

Directive 2003/87/EC

Article 10c

*Text proposed by the Commission*

*Amendment*

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

***"Member States shall require benefiting electricity generating installations and network operators to report, by 28 February of each year, on the implementation of their selected investments, including the balance of free allocation and investment expenditure incurred and the types of investments supported. Member States shall report on this to the Commission, and the***

***(13) Article 10c is deleted ;***

*Commission shall make such reports public.”;*

Or. en

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

*Text proposed by the Commission*

*Amendment*

**(13a) the following article is inserted:**

**“Article 10ca**

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

**(28a) Since 2013, electricity producers have been obliged to purchase all the allowances they need to generate electricity. However, some Member States have retained the option of being able to**

*continue to provide transitional free allocation for the modernisation of the energy sector in the periods from 2013 to 2020 and from 2021 to 2030. For the period from 2021 to 2030, only three Member States would continue to have that option. However, in its Special Report 18/2020 entitled ‘The EU’s Emissions Trading System: free allocation of allowances needed better targeting’, the European Court of Auditors found that that transitional free allocation did not contribute to the reduction of carbon intensity in the energy sector for countries eligible for such free allocation of allowances in the period from 2013 to 2020. Given the need for rapid decarbonisation, especially in the energy sector, and the limited effectiveness of that transitional free allocation, the option of transitional free allocation for the modernisation of the energy sector no longer seems fit for purpose. Therefore, that option should cease to be available and any allowances resulting from the exercise of that option which have not been allocated to operators in the Member States concerned by 31 December 2023 should be added to the total quantity of allowances that the Member State concerned receives for auctioning, or should be used to support investments within the framework of the Modernisation Fund.*

Or. en

## CA 12: Climate Investment Fund

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*supported by* EPP, S&D, RE, Greens, The Left

### **Compromise Amendment 12**

Compromise amendment replacing Amendments 67 - 71, 1159-1219, TRAN 90-94, ITRE 33-40 (article 10a), 18, 19, 29, 157, 340-356, 359, ITRE 14, BUDG 5 (recitals 32a, 33, 33a)

## Proposal for a directive

### Article 1 – paragraph 1 – point 12 - point g

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 1

#### *Text proposed by the Commission*

365 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and **85** million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation **referred to in** Article 10a(1a), shall be made available to a Fund with the objective of supporting innovation in low-carbon technologies **and processes**, and contribute to zero pollution objectives (the ‘**Innovation** Fund’). Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first subparagraph.

#### *Amendment*

**390** million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and **110** million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, **[from which are to be deducted the allowances used for the Ocean Fund established under Article 3gdb,]** as well as the **allowances referred to in Article 10(1), fifth subparagraph. In addition, any** allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall **also** be made available to a Fund. **The Fund shall have** the objective of supporting **innovation in techniques, processes and technologies that contribute significantly to the decarbonisation of the sectors covered by this Regulation and contribute to zero pollution and circularity objectives, as well as the scaling up of techniques, process and technologies that may no longer be considered innovative, but nevertheless hold a significant GHG emissions abatement potential and contribute to energy and resource savings in line with the Union’s climate and energy targets for 2030** (the **Climate Investment Fund**). **To foster innovation in breakthrough technologies as soon as possible, the Commission shall ensure that a share of the financing made available through the Climate Investment Fund is ‘frontloaded’ during the first five years of implementation of the present Directive.** Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those

operators, shall also be used for innovation support as referred to in the first subparagraph.

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 12 - point g

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 2

#### *Text proposed by the Commission*

In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(\*), and shall be used in a timely manner for innovation support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 21(2) of Regulation (EU) [FuelEU Maritime] shall be allocated to the **Innovation** Fund and implemented in line with this paragraph.

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(\*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO<sub>2</sub> as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European Parliament and of the Council (OJ L 290, 6.11.2010, p. 39).

#### *Amendment*

In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(\*), and shall be used in a timely manner for innovation **and decarbonisation** support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 5(6) of Regulation (EU) 2018/842 shall be allocated to the **Ocean Fund as established in Article 3gaa**, and implemented in line with this paragraph.

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(\*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO<sub>2</sub> as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European Parliament and of the Council (OJ L 290, 6.11.2010, p. 39).

**Proposal for a directive****Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 3

*Text proposed by the Commission*

The **Innovation** Fund shall cover the sectors listed in Annex I and Annex III, including environmentally safe carbon capture and utilisation (“CCU”) that contributes substantially to mitigating climate change, as well as products substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe capture and geological storage (“CCS”) of CO<sub>2</sub>, as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The **Innovation** Fund *may* also support break-through innovative technologies and infrastructure to decarbonise the maritime sector *and for* the production of low- and zero-carbon fuels in aviation, rail and road transport. Special attention shall be given to projects in sectors covered by the [CBAM regulation] to support innovation in low carbon technologies, CCU, CCS, renewable energy and energy storage, in a way that contributes to mitigating climate change.

*Amendment*

The **Climate Investment** Fund shall cover the sectors listed in Annex I and Annex III, *such as innovative renewable energy and energy storage technologies*, as well as products *and processes* substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of *innovative* projects aimed at *the environmentally safe carbon capture and utilisation (“CCU”) that contributes substantially to mitigating climate change, in particular for unavoidable industrial process emissions*, the environmentally safe capture, *transport* and *permanent* geological storage (“CCS”) of CO<sub>2</sub> *for unavoidable industrial process emissions, and the direct capture of CO<sub>2</sub> from the atmosphere with safe, sustainable and permanent storage (DACs)*. *Investments in renewable hydrogen technologies may, where appropriate, also be encouraged.* The **Climate Investment** Fund *shall* also support break-through innovative technologies and infrastructure to decarbonise rail and road transport, *including collective forms of transport such as public transport and occasional coach services while seeking synergies with Horizon Europe, in particular with European partnerships and where relevant, with other Union programmes.* Special attention shall be given to projects, including for exports, in sectors covered by the [CBAM regulation] to support innovation in *and implementation of techniques, processes and technologies that contribute significantly to the*

*decarbonisation of the sectors covered by this Regulation CCU, CCS, CO2 transport, renewable energy and energy storage in a way that contributes to mitigating climate change in accordance with the objectives set out in Regulation (EU) 2021/1119 for 2030 and 2050 and a just transition and delivers the most marginal benefit in terms of emission reductions per support provided. The Climate Investment Fund may also support break-through innovative technologies the reduction of emissions in the waste sector.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 3 ab (new)

*Text proposed by the Commission*

*Amendment*

*The Climate Investment Fund may also support Carbon Contracts for Difference (CCDs) to support decarbonisation technologies for which the carbon price might not be a sufficient incentive. The*

***Commission shall adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the rules on the operation of the CCDs by the 31 December 2023.***

***Financial support shall be proportionate to the policy objectives set out in this Article and shall not lead to undue distortions of the EU's internal market. To this end, funds shall only be granted to cover additional costs or investment risks not able to be borne by investors under normal market conditions. As such, aid shall not lead to unfair discrimination with regard to competing imported products, as required under WTO law.***

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

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 4

#### *Text proposed by the Commission*

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

#### *Amendment*

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

*large scale without support.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 5

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 6

*Text proposed by the Commission*

Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly lower the costs of transitioning towards a

*Amendment*

Projects shall be selected **by way of a transparent selection procedure, in a technology-neutral manner in accordance with the objectives of the Climate Investment Fund as set out in the first subparagraph and** on the basis of objective and transparent criteria, taking into account **the extent to which projects provide a significant contribution to the Union's climate and energy targets while**

*low-carbon* economy in the sectors concerned. Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO<sub>2</sub>. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100 % of the relevant costs of projects may be supported.

*contributing to the zero pollution and circularity objectives in accordance with the first subparagraph, as well as the need to ensure the fair geographical distribution of projects in accordance with subparagraph 6a and*, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly lower the costs of transitioning towards a *climate neutral* economy in the sectors concerned. ***Priority shall be given to technologies and processes addressing multiple environmental impacts.*** Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO<sub>2</sub>. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100 % of the relevant costs of projects may be supported. ***Projects whose reduction in emissions benefit the decarbonisation of other actors in nearby geographical areas shall have a preferential treatment in the criteria used for the selection of projects.***

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

***The calls for proposal shall be open and transparent and clearly set out what kinds of technologies can be supported. In preparing the calls for proposal, the Commission shall ensure that all sectors***

*are duly covered. The Commission shall take measures to ensure that the calls are communicated as widely as possible, and especially to SMEs.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

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

*Text proposed by the Commission*

*Amendment*

*The Climate Investment Fund shall aim at a geographical balanced support, in particular for a quantity of allowances equal to the quantity transferred to the Climate Investment Fund in accordance with Article 10, paragraph 1, subparagraph 5 [MF top-up transfer], for support provided in the form of Carbon Contracts for Difference (CCDs), and for projects related to upscaling, while ensuring the highest possible quality of the projects and upholding the selection criteria in accordance with subparagraph 6, taking into account specific sectoral circumstances and investment needs, in particular in the sectors covered by Article 3g and Chapter IVa.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 12 - point g**

Directive 2003/87/EC

Article 10 a – paragraph 8 - subparagraph 7

*Text proposed by the Commission*

*Amendment*

The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning

The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning

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rules on the operation of the **Innovation** Fund, including the selection procedure and criteria, and the eligible sectors and technological requirements for the different types of support.

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

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

***(a) The “do no significant harm” criteria as set out in the Article 17 of the Regulation (EU) 2020/852;***

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

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

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 12 - point g**  
Directive 2003/87/EC  
Article 10 a – paragraph 8 - subparagraph 7 aa (new)

*Text proposed by the Commission*

*Amendment*

***The Commission shall present every 2 years to the European Parliament and the Council a report outlining the consistency of the projects funded through the Climate Investment Fund and the objective of climate neutrality set out in Regulation (EU) 2021/1119, the progress achieved towards the deployment of the investments described in the industrial decarbonisation plans, and its action plan for the next 2-years period.***

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(32a) In order to achieve climate neutrality by 2050 at the latest as laid down in Regulation (EU) 2021/1119, the EU needs to close a significant investment gap as provided in the Communication 'Strategy for Financing the Transition to a Sustainable Economy'<sup>1a</sup>. To reach our decarbonisation objective, breakthrough innovation, upscaling of already existing relevant technologies and certified natural carbon removals are needed. To support the in-depth and economy-wide decarbonisation in the Union all these three pillars should be addressed by the Innovation Fund, which should be renamed as the Climate Investment Fund.***

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<sup>1a</sup> COM(2021)390 final, Communication

**Proposal for a directive**  
**Recital 33**

*Text proposed by the Commission*

(33) The scope of the Innovation Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. In addition, the Innovation Fund should serve to support investments to decarbonise the **maritime transport** sector, **including** investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. **Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime]<sup>52</sup> are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21(1) of Regulation xxxx/xxxx [FuelEU Maritime].** To ensure sufficient funding is available for innovation within this extended scope, the Innovation Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be

*Amendment*

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

auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the Innovation Fund.

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<sup>52</sup> [add ref to the FuelEU Maritime Regulation].

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<sup>52</sup> [add ref to the FuelEU Maritime Regulation].

Or. en

### **Proposal for a directive Recital 33 a (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

### **Proposal for a directive Recital 52 a (new)**

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*Text proposed by the Commission*

*Amendment*

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

Or. en

## CA 13: Use of revenues

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supported by EPP, S&D, RE, Greens, The Left

### Compromise Amendment 13

Compromise amendment replacing Amendments 51 - 55, 844- 902, 1470-1471, BUDG 8, TRAN 84-87, DEVE 5-8, DEVE 10, DEVE 12-15 (article 10(3)); 30, 533, 536, 537-541, TRAN 35 (recital 52a and 53); 11, 256-268, TRAN 17, BUDG 1-4, BUDG 11, ITRE 7 (recital 28, first part)

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 - point b

Directive 2003/87/EC

Article 10 – paragraph 3 - subparagraph 1 - introductory part

#### *Text proposed by the Commission*

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

[...]

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

#### *Amendment*

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

[...]

(b) to develop renewable energies **and grids for electricity transmission** to meet the commitment of the Union to renewable energies **and the Union targets on interconnectivity**, as well as to develop other technologies that contribute to the transition to a safe and sustainable low-carbon economy, and to help to meet the commitment of the Union to increase energy efficiency, at the levels agreed in

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

(d) forestry sequestration in the Union;

(e) the environmentally safe capture and geological storage of CO<sub>2</sub>, in particular from solid fossil fuel power stations and a range of industrial sectors and subsectors, including in third countries;

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

(h) measures intended to improve energy efficiency, district heating systems and insulation, or to provide financial

relevant legislative acts, *including the production of electricity from renewables self-consumers and renewable energy communities;*

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

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

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

*(da) climate adaptation in the Union;*

(e) the environmentally safe capture and geological storage of CO<sub>2</sub>, in particular from solid fossil fuel power stations and a range of industrial sectors and subsectors, including in third countries, *and innovative technological carbon removal methods, such as Direct Air Capture (“DAC”) and its storage;*

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

(h) measures intended to improve energy efficiency, district heating systems and insulation, *efficient and renewable*

support in order to address social aspects in lower- and middle-income households, including by reducing *distortive* taxes;

(i) to cover administrative expenses of the management of the EU ETS;

(j) to finance climate actions in vulnerable third countries, including the adaptation to the impacts of climate change;

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

Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies, including in particular in developing countries, or domestic regulatory policies, which

*heating and cooling systems*, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing *in particular taxes, duties and charges for renewable electricity*;

*(ha) to finance national climate dividend schemes with a proven positive environmental impact as documented in the annual report referred to in Article 19(2) of Regulation (EU) 2018/1999;*

(i) to cover administrative expenses of the management of the EU ETS;

(j) to finance climate actions in vulnerable third countries, including the adaptation to the impacts of climate change;

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

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

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

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

leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to at least **50%** of the revenues generated from the auctioning of allowances referred to in paragraph 2, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c).

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

the purposes set out in the first subparagraph and which have a value equivalent to at least **100 %** of the revenues generated from the auctioning of allowances referred to in paragraph 2, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c)

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

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

***3b. Member States shall use the revenues generated from auctioning of allowances,***

*and not used as own resources, referred to in 2 paragraph, in accordance with:*  
*(a) The “do no significant harm” criteria as set out in the Article 17 of Regulation (EU) 2020/852;*  
*(b) Minimum safeguards as set out in the Article 18 of Regulation (EU) 2020/852;*  
*and*  
*(c) The Member State’s integrated national energy and climate plan submitted in accordance with Regulation (EU) 2018/1999 and, if relevant, the territorial just transition plan prepared in accordance with Article 11 of Regulation (EU) 2021/1056.”*

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

Or. en

## **Proposal for a directive**

### **Recital 28**

#### *Text proposed by the Commission*

(28) Achieving the increased climate ambition will require substantial public resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget should be used for climate-related purposes. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in **low-income Member States**, an additional amount of 2,5 % of

#### *Amendment*

(28) Achieving the increased climate ambition will require substantial public **and private** resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget **in the form of own resources** should be used for climate-related purposes, **while ensuring a just transition and environmental integrity of taken action**. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. **To ensure**

the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.

***compliance and public scrutiny, the Member States should adopt ex-ante plans on how they intend to use EU ETS revenues in accordance with their respective climate and energy targets, and they should annually report on the use of auctioning revenues in accordance with Article 19 of Regulation (EU) 2018/1999.*** Further, to address distributional and social effects of the transition in ***the most affected territories***, an additional amount of 2 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(28a) A well-defined share of the auctioning revenue of the reformed and extended ETS should be used as an own resource to finance the EU budget as general income, in accordance with the legally binding Interinstitutional Agreement of 16 December 2020<sup>1</sup> that contains a roadmap towards the introduction of a basket of new own resources, including, inter alia, own resources based on the ETS and based on the Carbon Border Adjustment Mechanism (CBAM) and Pillar One of the OECD/G20 agreement. Under that Agreement, such new own resources are envisaged to be introduced by 1 January***

***2023. As such, new own resources will link the EU budget with the Union's policy priorities such as the European Green Deal and the Union's contribution to fair taxation, thus add value and contribute to the climate mainstreaming objectives, the repayment of NGEU debts and the resilience of the EU budget as a tool for investments and guarantees that respect the 'do no significant harm' criteria and the fundamental values enshrined in Article 2 of the Treaty on European Union.***

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*<sup>1</sup>Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28).*

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(28b) In accordance with the Council Decision (EU, Euratom) 2020/2053, the Union is legally bound to repay all liabilities incurred by the exceptional and temporary empowerment to borrow funds under Next Generation EU by 31 December 2058 at the latest. Therefore, in order to respect the legally binding Interinstitutional Agreement and its roadmap for the introduction of a basket of new own resources destined to repay the EU's debt, a share of the ETS revenues should accrue to the EU budget to help cover the borrowing costs as enshrined in the [Council Decision 2021/XXXX amending Decision (EU,***

*Euratom) 2020/2053 on the system of own resources of the European Union] and prevent substantial decreases that would jeopardize EU programmes in future MFFs.*

Or. en

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

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive  
Recital 52 a (new)**

*Text proposed by the Commission*

*Amendment*

*(52a) Since the transport sector is currently the only sector that has failed to deliver any reductions of greenhouse gas emissions, a significant level of investment in sustainable transport options is required to achieve the Union climate goals and support a modal shift to environmentally friendly forms of transport. Therefore, at least 10 % of the expected revenues from the increased trading of emissions to arise as a result of the extension of the scope of the EU ETS and the introduction of a new EU ETS for heating, transport and other fuels*

***pursuant to this Directive, including 10 % of the national revenues to be allocated by Member States as well as 10 % of the revenues under the Innovation Fund, should be allocated to the further development of public transport, in particular climate friendly railway and bus systems.***

Or. en

## CA 14 to 18: ETS Maritime + MRV

### CA 14: ETS Maritime - Scope (GHGs and ships covered)

(Art. 3 a ETS; Art/ 1+2+3 MRV Annex I)

supported by EPP, S&D, RE, Greens, The Left

#### Compromise Amendment 14

Compromise amendment replacing Amendments 7, 46, 664, 689-699, 701-702; 704-709 (article 3g(1)) 5, 37, 110, 684-687, 751, 786, 1316, 1326, 1327, 1587-1597, 1599-1602, 1606, 1631, 1632, 1661- 1665; TRAN 115, TRAN 123 (recital 14a); 7, 192-193 194-196 , TRAN 2, TRAN 5, TRAN 14 (recital 15); 632-635, TRAN 46-47, (recital 67)

#### GHG Covered

##### Proposal for a directive

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

Regulation (EU) 2015/757

Title

*Present text*

*Amendment*

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

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

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

Or. en

##### Proposal for a directive

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

Regulation (EU) 2015/757

Introductory statement

*Present text*

*Amendment*

***“The following paragraph is inserted after the title”:***

***(-1a) Throughout the Regulation, [except in the cases referred to in Article 5(1) of and Annex I to the Regulation,] the term 'CO<sub>2</sub>' is replaced by 'greenhouse gas' and any necessary grammatical changes are made.***

Or. en

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

*Present text*

*Amendment*

Article 1 - Subject matter

This Regulation lays down rules for the accurate monitoring, reporting and verification of ***carbon dioxide (CO<sub>2</sub>)*** emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State, in order to promote the reduction of ***CO<sub>2</sub>*** emissions from maritime transport in a cost effective manner.

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

“Article 1 - Subject matter

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

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

Or. en

**Article 3 – paragraph 1 – point -1 c (new)**  
Regulation (EU) 2015/757  
Article 3 – paragraph 1 – point a

*Present text*

*Amendment*

***(-1c) In Article 3, point (a) is replaced by the following:***

(a) ‘CO<sub>2</sub> emissions’ means the release of CO<sub>2</sub> into the atmosphere *by ships*;

“(a) ‘*greenhouse gas emissions*’ means the release of *carbon dioxide (CO<sub>2</sub>)*, *methane (CH<sub>4</sub>)* and *nitrous oxides (N<sub>2</sub>O)* into the atmosphere;”

Or. en

### **Proposal for a directive**

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

Regulation (EU) 2015/757

Article 5 – paragraph 2 a (new)

*Present text*

*Amendment*

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

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

Or. en

### **Proposal for a directive**

#### **Article 3 – paragraph 1 – point 6**

Regulation (EU) 2015/757

Article 3gb – paragraph 1

*Text proposed by the Commission*

*Amendment*

In respect of emissions from maritime transport activities listed in Annex I, the administering authority shall ensure that a shipping company under its responsibility monitors and reports the relevant parameters during a reporting period, and submits aggregated emissions data at

In respect of emissions from maritime transport activities listed in Annex I, the administering authority shall ensure that a shipping company under its responsibility monitors and reports the relevant parameters during a reporting period, and submits aggregated emissions data at

company level to the administering authority in line with Chapter II of Regulation (EU) 2015/757 of the European Parliament and of the Council (\*).

company level to the administering authority in line with Chapter II of Regulation (EU) 2015/757 of the European Parliament and of the Council (\*).

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

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

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 6**  
Directive 2003/87/EC  
Annex I - table - row 30

*Text proposed by the Commission*

“Maritime transport

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

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

*Amendment*

“Maritime transport

***Carbon dioxide (CO<sub>2</sub>), nitrous oxides (N<sub>2</sub>O) and methane (CH<sub>4</sub>) in line with*** Regulation (EU) 2015/757”

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

## Ships covered

### Proposal for a directive

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

Regulation (EU) 2015/757 **MRV**

Article 2 - paragraph 1

#### *Present text*

1. This Regulation applies to ships **above** 5 000 gross tonnage in respect of **CO<sub>2</sub>** emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.

#### *Amendment*

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

“1. This Regulation applies to ships **of** 5 000 gross tonnage **and above** in respect of **greenhouse gas** emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.

***1a. From 1 January 2024, this Regulation shall apply to ships of 400 gross tonnage and above in respect of greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as between ports of call under the jurisdiction of a Member State. However, ships of 400 gross tonnage and above but of less than 5 000 gross tonnage shall only be required to report the information which is relevant for the inclusion of such ships within the scope of the EU ETS by 1 January 2028.”;***

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

*Text proposed by the Commission*

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

*Amendment*

Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to 3ge shall apply ***to the allocation and issue of allowances*** in respect of the maritime transport activities listed in Annex I, ***in respect of emissions from ships above 5 000 gross tonnage. From 1 January 2027 Articles 3g to 3ge shall apply to the allocation and issue of allowances in respect of the maritime transport activities listed in Annex I carried out by ships of 400 gross tonnage and above. By [that date], the Commission shall carry out an assessment of the level-playing field for all ships and the avoidance of possible unwanted adverse effects on greenhouse gas emissions resulting from the possible replacement of ships above 5 000 gross tonnage by several ships of a gross tonnage below that threshold in the absence of lowering the threshold. The Commission shall, where appropriate, accompany that assessment with a legislative proposal to amend this Directive.***

***By 31 December 2024, the Commission, supported by the European Scientific Advisory Board on Climate Change referred in Article 3 of Regulation (EU) 2021/1119, shall assess, and report to the European Parliament and to the Council on the impact on the global climate of greenhouse gas emissions other than CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O and of particles with a global warming potential, from ships arriving at, within or departing from ports under the jurisdiction of a Member State. That report shall be accompanied, where appropriate, by a legislative proposal to***

*address the question of how to deal with such emissions and particles.*

Or. en

**Proposal for a directive**  
**Article 3 – paragraph 1 – point -1 a (new)**  
Regulation (EU) 2015/757  
Article 2 - paragraph 2

*Text proposed by the Commission*

2. This Regulation does not apply to warships, naval auxiliaries, fish-catching or fish-processing ships, wooden ships of a primitive build, ships not propelled by mechanical means, or **government ships used for non-commercial purposes.**

*Amendment*

2. This Regulation does not apply to warships, naval auxiliaries, fish-catching or fish-processing ships, wooden ships of a primitive build, ships not propelled by mechanical means, government ships used for non-commercial purposes **or ships for civil protection and search and rescue purposes.**

Or. en

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

*Present text*

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

*Amendment*

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

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2 – point d**

Directive 2003/87/EC

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

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2003/87/EC

Annex I - table - last row -column 1

*Text proposed by the Commission*

*Amendment*

Maritime transport

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

Maritime transport

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

Or. en

**Recitals**

**Proposal for a directive**

**Recital 14 a (new)**

*Text proposed by the Commission*

*Amendment*

**(14a) International maritime transport is the only means of transportation that has**

*not been included in the Union's commitment to reduce greenhouse gas emissions, despite the fact that the European Parliament has repeatedly called for all sectors of the economy to contribute to the joint effort to complete the transition to net-zero greenhouse gas emissions as soon as possible and by 2050 at the latest, in line with the Union's commitments under the Paris Agreement. CO<sub>2</sub> remains the dominant cause of maritime transport's climate impact when calculated on a global warming-potential 100-year basis, accounting for 98 %, or, if black carbon is included, 91 %, of total international greenhouse gas emissions in CO<sub>2</sub> equivalents. However, according to a report entitled 'Fourth IMO Greenhouse Gas Study' of the International Maritime Organization (IMO), published in 2020, there was an 87 % increase of methane (CH<sub>4</sub>) over the period from 2012 to 2018. Therefore, and in line with the amendments adopted by the European Parliament on 16 September 2020 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2015/757, in order to take appropriate account of the global data collection system for ship fuel oil consumption data, both CO<sub>2</sub> and CH<sub>4</sub> emissions, as well as nitrous oxides (N<sub>2</sub>O), should be included in the extension of the EU ETS to maritime transport activities. Consequently, an administering authority should ensure that shipping companies monitor and report aggregated emissions data including the release of (CO<sub>2</sub>), CH<sub>4</sub> and N<sub>2</sub>O to ensure consistency with Regulation (EU) .../.... [FuelEU Maritime]. Furthermore, the Commission should by 31 December 2024 assess, and report to the European Parliament and to the Council on the impact on the global climate of greenhouse gas emissions other than CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub> and of particles with a global warming potential, and, where appropriate, submit a legislative proposal on the inclusion of those*

***emissions and particles from maritime transport activities in the scope of the EU ETS.***

Or. en

**Proposal for a directive  
Recital 15**

*Text proposed by the Commission*

(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council<sup>47</sup>, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council<sup>48</sup>, action by the International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given by all stakeholders.

*Amendment*

(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council<sup>47</sup>, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council<sup>48</sup>, action by the International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given by all stakeholders. ***In order to increase the environmental effectiveness of Union measures and avoid unfair competition and incentives for circumvention, the scope of Regulation (EU) 2015/757 should be amended to cover ships of 400 gross tonnage and above from 1 January 2027. In order to ensure there is a proportionate administrative burden, for ships of less than 5 000 gross tonnage***

*operators should only be required to report the information which is relevant for future inclusion in the scope of the EU ETS, in particular the type of fuel, its carbon factor and energy density.*

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<sup>47</sup> Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

<sup>48</sup> Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).

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<sup>47</sup> Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).

<sup>48</sup> Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).

Or. en

## **Proposal for a directive**

### **Recital 67**

#### *Text proposed by the Commission*

(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO<sub>2</sub> emissions and the rules on monitoring, as well as any other relevant information

#### *Amendment*

(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO<sub>2</sub>, **CH<sub>4</sub>** and **N<sub>2</sub>O** emissions and the rules on monitoring, as well as any other

set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.

relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.

Or. en

# CA 15: ETS Maritime - Ice-class ships and outermost regions

supported by EPP, S&D, RE, ECR, The Left

## Compromise Amendment 15

Compromise amendment replacing Amendments 42, 686, TRAN 65 (Article 3g-3ga), 1309-1317, TRAN 100 (article 12(3)(c) ice ships), 1318-1324, ITRE 49-50 (article 12(3)(2a) ice ships); 1603-1605, TRAN 117, TRAN 119, TRAN 120, TRAN 121, 1607-1616, 1618-1629, 1707-1709, ITRE 55 (on ice ships); 228, 229, 232, 234, 235, 238, 239, TRAN 16, ITRE 6 (recital 20a)

## Ice-class ships

### Proposal for a directive

#### Article 1 – paragraph 1 – point 15 - point c

Directive 2003/87/EC

Article 12 – paragraph 3 - subparagraph 1 - point c

#### *Text proposed by the Commission*

(c) each shipping company surrenders a number of allowances equal to its total emissions during the preceding calendar year, as verified in accordance with Article 3gc.

#### *Amendment*

(c) each shipping company surrenders a number of allowances equal to its total emissions during the preceding calendar year, as verified in accordance with Article 3gc.

***By way of derogation from point (c) of the first subparagraph, until 31 December 2029, shipping companies may surrender fewer allowances on the basis of the ice class of their ships or the fact their ships navigate in ice conditions or both in accordance with Annex Va.***

Or. en

### Proposal for a directive

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

Regulation (EU) 2015/757

Article 6 - paragraph 4

*Present text*

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

*Amendment*

**(-a) in Article 6, paragraph 4 is replaced by the following:**

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

Or. en

**Proposal for a directive**  
**Article 3 – paragraph 1 – point 5 a (new)**  
Regulation (EU) 2015/757  
Article 9 - paragraph 1 - subparagraph 2

*Present text*

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

*Amendment*

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

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

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

Or. en

**Proposal for a directive**  
**Article 3 – paragraph 1 – point 6 a (new)**  
Regulation (EU) 2015/757  
Article 10 - paragraph 2

*Text proposed by the Commission*

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

*Amendment*

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

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

Or. en

**Proposal for a directive**  
**Annex I – point 4 a (new)**  
Directive 2003/87/EC  
Annex V a (new)

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121/219

PE731.699v01-00

**(4a) the following annex is inserted in Directive 2003/87/EC:**

**“Annex Va**

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

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

**Readjusted amount of emissions allowances to be surrendered annually mean readjusted amount of annual emissions  $CO_2 R$ .**

**The annual total emission  $CO_2 T$  within the scope of the EU ETS are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:**  
 **$CO_2 T = CO_2 T_{\text{voyages between MS}} + CO_2 B + 0.5 \times (CO_2_{\text{voyages from MS}} + CO_2_{\text{voyages to MS}})$  (1),**  
**where  $CO_2 T_{\text{voyages between MS}}$  denotes the aggregated  $CO_2$  emissions from all voyages between ports under the jurisdiction of a Member State,  $CO_2 B$  the emissions which occurred within ports under the jurisdiction of a Member State at berth,  $CO_{2eq \text{ voyages from MS}}$  the aggregated  $CO_2$  emissions from all voyages which departed from ports under the jurisdiction of a Member State and  $CO_2_{\text{voyages to MS}}$  the aggregated  $CO_2$  emissions from all voyages to ports under the jurisdiction of a Member State.**

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

$$CO_{2eI} = CO_{2eqI \text{ voyages between MS}} + 0.5 \times (CO_{2eqI \text{ voyages from MS}} + CO_{2eqI \text{ voyages to MS}}) \quad (2),$$

*where  $CO_{2eqI \text{ voyages between MS}}$  denotes the aggregated CO<sub>2</sub> emissions of an ice-classed ship when navigating in ice conditions between ports under the jurisdiction of a Member,  $CO_{2eqI \text{ voyages from MS}}$  emissions of an ice-classed ship when navigating in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and  $CO_{2eqI \text{ voyages to MS}}$  emissions of an ice-classed ship when navigating in ice conditions from all voyages to ports under the jurisdiction of a Member State. The annual total distance travelled within the scope of the EU ETS is calculated as follows:*

$$D_T = D_{T \text{ voyages between MS}} + 0.5 \times (D_{T \text{ voyages from MS}} + D_{T \text{ voyages to MS}}) \quad (3),$$

*where  $D_{T \text{ voyages between MS}}$  denotes the aggregated distance of all voyages between ports under the jurisdiction of a Member State,  $D_{T \text{ voyages from MS}}$  the aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State and  $D_{T \text{ voyages to MS}}$  the aggregated distance of all voyages to ports under the jurisdiction of a Member State. The aggregated distance travelled when navigating in ice conditions within the scope of the EU ETS is calculated as follows:*

$$D_I = D_{I \text{ voyages between MS}} + 0.5 \times (D_{I \text{ voyages from MS}} + D_{I \text{ voyages to MS}}) \quad (4),$$

*where  $D_{I \text{ voyages between MS}}$  denotes the aggregated distance sailed in ice conditions from all voyages between ports under the jurisdiction of a Member State,  $D_{I \text{ voyages from MS}}$  the aggregated distance sailed in ice conditions from all voyages which departed from ports under the*

*jurisdiction of a Member State and  $D_T$  voyages to MS the aggregated distance sailed in ice conditions from all voyages to ports under the jurisdiction of a Member State. The readjusted amount of annual emissions  $CO_{2eq} R$  are calculated as follows:*

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

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

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

$$CO_{2TF} = 0.05 \times (CO_{2T} - CO_{2B} - CO_{2NI}) \quad (6)$$

*The increase in annual emissions due to navigating in ice conditions is calculated as follows:*

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

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

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

*Where  $\left( \frac{CO_{2eq}}{D} \right)_{ow}$  the emissions for voyages per distance travelled in open water. The latter is defined as follows*

$$\left( \frac{CO_{2eq}}{D} \right)_{ow} = \frac{CO_{2T} - CO_{2B} - CO_{2I}}{D_T - D_I} \quad (9)$$

*List of all symbols:*

*$CO_{2T}$  annual total emissions within the geographical scope of the EU ETS*

*$CO_{2T}$  voyages between MS aggregated  $CO_2$  emissions from all voyages between ports under the jurisdiction of a Member State,  $CO_{2B}$  emissions which occurred within ports under the jurisdiction of a Member State at berth*

*$CO_{2eq}$  voyages from MS aggregated  $CO_2$  emissions from all voyages which*

*departed from ports under the jurisdiction of a Member State*

*CO<sub>2</sub> voyages to MS aggregated CO<sub>2</sub> emissions from all voyages to ports under the jurisdiction of a Member State*

*D<sub>T</sub> annual total distance travelled within the scope of the EU ETS*

*D<sub>T</sub> voyages between MS aggregate distance of all voyages between ports under the jurisdiction of a Member State*

*D<sub>T</sub> voyages from MS aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State*

*D<sub>T</sub> voyages to MS aggregated distance of all voyages to ports under the jurisdiction of a Member State*

*D<sub>I</sub> aggregated distance travelled when navigating in ice conditions within the geographical scope of the EU ETS*

*D<sub>T</sub> voyages between MS aggregated distance sailed in ice conditions of all voyages between ports under the jurisdiction of a Member State*

*D<sub>T</sub> voyages from MS aggregated distance sailed in ice conditions of all voyages which departed from ports under the jurisdiction of a Member State*

*D<sub>T</sub> voyages to MS aggregated distance sailed in ice conditions of all voyages to ports under the jurisdiction of a Member State*

*CO<sub>2I</sub> annual emissions of an ice-class ship when navigating in ice conditions*

*CO<sub>2NI</sub> increase of annual emissions of an ice-class ship due to navigating in ice conditions*

*CO<sub>2R</sub> readjusted annual emissions*

*CO<sub>2RI</sub> readjusted annual emissions for navigating in ice conditions*

*CO<sub>2TF</sub> annual emissions due to technical characteristics of a ship with a Finnish-Swedish ice class IA or IA Super or an equivalent ice class on average, compared to ships designed to sail only in open water*

*$\left(\frac{CO_{2eq}}{dist}\right)_{OW}$  annual average of emissions for distance travelled in open water only*

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

*Text proposed by the Commission*

*Amendment*

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

**Outermost regions**

**Proposal for a directive**

**Article 1 - paragraph 1 - point 15 - point c**

Directive 2003/87/EC

Article 12 – paragraph 3 – subparagraph 1 – point c

*Text proposed by the Commission*

*Amendment*

***By way of derogation from point (c) of the first subparagraph, until 31 December 2029, shipping companies may surrender 25% fewer allowances in respect of emissions that occur until 2030 from voyages between a port located in an outermost region of a Member State and a port located in the same Member State outside that outermost region. By 31 December 2029, the Commission shall assess, and present a report to the European Parliament and the Council on, the impact of ending this derogation for maritime transport to and from outermost regions.***

Or. en

## CA 16: ETS Maritime - Commercial operator

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supported by EPP, S&D, RE, Greens, ECR, The Left

### Compromise Amendment 16

Compromise amendment replacing Amendments 35, 660-663, TRAN 52 (article 3 definitions), 44, 757, 760, 762, 763, 764 (article 3gda contractual agreement), 9, 226, 227, TRAN 12 (recital 20)

### Proposal for a directive

#### Article 1 – paragraph 1 – point 2 – point d

Directive 2003/87/EC

Article 3 – paragraph 1 – point v

#### *Text proposed by the Commission*

(v) ‘shipping company’ means the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(\*);

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(\* ) Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006 on the implementation of the International Safety Management Code within the Community and repealing Council Regulation (EC) No 3051/95 (OJ L 64, 4.3.2006, p. 1).

#### *Amendment*

(v) ‘shipping company’ means the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(\*);

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(\* ) Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006 on the implementation of the International Safety Management Code within the Community and repealing Council Regulation (EC) No 3051/95 (OJ L 64, 4.3.2006, p. 1).

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 6

*Text proposed by the Commission*

*Amendment*

**Article 3gda**

**Contractual arrangements**

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

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

***Member States shall take the necessary measures to ensure that the shipping company has appropriate and effective means of recovering the costs referred to in the first paragraph of this Article in accordance with Article 16.***

Or. en

**Proposal for a directive**  
**Recital 20**

*Text proposed by the Commission*

*Amendment*

(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and

(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and

responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. ***In line with the polluter pays principle, the shipping company could, by means of a contractual arrangement, hold the entity that is directly responsible for the decisions affecting the CO<sub>2</sub> emissions of the ship accountable for the compliance costs under this Directive. This entity would normally be the entity that is responsible for the choice of fuel, route and speed of the ship.***

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

Or. en

## CA 17: ETS Maritime - Ocean Fund

supported by EPP, S&D, RE, Greens, The Left

### **Compromise Amendment 17**

Compromise amendment replacing Amendments 45, 749, 750, 754, 755, 756, 758, 759, 761, 765, 766, 767, TRAN 75, TRAN 84, TRAN 88 (article 3gd), 10, 217, 228, 229, 230, 231, 354, 358, ITRE 5, TRAN 9 (recital 20a)

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 6**

Directive 2003/87/EC

Article 3ga a (new)

*Text proposed by the Commission*

*Amendment*

*Article 3gaa*

*Ocean Fund*

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

*2. Shipping companies may pay an annual membership contribution to the Ocean Fund in accordance with their total emissions reported for the preceding calendar year under Regulation (EU) 2015/757 to limit the administrative burden for shipping companies, including small and medium sized companies and companies that are not frequently active within the scope of this Directive. The Ocean Fund shall surrender allowances collectively on behalf of shipping transport companies that are members of the Ocean Fund. The membership contribution per tonne of emissions shall*

*be set by the Ocean Fund by 28 February each year, but shall be at least equal to the highest recorded primary or secondary market settlement price for allowances in the preceding year.*

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

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

- (a) improvement of the energy efficiency of ships and ports;*
- (b) innovative technologies and infrastructure for decarbonising the maritime transport sector, including as regards short sea shipping and ports, including connections to electricity grids in ports;*
- (c) deployment of sustainable alternative fuels, such as hydrogen, e-fuels and ammonia, that are produced from renewable energy, including*

*through carbon contracts for difference;*

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

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

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

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

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

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

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

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

*6. The Commission shall engage with third countries with regard to exploring options as to how they could also make use of the Ocean Fund. A corresponding share of the Ocean Fund shall be made available for those countries outside the Union, in particular Least Developed Countries and Small Island States, whose voyages from or to a port not under the jurisdiction of a Member State are covered by 100 % for measures aiming at*

*adapting to climate change and decreasing their emissions in the maritime sector.*

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

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

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

**(20a) The successful transition to zero emission shipping requires an integrated**

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

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

Or. en

# CA 18: ETS Maritime - phase in, scope of voyages covered and international cooperation

supported by EPP, S&D, RE, Greens, The Left

## Compromise Amendment 18

Compromise amendment replacing the following Amendments:

- 669-671, - 671-682, 689-702: 704-710 (article 3g);
- 38-41, 43, 711-747 (article 3ga), 46, 699 (article 3gaa),
- 47, 768-782 (article 3ge); 1598
- 190-191 (recital 14); 198-201 (recital 16 and 16a); 8, 218-223 (recitals 17a, 18), 6, 202-208 (recital 17), 209-216, 232, 237 (new recital 17a),
- TRAN 56-61, TRAN 63, TRAN 66-71, TRAN 74, TRAN 76-79, TRAN 81, TRAN 101, TRAN 116, TRAN 122, TRAN 10-11, TRAN 1, TRAN 3-4, TRAN 6, ITRE 3-4, ITRE 22

## Proposal for a directive

### Article 1 – paragraph 1 – point 6

Directive 2003/87/EC

Article 3ga

*Text proposed by the Commission*

*Amendment*

Article 3ga

Article 3ga

*Phase-in of requirements for maritime transport*

*Requirements for maritime transport*

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

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

*(a) 20 % of verified emissions reported for 2023;*

*(b) 45 % of verified emissions reported for 2024;*

*(c) 70 % of verified emissions reported for 2025;*

*(d) 100 % of verified emissions reported for 2026 and each year thereafter.*

*To the extent that fewer allowances are surrendered compared to the verified*

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

Or. en

## **Scope Voyages and International Cooperation**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 5**

Directive 2003/87/EC

Article 3g – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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

***Until 31 December 2026, the allocation of allowances and the application of***

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

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

*Article 3ga*

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

*1. The Commission shall engage with third countries with the aim of*

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

*Where:*

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

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

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

*the Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive to introduce a proportionate reduction of the scope of application of the Union measures while maintaining in the scope of the EU ETS at least 50 % of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and 50% percent of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and*

*arriving at a port under the jurisdiction of a Member State.*

Or. en

## **Carbon leakage protection**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 6**  
Directive 2003/87/EC  
Article 3gg

*Text proposed by the Commission*

*Amendment*

### **Article 3gg**

#### ***Ports at risk of carbon leakage***

***By way of derogation from Article 3g(1), where a third country does not have a carbon pricing mechanism in place to cap and reduce emissions that is at least equivalent to that of the EU ETS, one hundred percent (100 %) of emissions from ships performing single voyages directly after or directly preceding voyages departing from a port under the jurisdiction of a Member State and arriving in a port outside the jurisdiction of a Member State and at risk of carbon leakage or departing from a port outside the jurisdiction of a Member State and at risk of carbon leakage and arriving in a port under the jurisdiction of a Member State shall be subject to the requirements of Article 10.***

***The Commission is empowered to adopt delegated acts in accordance with paragraph 23 to supplement this Directive by setting out the criteria to classify a port outside the jurisdiction of a Member State as posing a risk of carbon leakage, in particular taking into account the risk of relocation of transshipment operations from ports in the Union to transshipment ports outside the Union.***

***Based on the criteria referred to in the second paragraph, the Commission shall***

*establish a list of ports outside the jurisdiction of a Member State that pose a risk of carbon leakage, and it shall update that list annually.*

Or. en

**Proposal for a directive**

**Article 1 - paragraph 1 - point 2 - point d**

Directive 2003/87/EC

Article 3 - points (wa), (wb) and (wc) (new)

*Text proposed by the Commission*

*Amendment*

*(wa) "transhipment port" means a port where the movement of one type of cargo by way of transhipment operations exceeds 60 % of the total traffic of that port;*

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

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

Or. en

**Proposal for a directive**  
**Article 1 - paragraph 1 - point 6**  
Directive 2003/87/EC  
Article 3gg (new)

*Text proposed by the Commission*

*Amendment*

**Article 3gg**

*By way of derogation from Article 3g(1), second subparagraph, in case the distance between a port under the jurisdiction of a Member State and a port outside the jurisdiction of a Member State is less than [xxx] nautical miles [the Commission shall calculate the appropriate number of nautical miles, based on an impact assessment establishing a list of port calls in neighbouring non-EU transshipment ports], the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of one hundred percent (100%) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, including transshipment ports, one hundred percent (100%) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State, including transshipment ports, and arriving at a port under the jurisdiction of a Member State.*

Or. en

**IMO clause**

**Proposal for a directive**  
**Article 1 - paragraph 1 - point 6**  
Directive 2003/87/EC  
Article 3ge

*Text proposed by the Commission*

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

*Amendment*

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

**Within 12 months of the adoption of such a measure and before this measure becomes operational,** and in any event before the 2028 global stocktake and no later than 30 September 2028 the Commission, **supported by the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119,** shall present a report to the European Parliament and to the Council in which it shall examine any such measure.

**That report shall examine the ambition and overall environmental integrity of the measures decided upon by the IMO, including their general ambition in relation to the Paris Agreement objective of limiting the temperature increase in the global average temperature to 1,5°C above pre-industrial levels, to the Union economy-wide greenhouse gas emissions reduction target for 2030 and to the climate-neutrality objective as set out in Regulation (EU) 2021/1119 and shall compare the overall environmental integrity of those measures to the overall environmental integrity involved in**

*applying the EU ETS in accordance with the rules set out in this Directive.*

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

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

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

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

2. The Commission shall monitor, *and report biennially following the entry into force of this Directive, on* the implementation of this Chapter and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. *The Commission shall also monitor adverse impacts as regards, inter alia, possible transport cost increases, market distortions and changes in port traffic*

*such as port evasion and shifts of transshipment hubs, the overall competitiveness of the maritime sector in the Member States, and in particular the adverse impacts on those shipping services that provide essential services of territorial continuity.* If appropriate, the Commission shall propose measures to prevent *possible adverse impacts or circumvention of the requirements of this Directive.*

Or. en

## **Proposal for a directive**

### **Recital 14**

#### *Text proposed by the Commission*

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

#### *Amendment*

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

would significantly undermine reductions made by other sectors to combat climate change.

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

Or. en

## Proposal for a directive Recital 16

### *Text proposed by the Commission*

(16) Pursuant to Directive (EU) 2018/410, the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, ***while*** the recent ***progress achieved through the IMO is welcome, these measures will not be*** sufficient to achieve the objectives of the Paris Agreement.

### *Amendment*

(16) Pursuant to Directive (EU) 2018/410, the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, the recent ***developments in the IMO framework are not*** sufficient to achieve the objectives of the Paris Agreement. ***Given the international character of shipping, the Commission in collaboration with Member States should further step up diplomatic efforts to make progress on the development of a global market-based measure at the IMO level.***

Or. en

**Proposal for a directive**  
**Recital 16 a (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 17**

*Text proposed by the Commission*

*Amendment*

(17) In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector

***(17) Greenhouse gas emissions from the maritime sector account for around 2,5 % of Union emissions. The lack of decisive action within the IMO framework has delayed innovation and introduction of necessary measures to reduce emissions in the sector.*** In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the

contributes to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets.<sup>49</sup> Considering that emissions from international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. The extension of the EU ETS to the maritime transport sector should thus include half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port under the jurisdiction of a Member State, and emissions at berth in a port under the jurisdiction of a Member State. This approach has been noted as a practical way to solve the issue of Common but Differentiated Responsibilities and Capabilities, which has been a longstanding challenge in the UNFCCC context. The coverage of a share of the emissions from both incoming and outgoing voyages between the Union and

maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes *its fair share* to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets.<sup>49</sup> **The** surrendering of allowances by shipping companies should be **fully implemented as of 2024 and** shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year. Considering that emissions from international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers **these emissions, while providing for derogations under strict conditions if third countries take responsibility for such emissions or an IMO market-based measure is in place to cover** a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. **From 2028 onwards, the** extension of the EU ETS to the maritime transport sector should thus include **emissions from voyages to and from third countries, while providing for derogations to** half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State

third countries ensures the effectiveness of the EU ETS, notably by increasing the environmental impact of the measure compared to a geographical scope limited to voyages within the EU, while limiting the risk of evasive port calls and the risk of delocalisation of transshipment activities outside the Union. To ensure a smooth inclusion of the sector in the EU ETS, the surrendering of allowances by shipping companies should be gradually increased with respect to verified emissions reported for the period 2023 to **2025**. To protect the environmental integrity of the system, to the extent that fewer allowances are surrendered in respect of verified emissions for maritime transport during those years, once the difference between verified emissions and allowances surrendered has been established each year, a corresponding number of allowances should be cancelled. As from **2026**, shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.

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<sup>49</sup> Paris Agreement, Article 4(4).

from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State ***under strict conditions, in particular where a third country has a carbon pricing mechanism in place, or has established through a bilateral or multilateral agreement between the Union and one or more third countries a carbon pricing mechanism linked to the EU ETS pursuant to Article 25, to cap and reduce emissions to a level at least equivalent to the EU-ETS, meaning a binding mechanism to cap, reduce and price maritime greenhouse gas emissions resulting in an absolute emissions reduction at least equivalent to the case where 100% of those emissions would be subject to the EU ETS or where a third country is a Least Developed Country or Small Island Developing State that has a GDP per capita not equalling or exceeding the Union average and includes these emissions under its nationally determined contributions under the Paris Agreement.***

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<sup>49</sup> Paris Agreement, Article 4(4).

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(17a) The Commission, the Council and the European Parliament should work with third countries in order to facilitate acceptance of the provisions of Directive 2003/87/EC as regards maritime transport activities and to strengthen international***

*cooperation in this area. At the same time, the Commission, the Council and the European Parliament should work to strengthen global measures through the IMO.*

Or. en

**Proposal for a directive**  
**Recital 18**

*Text proposed by the Commission*

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

*Amendment*

(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and subsequent global stocktakes every five years thereafter, intended to inform successive nationally determined contributions. In particular, the Commission should report any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 - to the European Parliament and to the Council on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission should analyse the International Maritime Organization instruments and, assess, as relevant, how to implement those instruments in Union law through a revision of Directive 2003/87/EC. In *the event that a global market-based measure has been adopted at IMO level leading to greenhouse gas emission reductions which are in line with the Paris Agreement and at least comparable to those resulting from the Union measures*, the Commission should *consider a proportionate reduction of the*

*scope of application of the Union measures to avoid the creation of a double burden while maintaining in the scope of the EU ETS at least 50 % of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and 50% percent of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State. and recognising the Union's sovereignty to regulate its share of emissions from international shipping voyages in line with the obligations of the Paris Agreement. However, in the event that there has been insufficient progress at IMO level or that global measures have been adopted at IMO level which are not in line with the Paris Agreement and at least comparable to those resulting from the Union measures, the Commission should keep the Union measures to cover 100 % of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State and 100 % of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, through an amendment of Directive 2003/87/EC.*

Or. en

## CA 19: ETS 2

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supported by EPP, S&D, RE, Greens, The Left

### Compromise Amendment 19

Compromise amendment replacing Amendments 20, 22-28, 31, 32, 83-107, 112-114, 159, 360, 415-532, 534-597, 600-605, 621, 624-628, 631, 658-659, 665-668, 672-677, 1220, 1406-1530, 1672-1685, 1695-1706, 1574-1585, ITRE 21, BUDG 6, BUDG 7, BUDG 9, BUDG 10, TRAN 24-42, TRAN 45, TRAN 51, TRAN 53-55, TRAN 109, TRAN 111, TRAN 114, TRAN 125-127

## CA 19 Part 1: Core provisions

### 1. Commercial 2025, with private 2029 after Commission assessment

#### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30 a

#### *Text proposed by the Commission*

The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, IIa and III.

#### *Amendment*

The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, IIa and III.

*The provisions of this Chapter shall apply in respect of the release for consumption of fuels which are used for combustion in private road transport and private heating or cooling of residential buildings only from 1 January 2029 subject to the assessment in Article 30a(1a) (new).*

Or. en

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

*Text proposed by the Commission*

*Amendment*

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

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

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

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

***(c) a detailed analysis and quantification of the additional greenhouse gas emissions reduction that could be achieved through this extension, as well as the progress of Member States toward the achievement the (ESR Regulation) targets;***

***(d) an assessment of the feasibility and modalities of the cost pass-on reporting and limit mechanism in article 30f(2a);***

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

Or. en

## **Emergency break**

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

*Text proposed by the Commission*

*Amendment*

### *Article 30a a (new)*

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

*By derogation from paragraph 1, in the event that the Fund established by the [Social Climate Fund Regulation] has not commenced operating, or has operated for less than three years, the auctioning of allowances covered by this Chapter shall be delayed until that Fund has been operational for at least 3 years.*

**2. If applicable, the Commission shall publish that the condition in paragraph 1 is met before the start of the auctions under this Chapter.**

Or. en

## **Commercial 2025**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Article 30 d – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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

Or. en

## **Extension to other fuels**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Chapter IVa – title

#### *Text proposed by the Commission*

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

#### *Amendment*

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

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 21**

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*Text proposed by the Commission*

*Amendment*

***(-1a) Throughout this Chapter, the term ‘fuel released for consumption and which is used for combustion in the buildings and road transport sectors as defined in Annex III’ is replaced by ‘fuel released for consumption in the sectors as defined in Annex III’ and any necessary grammatical changes are made.***

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

Or. en

**Proposal for a directive**  
**Annex – paragraph 1 – point 2**  
Directive 2003/87/EC  
Annex III – table

*Text proposed by the Commission*

*Amendment*

Activity:

Greenhouse gases

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

Carbon dioxide (CO<sub>2</sub>)

This activity shall not include:

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

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

***2. The sectors of buildings and road transport shall correspond to the following sources of emissions, defined in 2006 IPCC Guidelines for National***

**Greenhouse Gas Inventories, with the necessary modifications to those definitions as follows:**

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

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

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

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

#### *Amendment*

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

This activity shall not include:

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

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

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

**(d) the release for consumption of fuels used in ships or activities under Article 2(2) in Regulation (EU) 2015/757.**

**(e) the release for consumption of fuels used in the activity "Aviation" of Annex I of this Directive**

**(f) the release for consumption of fuels used for private road transport and for**

*residential buildings until 1 January  
2029, subject to the assessment in Article  
30(1a);*

Or. en

## **Price cap**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 21**  
Directive 2003/87/EC  
Article 30 h – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

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

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

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

Or. en

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

*Text proposed by the Commission*

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

*Amendment*

By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter.

***By 1 January 2029, the Commission shall present a report to the European Parliament and to the Council in which it assesses whether the price cap referred to in Article 30h(2a), first subparagraph, has been effective and whether it should be continued. The Commission shall, where appropriate, accompany that report with a legislative proposal to the European Parliament and to the Council to amend this Directive to adjust that price cap, in due time for it to apply from 1 January 2030.***

By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.

Or. en

## Excessive Price Mechanism

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30 h – paragraph 1

#### *Text proposed by the Commission*

1. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than twice the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 50 million allowances covered by this Chapter from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.

2. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than three times the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 150 million allowances covered by this Chapter from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.

#### *Amendment*

1. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than twice the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 50 million allowances covered by this Chapter from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.

2. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than three times the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 150 million allowances covered by this Chapter from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.

Or. en

## Avoiding Double Counting

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30f – paragraph 4

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Article 30f – paragraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***4a. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out the Union-wide and fully harmonised rules regarding compensation of costs arising from double accounting for operators of installations pursuant to Article 3e that are incurred from costs passed on in fuel prices concerning emissions from the combustion of fuels and provided that those emissions are reported by the operator pursuant to Article 14 as well as the regulated entity pursuant to this Article and that the double counting is not avoided pursuant to paragraph 4 of this Article. The calculation of the compensation amount shall be based on the average price of***

*allowances auctioned pursuant to Article 30d(4) in the reporting year concerned pursuant to this Article. The revenues generated from the auctioning of allowances covered by this Chapter shall, to the extent necessary and up to a level corresponding to the double counting in the reporting year pursuant to this Article, be used for the compensation amount;*

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 21**  
Directive 2003/87/EC  
Article 30c – paragraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

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

Or. en

### **Cost pass-on limitation**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 21**  
Directive 2003/87/EC  
Article 30f – paragraph 2 a (new)

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

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

**2b. From [the date of application of this Chapter in respect of fuels which are used for combustion in private road transport and private heating or cooling of residential buildings] or, if a Member State in accordance with Article 30a, third paragraph, has decided that the derogation referred to in the second paragraph of that Article does not apply, from xx, Regulated entities shall not pass on more than 50% of the costs related to the surrender of allowances for fuels released for consumption pursuant to Annex III to the final consumer.**

***2c. Where the Commission finds that a regulated entity has passed on a share of costs higher than 50 %, that entity shall pay a penalty into the Social Climate Fund established by Regulation (EU) 20.../nn [Social Climate Fund Regulation] in accordance with Article 16. The penalty amount shall be calculated on the basis of the quantity of allowances equivalent to the excess pass through in accordance with this paragraph, multiplied by the highest recorded primary or secondary market settlement price for allowances under this Chapter in the preceding year. Each year by 28 February, the Commission shall communicate the excess pass through penalty price. The revenues generated from penalties referred to in paragraph 2b shall be allocated to the Social Climate Fund referred to in Regulation (EU) 20.../nn [Social Climate Fund Regulation].***

Or. en

## **Private opt-in**

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

*Text proposed by the Commission*

*Amendment*

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

*whether the Member State has sufficient programmes in place for those purposes and inform the Member State of its decision.*

Or. en

**150 million (3.4% of total ETS 2) ETS 2 Allowances auctioned for Social Climate Fund (instead of IF)**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Article 30d– paragraph 3

*Text proposed by the Commission*

3. 150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the *Innovation* Fund established under *Article 10a(8)*. *Article 10a(8) shall apply to the allowances referred to in this paragraph.*

*Amendment*

3. 150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the *Social Climate* Fund established under *Regulation (EU) 20.../nn [Social Climate Fund Regulation as external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council, and shall be used in accordance with the rules applicable to the Social Climate Fund.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Article 30 d – paragraph 3 a (new)

*Text proposed by the Commission*

*Amendment*

*3 a. In order to ensure that the available appropriations for the Social Climate Fund in the EU budget can evolve in close alignment with the carbon price and thus the burden for vulnerable households and traffic users, a Carbon Price Fluctuation Adjustment Mechanism will enable annual reinforcements. The*

*detailed provisions are to be provided for in the Multiannual Financial Framework Regulation, which, in accordance with Article 312 TFEU, will ensure that the relevant expenditure ceilings are adjusted automatically each year in function of the rate of change of the carbon price under the ETS for Buildings and Road Transport. The budgetary impact of the annual adjustment will be budgeted.*

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

Article 30 d – paragraph 4

*Text proposed by the Commission*

4. The total quantity of allowances covered by this Chapter after deducting the quantities set out in paragraph 3, shall be auctioned by the Member States and distributed amongst them in shares that are identical to the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by this Chapter for the average of the period from 2016 to 2018, of the Member State concerned.

*Amendment*

4. The total quantity of allowances covered by this Chapter after deducting the quantities set out in paragraphs 3, shall be auctioned by the Member States and distributed amongst them in shares that are identical to the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by this Chapter for the average of the period from 2016 to 2018, of the Member State concerned.

Or. en

**Entire amount of ETS 2 national resources allocated to Social Climate Fund and ring-fenced for social climate measures**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 21**

Directive 2003/87/EC

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

*Text proposed by the Commission*

5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in

*Amendment*

5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues

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

established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget *as general income*. Member States shall use their revenues *first for the national co-financing of their Social Climate Plans and, for any remaining revenue, for social climate measures and investments in accordance with Article 6 of Regulation (EU) 2020/2184 [Social Climate Fund Regulation]*:

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

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

#### *Text proposed by the Commission*

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

#### *Amendment*

(a) measures intended to contribute to the *climate neutrality* of heating and cooling of buildings or to the reduction of the energy needs of buildings *in accordance with Article 6 of Regulation (EU) 2020/2184 [Social Climate Fund Regulation]*;

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

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

#### *Text proposed by the Commission*

(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for

#### *Amendment*

(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles or measures to

zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality, *or to provide financial support in order to address social aspects concerning low and middle-income transport users.*

encourage a shift to public forms of transport and improve multimodality *in accordance with Article 6 of Regulation (EU) 2020/1056 [Social Climate Fund Regulation].*

Or. en

## **Proposal for a regulation** **Recital 52**

### *Text proposed by the Commission*

(52) The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey<sup>2</sup>. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council<sup>3</sup>. Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-

### *Amendment*

(52) The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey<sup>5</sup>. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council<sup>6</sup>. Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-

<sup>2</sup> Data from 2018. Eurostat, SILC [ilc\_mdcs01].

<sup>3</sup> Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1–56).

<sup>5</sup> Data from 2018. Eurostat, SILC [ilc\_mdcs01].

<sup>6</sup> Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1–56).

enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20.../nn of the European Parliament and the Council<sup>4</sup>. In addition, each Member State should use their auction revenues *inter alia* to finance a part of the costs of their Social Climate Plans.

enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. ***This Fund should be an integral part of the EU budget in order to preserve the unity of the budget and the coherence with EU policies and to ensure an effective control by the budgetary authority, composed of the Parliament and the Council.*** This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20.../nn of the European Parliament and the Council<sup>7</sup>. ***The programmed baseline allocation in the EU budget should be increased annually by a supplementary reinforcement in the event of an increase of carbon price to a level higher than the initial assumption, as it would raise the burden on the vulnerable households and traffic users. To ensure that the impact of carbon price increases on the most vulnerable is adequately and fairly mitigated, such annual reinforcements should be accommodated within the MFF by means of an automatic ‘carbon price fluctuation adjustment’ of the ceiling of Heading 3 and the payment ceiling, the mechanism for which is to be provided for in the MFF regulation according to Article 312 TFEU.*** In addition, each Member State should use their auction revenues *inter alia* to finance a part of the costs of their Social Climate Plans.

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<sup>4</sup> [Add ref to the Regulation establishing the Social Climate Fund].

<sup>7</sup> [Add ref to the Regulation establishing the Social Climate Fund].



## CA 19 Part 2: alignment (articles) with core provisions in part 1

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30a

#### *Text proposed by the Commission*

The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, IIa and III.

#### *Amendment*

The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, IIa and III.

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30b – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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

Or. en

### Proposal for a directive

#### Article 1 – paragraph 1 – point 21

Directive 2003/87/EC

Article 30c – paragraph 1

*Text proposed by the Commission*

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

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

*Amendment*

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

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

Or. en

**Proposal for a directive**

**Article 1 – paragraph 1 – point 22**

Directive 2003/87/EC

Article 30d – paragraph 2

*Text proposed by the Commission*

2. The auctioning of the allowances under this Chapter shall start in **2026** with a volume corresponding to 130 % of the auction volumes for **2026** established on the basis of the Union-wide quantity of allowances for that year and the respective

*Amendment*

2. The auctioning of the allowances under this Chapter shall start in **2025** with a volume corresponding to 130 % of the auction volumes for **2025** established on the basis of the Union-wide quantity of allowances for that year and the respective

auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).

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

auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).

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

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 23**  
Directive 2003/87/EC  
Article 30e – paragraph 2

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 23**  
Directive 2003/87/EC  
Article 30e – paragraph 2

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

## CA 19 Part 3: alignments (recitals) with core provisions in part 1

### Proposal for a regulation

#### Recital 43

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

(43) The Communication of the Commission on Stepping up Europe's 2030 climate ambition<sup>57</sup>, underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. The new system is accompanied by complementary policies and measures safeguarding against undue price impacts, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC.

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<sup>57</sup> COM(2020)562 final.

##### *Amendment*

(43) The Communication of the Commission on Stepping up Europe's 2030 climate ambition<sup>57</sup>, underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. The new system is accompanied by complementary policies and measures safeguarding against undue price impacts, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC.

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<sup>57</sup> COM(2020)562 final.

**Proposal for a regulation**  
**Recital 43 a (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a regulation**  
**Recital 44**

*Text proposed by the Commission*

*Amendment*

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

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

so as to mitigate the impact of the carbon price on vulnerable households and transport users.

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

Or. en

## **Proposal for a regulation** **Recital 46**

### *Text proposed by the Commission*

(46) The regulated entities in the *two* new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262<sup>58</sup>, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.

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

### *Amendment*

(46) The regulated entities in the new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262<sup>58</sup>, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.

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

Or. en

## **Proposal for a regulation** **Recital 47**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a regulation**  
**Recital 48**

*Text proposed by the Commission*

(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in **2026**, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO<sub>2</sub>t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council<sup>59</sup> on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the

*Amendment*

(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in **2025**, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO<sub>2</sub>t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council<sup>59</sup> on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported

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

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

Or. en

### **Proposal for a regulation** **Recital 49**

#### *Text proposed by the Commission*

(49) The auctioning of allowances is the simplest and the most economically efficient method for allocating emission allowances, which also avoids windfall profits. Both the buildings and road transport sectors are under relatively small or non-existent competitive pressure from outside the Union and are not exposed to a risk of carbon leakage. Therefore, allowances for buildings and road transport should only be allocated via auctioning without there being any free allocation.

#### *Amendment*

(49) The auctioning of allowances is the simplest and the most economically efficient method for allocating emission allowances, which also avoids windfall profits. Both the buildings and road transport sectors are under relatively small or non-existent competitive pressure from outside the Union and are not exposed to a risk of carbon leakage. Therefore, allowances for buildings and road transport should only be allocated via auctioning without there being any free allocation.

Or. en

### **Proposal for a regulation** **Recital 50**

#### *Text proposed by the Commission*

(50) In order to ensure a smooth start to emissions trading in the **buildings and road transport** sectors and taking into

#### *Amendment*

(50) In order to ensure a smooth start to emissions trading in the **new** sectors and taking into account the need of the

account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In **2026**, the auction volumes should therefore be 30 % higher than the total quantity of allowances for **2026**. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.

regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In **2025**, the auction volumes should therefore be 30 % higher than the total quantity of allowances for **2025**. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.

Or. en

### **Proposal for a regulation** **Recital 51**

#### *Text proposed by the Commission*

(51) The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018.

#### *Amendment*

(51) The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018.

Or. en

### **Proposal for a regulation** **Recital 53**

*Text proposed by the Commission*

(53) Reporting on the use of auctioning revenues should be aligned with the current reporting established by Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>63</sup>.

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<sup>63</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1–77).

*Amendment*

(53) Reporting on the use of auctioning revenues should be aligned with the current reporting established by Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>63</sup>.

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<sup>63</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1–77).

Or. en

**Proposal for a regulation**  
**Recital 54**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a regulation**  
**Recital 55**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a regulation**  
**Recital 56**

*Text proposed by the Commission*

(56) For emissions trading in the buildings and road transport sectors to be effective, it should be possible to monitor emissions with high certainty and at reasonable cost. Emissions should be attributed to regulated entities on the basis of fuel quantities released for consumption and combined with an emission factor. Regulated entities should be able to reliably and accurately identify and differentiate the sectors in which the fuels are released for consumption, as well as the final users of the fuels, in order to avoid undesirable effects, such as double burden. To have

*Amendment*

(56) For emissions trading in the buildings and road transport sectors to be effective, it should be possible to monitor emissions with high certainty and at reasonable cost. Emissions should be attributed to regulated entities on the basis of fuel quantities released for consumption and combined with an emission factor. Regulated entities should be able to reliably and accurately identify and differentiate the sectors in which the fuels are released for consumption, as well as the final users of the fuels, in order to avoid undesirable effects, such as double burden. To have

sufficient data to establish the total number of allowances for the period from 2028 to 2030, the regulated entities holding a permit at the start of the system in 2025 should report their associated historical emissions for 2024.

sufficient data to establish the total number of allowances for the period from 2028 to 2030, the regulated entities holding a permit at the start of the system in 2025 should report their associated historical emissions for 2024.

Or. en

## **Proposal for a regulation**

### **Recital 57**

#### *Text proposed by the Commission*

(57) It is appropriate to introduce measures to address the potential risk of excessive price increases, which, if particularly high at the start of the buildings and road transport emissions trading, may undermine the readiness of households and individuals to invest in reducing their greenhouse gas emissions. These measures should complement the safeguards provided by the Market Stability Reserve established by Decision (EU) 2015/1814 of the European Parliament and of the Council<sup>64</sup> and that became operational in 2019. While the market will continue to determine the carbon price, safeguard measures will be triggered by rules-based automatism, whereby allowances will be released from the Market Stability Reserve only if concrete triggering conditions based on the increase in the average allowance price are met. This additional mechanism should also be highly reactive, in order to address excessive volatility due to factors other than changed market fundamentals. The measures should be adapted to different levels of excessive price increase, which will result in different degrees of the intervention. The triggering conditions should be closely monitored by the Commission and the measures should be adopted by the Commission as a matter of urgency when the conditions are met. This

#### *Amendment*

(57) It is appropriate to introduce measures to address the potential risk of excessive price increases, which, if particularly high at the start of the buildings and road transport emissions trading, may undermine the readiness of households and individuals to invest in reducing their greenhouse gas emissions. These measures should complement the safeguards provided by the Market Stability Reserve established by Decision (EU) 2015/1814 of the European Parliament and of the Council<sup>64</sup> and that became operational in 2019. While the market will continue to determine the carbon price, safeguard measures will be triggered by rules-based automatism, whereby allowances will be released from the Market Stability Reserve only if concrete triggering conditions based on the increase in the average allowance price are met. This additional mechanism should also be highly reactive, in order to address excessive volatility due to factors other than changed market fundamentals. The measures should be adapted to different levels of excessive price increase, which will result in different degrees of the intervention. The triggering conditions should be closely monitored by the Commission and the measures should be adopted by the Commission as a matter of urgency when the conditions are met. This is without prejudice to any accompanying measures that Member States may adopt to

is without prejudice to any accompanying measures that Member States may adopt to address adverse social impacts.

address adverse social impacts.

Or. en

**Proposal for a regulation**  
**Recital 58**

*Text proposed by the Commission*

(58) The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those matters by 1 January 2028.

*Amendment*

(58) The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those matters by 1 January 2028.

Or. en

**Proposal for a regulation**  
**Recital 59**

*Text proposed by the Commission*

(59) In order to ensure uniform conditions for the implementation of Articles 3gd(3), 12(3b) and 14(1) of Directive 2003/87/EC, implementing powers should be conferred on the Commission. To ensure synergies with the existing regulatory framework, the conferral of implementing powers in Articles 14 and 15 of that Directive should be extended to cover the sectors of road transport and buildings. Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and

*Amendment*

(59) In order to ensure uniform conditions for the implementation of Articles 3gd(3), 12(3b) and 14(1) of Directive 2003/87/EC, implementing powers should be conferred on the Commission. To ensure synergies with the existing regulatory framework, the conferral of implementing powers in Articles 14 and 15 of that Directive should be extended to cover the sectors of road transport and buildings. Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>65</sup>.

of the Council<sup>65</sup> .

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<sup>65</sup> Regulation (EU) No 182/2011 of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.02.2011, p. 13).

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<sup>65</sup> Regulation (EU) No 182/2011 of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.02.2011, p. 13).

Or. en

## **Proposal for a regulation**

### **Recital 60**

#### *Text proposed by the Commission*

(60) In order to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Articles 10(4) and 10a(8) of that Directive. Moreover, to ensure synergies with the existing regulatory framework, the delegation in Articles 10(4) and 10a(8) of Directive 2003/87/EC should be extended to cover the sectors of road transport and buildings. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. In

#### *Amendment*

(60) In order to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Articles 10(4) and 10a(8) of that Directive. Moreover, to ensure synergies with the existing regulatory framework, the delegation in Articles 10(4) and 10a(8) of Directive 2003/87/EC should be extended to cover the sectors of road transport and buildings. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. In accordance with the Joint Political Declaration of 28 September 2011 of

accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents<sup>66</sup>, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified

Member States and the Commission on explanatory documents<sup>66</sup>, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified

Or. en

### **Proposal for a regulation**

#### **Recital 66**

#### *Text proposed by the Commission*

(66) In order to mitigate the risk of supply and demand imbalances associated with the start of emissions trading for the buildings and road transport sectors, as well as to render it more resistant to market shocks, the rule-based mechanism of the Market Stability Reserve should be applied to those new sectors. For that reserve to be operational from the start of the system, it should be established with an initial endowment of 600 million allowances for emissions trading in the road transport and buildings sectors. The initial lower and upper thresholds, which trigger the release or intake of allowances from the reserve, should be subject to a general review clause. Other elements such as the publication of the total number of allowances in circulation or the quantity of allowances released or placed in the reserve should follow the rules of the reserve for other sectors.

#### *Amendment*

(66) In order to mitigate the risk of supply and demand imbalances associated with the start of emissions trading for the buildings and road transport sectors, as well as to render it more resistant to market shocks, the rule-based mechanism of the Market Stability Reserve should be applied to those new sectors. For that reserve to be operational from the start of the system, it should be established with an initial endowment of 600 million allowances for emissions trading in the road transport and buildings sectors. The initial lower and upper thresholds, which trigger the release or intake of allowances from the reserve, should be subject to a general review clause. Other elements such as the publication of the total number of allowances in circulation or the quantity of allowances released or placed in the reserve should follow the rules of the reserve for other sectors.

Or. en



## CA 20: MSR ETS 1

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supported by EPP, S&D, RE, Greens, The Left

### Compromise Amendment 20

Compromise amendment replacing Amendments 841, 1536-1542 (Article 1(4) and (4a) MSR); 1543-1551, 1567-1569; 1573 (Article 1(5) MSR); 1553-1566 (Article 1(5a) MSR); 1570-1572, 1586 (Art. 3(1) MSR); 607-620; 622-623; 629 (recitals 61-64), TRAN 44, TRAN 112-113

### TNAC calculation

#### Proposal for a directive

#### Article 2 – paragraph 1 – point 1 – point a

Decision (EU) 2015/2814

Article 1 – paragraph 4

#### *Text proposed by the Commission*

4. The total number of allowances in circulation in a given year shall be the cumulative number of allowances issued and not put in reserve in the period since 1 January 2008, including the number that were issued pursuant to Article 13(2) of Directive 2003/87/EC as in force until 18 March 2018 in that period and entitlements to use international credits exercised by installations under the EU ETS in respect of emissions up to 31 December of that given year, minus the cumulative tonnes of verified emissions from installations under the EU ETS between 1 January 2008 and 31 December of that same given year, any allowances cancelled in accordance with Article 12(4) of Directive 2003/87/EC.;

4a. As from [the year following the entry into force of this Directive], the calculation of the total number of allowances in circulation shall include the number of allowances issued in respect of aviation and maritime transport since the beginning of that year, and the number of allowances surrendered by aircraft operators and ship operators in respect of emissions for which

#### *Amendment*

4. The total number of allowances in circulation in a given year shall be the cumulative number of allowances issued and not put in reserve in the period since 1 January 2008, including the number that were issued pursuant to Article 13(2) of Directive 2003/87/EC as in force until 18 March 2018 in that period and entitlements to use international credits exercised by installations under the EU ETS in respect of emissions up to 31 December of that given year, minus the cumulative tonnes of verified emissions from installations under the EU ETS between 1 January 2008 and 31 December of that same given year, any allowances cancelled in accordance with Article 12(4) of Directive 2003/87/EC.

4a. As from [the year following the entry into force of this Directive], the calculation of the total number of allowances in circulation shall include the number of allowances issued in respect of aviation and maritime transport since the beginning of that year, and the number of allowances surrendered by aircraft operators and ship operators in respect of emissions for which

allowances are the units which can be used in respect of EU ETS obligations.

The allowances cancelled pursuant to Article 3ga of Directive 2003/87/EC shall be considered as issued for the purposes of the calculation of the total number of allowances in circulation.;

allowances are the units which can be used in respect of EU ETS obligations.

The allowances cancelled pursuant to Article 3ga of Directive 2003/87/EC shall be considered as issued for the purposes of the calculation of the total number of allowances in circulation.;

Or. en

## **Intake: upper threshold and intake rate**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point 1 – point c**

Decision (EU) 2015/2814

Article 1 – paragraph 5 – subparagraph 1

#### *Text proposed by the Commission*

In any given year, if the total number of allowances in circulation is between **833** million and **1 096** million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and **833** million, shall be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above 1 096 million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled.

#### *Amendment*

In any given year, if the total number of allowances in circulation is between **700** million and **921** million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and **700** million, shall be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above **921** million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled. ***As from 2025, the thresholds referred to in this subparagraph shall be reduced in proportion to the reduction of the Union-wide quantity of allowances referred to in***

*Article 9 of Directive 2003/87/EC in the same year.*

Or. en

## **Release: lower threshold**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point 1 – point c a (new)**

Decision (EU) 2015/2814

Article 1 – paragraph 6

#### *Present text*

6. In any year, if the total number of allowances in circulation is less than 400 million, 100 million allowances shall be released from the reserve and added to the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC. Where fewer than 100 million allowances are in the reserve, all allowances in the reserve shall be released under this paragraph.

#### *Amendment*

6. In any year, if the total number of allowances in circulation is less than 400 million, 100 million allowances shall be released from the reserve and added to the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC. Where fewer than 100 million allowances are in the reserve, all allowances in the reserve shall be released under this paragraph.”;

Or. en

## **Invalidation**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point 1 – point c**

Decision (EU) 2015/2814

Article 1 – paragraph 5a

#### *Present text*

5a. Unless otherwise decided in the first review carried out in accordance with Article 3, from 2023 allowances held in the reserve above 400 million allowances shall no longer be valid.

#### *Amendment*

5a. Unless otherwise decided in the first review carried out in accordance with Article 3, from 2023 allowances held in the reserve above 400 million allowances shall no longer be valid.

Or. en

## **Review**

**Proposal for a directive**  
**Article 2 – paragraph 1 – point 2 a (new)**  
Decision (EU) 2015/2814  
Article 3 – paragraph 1

*Present text*

The Commission shall monitor the functioning of the reserve in the context of the report provided for in Article 10(5) of Directive 2003/87/EC. That report should consider relevant effects on competitiveness, in particular in the industrial sector, including in relation to GDP, employment *and* investment indicators. Within three years of the start of the operation of the reserve and at five-year intervals thereafter, the Commission shall, on the basis of an analysis of the orderly functioning of the European carbon market, review the reserve and submit a proposal, where appropriate, to the European Parliament and to the Council. Each review shall pay particular attention to the percentage figure for the determination of the number of allowances to be placed in the reserve pursuant to Article 1(5) of this Decision, as well as the numerical value of the threshold for the total number of allowances in circulation *and* the number of allowances to be released from the reserve pursuant to Article 1(6) or (7) of this Decision. In its review, the Commission shall also look into the impact of the reserve on growth, jobs, the Union's industrial competitiveness and on the risk of carbon leakage.

*Amendment*

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

"The Commission, ***supported by the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119***, shall monitor the functioning of the reserve in the context of the report provided for in Article 10(5) of Directive 2003/87/EC. That report should consider relevant effects on ***achieving the climate-neutrality objective and the Union climate targets as laid down in Regulation (EU) 2021/1119 and on meeting the obligations of the Union and its Members States under the Paris Agreement***, competitiveness, in particular in the industrial sector, including in relation to GDP, employment, investment indicators ***and the objective of delivering a just transition that leaves no one behind***. Within three years of the start of the operation of the reserve and at five-year intervals thereafter, the Commission shall, on the basis of an analysis of the orderly functioning of the European carbon market, review the reserve and submit a proposal, where appropriate, to the European Parliament and to the Council. Each review shall pay particular attention to the percentage figure for the determination of the number of allowances to be placed in the reserve pursuant to Article 1(5) of this Decision, as well as the numerical value of the threshold for the total number of allowances in circulation, the number of allowances to be released from the reserve pursuant to Article 1(6) or (7) of this Decision ***and other relevant development options for the market***

*stability reserve*. In its review, the Commission *and the European Scientific Advisory Board on Climate Change* shall also look into the impact of the reserve on growth, jobs, the Union's industrial competitiveness and on the risk of carbon leakage.”

Or. en

## Recitals

### Proposal for a directive

#### Recital 61

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

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

##### *Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 62**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 63**

*Text proposed by the Commission*

(63) Furthermore, in order to ensure that the level of allowances that remains in the Market Stability Reserve after the invalidation is predictable, the invalidation of allowances in the reserve should no longer depend on the auction volumes of the previous year. The number of allowances in the reserve should, therefore,

*Amendment*

(63) Furthermore, in order to ensure that the level of allowances that remains in the Market Stability Reserve after the invalidation is predictable, the invalidation of allowances in the reserve should no longer depend on the auction volumes of the previous year. The number of allowances in the reserve should, therefore,

be fixed at a level of 400 million allowances, which corresponds to the lower threshold for the value of the TNAC.

be fixed at a level of 400 million allowances, which corresponds to the lower threshold for the value of the TNAC.

Or. en

**Proposal for a directive**  
**Recital 64**

*Text proposed by the Commission*

(64) The analysis of the impact assessment accompanying the proposal for this Directive has also shown that net demand from aviation should be included in the total number of allowances in circulation. In addition, since aviation allowances can be used in the same way as general allowances, including aviation in the reserve would make it a more accurate, and thus a better tool to ensure the stability of the market. The calculation of the total number of allowances in circulation should include aviation emissions and allowances issued in respect of aviation as of the year following the entry into force of this Directive.

*Amendment*

(64) The analysis of the impact assessment accompanying the proposal for this Directive has also shown that net demand from aviation should be included in the total number of allowances in circulation. In addition, since aviation allowances can be used in the same way as general allowances, including aviation in the reserve would make it a more accurate, and thus a better tool to ensure the stability of the market. The calculation of the total number of allowances in circulation should include aviation emissions and allowances issued in respect of aviation as of the year following the entry into force of this Directive.

Or. en

## CA 21: Scope

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supported by EPP, S&D, RE, Greens, ECR, The Left

### Compromise Amendment 21

Compromise amendment replacing Amendments 641-647 (Article 2(1)), TRAN 49

#### Proposal for a directive

##### Article 1 – paragraph 1 – point 1

Directive 2003/87/EC

Article 2 – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

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

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

Or. en

## CA 22: Market integrity

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*supported by EPP, S&D, RE, Greens, ID, ECR, The Left*

### **Compromise Amendment 22**

Compromise amendment replacing Amendments 913-915, ITRE 25 (article 10(5)a and b new on monitoring and reporting); 412-414 (recitals)

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 10 – paragraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

*(da) the following paragraph is added:*

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

Or. en

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 10 – paragraph 5 b (new)

*Text proposed by the Commission*

*Amendment*

*(db) the following paragraph is added:*

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

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

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

Or. en

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

*Text proposed by the Commission*

*Amendment*

***(42c) The European Securities and Markets Authority (ESMA) published its final report on emission allowances and associated derivatives on 28 March 2022. The Commission should, where appropriate and as soon as possible, present a legislative proposal to follow up on the recommendations in that report in order to improve the level of transparency, monitoring and reporting on the European emission allowance markets as well as related derivative markets. However, to continuously monitor market integrity and transparency, avoid misinformation and guide any rapid potential action, ESMA should on a regular basis publish a report on the integrity and transparency of those***

*markets and, where relevant, issue further recommendations for targeted improvements. ESMA should in particular examine the functioning of the markets in light of any volatility and price evolution, the operation of the auctions and trading operations on the markets, liquidity and the volumes traded, and the categories and trading behaviour of market participants. Targeted improvements could, for example, include measures to enhance the information available to market participants and the public at large on the functioning of the emission allowance markets and related derivative markets, improve regulatory reporting and market monitoring in emission allowance markets and related derivative markets, including by making individual transactions publicly available, require each market participant to publicly disclose their holdings and positions broken down by motive and horizon, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivative markets, for example through a fluctuating penalty based on the previous year's average auction price, withholding of allowances, adjustment of the quantity of subsequent auctions, or a combination thereof. The Commission should assess ESMA's recommendations within six months following the publication of ESMA's report and should, where appropriate, present a legislative proposal to address those recommendations.*

Or. en

## CA 23: Market access

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supported by EPP, RE, ECR

### Compromise Amendment 23

Compromise amendment replacing Amendments 1300-1304, 1367-1369, 1394-1397 (article 12(1), article 19(2) on who can hold allowances); TRAN 99, TRAN 102, TRAN 104, TRAN 105, ITRE 52

### Proposal for a directive

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

Directive 2003/87/EC

Article 12 - paragraph 1

*Text proposed by the Commission*

*Amendment*

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

(a) *persons* within the Union ;

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

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

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

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

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

***Regulated entities may mandate a natural person or a legal entity to operate registry accounts belonging to the regulated entity and conduct all types of transactions to which that account is entitled, on behalf of the regulated entity. Responsibility for compliance remains with the regulated entity. When mandating the natural person or the legal entity, the regulated entity shall ensure that there is no conflict of interest amongst the mandated person or entity and competent authorities, national administrators, verifiers or other bodies subject to the provisions of this Directive."***

Or. en

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

*Text proposed by the Commission*

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

*Amendment*

**19a) In Article 19, paragraph 2 is replaced by the following**

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

Or. en

**Proposal for a directive**  
**Article 4 – paragraph 1 a (new)**  
Directive 2003/87/EC  
Article x - paragraph x

*Text proposed by the Commission*

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

Or. en

**Proposal for a directive**  
**Article 4 – paragraph 1 a (new)**

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*Text proposed by the Commission*

*Amendment*

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

Or. en

## CA 24: Article 29a (excessive price fluctuations)

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supported by EPP, S&D, RE, ECR

### Compromise Amendment 24

Compromise amendment replacing Amendments 413, 1383 - 1393, TRAN 107, TRAN 108 (article 29a)

### Proposal for a directive

#### Article 1 – paragraph 1 – point 19 a (new)

Directive 2003/87/EC

Article 29 a (new)

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

#### Article 29a

Measures in the event of excessive price fluctuations

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

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

#### "Article 29a

Measures in the event of excessive price fluctuations

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

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

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

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

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

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

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

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

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

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

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

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

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

Or. en

## Proposal for a directive Recital 42 b (new)

*Text proposed by the Commission*

*Amendment*

***(42b) Unexpected or sudden market volatility or excessive price shocks on the Union carbon market, for example, as a result of sudden changes in market behaviour or excessive speculation, negatively affect market predictability and the stable investment climate which is essential for the planning of decarbonisation and innovation***

*investments. Therefore, the measures that apply in the event of excessive price fluctuations should be strengthened in a careful manner to improve the assessment of and reaction to unwarranted price evolutions. Such targeted improvements should ensure the continued proper functioning of the carbon market, including the role of intermediaries and financial actors in providing liquidity to the market and market access for compliance actors, in particular SMEs, while addressing unexpected or sudden volatility or price shocks not related to market fundamentals.*

Or. en

## CA 25: Article 30

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*supported by EPP, S&D, RE, Greens, The Left*

### **Amendment 25**

Compromise amendment replacing Amendments 818, 1398, 1400, 1404 (Article 30)

### **Proposal for a directive**

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

Directive 2003/87/EC

Article 30 – paragraph 1

#### *Text proposed by the Commission*

1. This Directive shall be kept under review in the light of international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement.

#### *Amendment*

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

Or. en

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 20 e (new)**

Directive 2003/87/EC

Article 30 – paragraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

3. The Commission, ***having sought the advice of the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119***, shall report to the European Parliament and to the Council in the context of each global stocktake agreed under the Paris Agreement, in particular with regard to the need for additional Union policies and measures in view of

proposals to the European Parliament and to the Council to amend this Directive where appropriate.

necessary greenhouse gas reductions by the Union and its Member States, including in relation to the linear factor referred to in Article 9. The Commission may make proposals to the European Parliament and to the Council to amend this Directive where appropriate. ***In its proposals, the Commission shall ensure compliance with the climate-neutrality objective, the Union climate targets as laid down in Regulation (EU) 2021/1119, and the indicative Union greenhouse gas budget for the 2030-2050 period as referred to in Article 4(4) of Regulation EU 2021/1119. The proposals shall reflect progression over time, and reflect its highest possible ambition in accordance with Article 4(3) of the Paris Agreement.***

Or. en

#### **Proposal for a directive**

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

Directive 2003/87/EC

Article 30 – paragraph 4

#### *Text proposed by the Commission*

4. Before 1 January 2020, the Commission shall present an updated analysis of the non-CO2 effects of aviation, accompanied, where appropriate, by a proposal on how best to address those effects.

#### *Amendment*

4. Before 1 January 2020, the Commission shall present an updated analysis of the non-CO2 effects of aviation, accompanied, where appropriate, by a proposal on how best to address those effects.

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

Or. en



## CA 26: Recitals 1 - 7

supported by EPP, S&D, RE, Greens, The Left

### Amendment 26

Compromise amendment replacing Amendment(s): 118-119, ITRE 1; 120; 121, 123-132; 134-137; 138, 141; 142-146

### Proposal for a directive

#### Recital 1

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

(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)<sup>36</sup>. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels.

##### *Amendment*

(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)<sup>36</sup>. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels. ***By adopting the Glasgow Climate Pact, the Parties to the Paris Agreement recognised that limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels would significantly reduce the risks and impacts of climate change, and they committed to strengthening their 2030 targets by the end of 2022 to close the ambition gap, in line with the findings of the Intergovernmental Panel on Climate Change (IPCC). This should be done in a manner that is equitable and respects the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances. The revision of the European Union Emissions Trading System (EU ETS), including of its market stability reserve, is a unique opportunity.***

<sup>36</sup> Paris Agreement (OJ L 282, 19.10.2016, p. 4).

<sup>36</sup> Paris Agreement (OJ L 282, 19.10.2016, p. 4).

Or. en

**Proposal for a directive**  
**Recital 1 a (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 1 c (new)**

*Text proposed by the Commission*

*Amendment*

***(1c) The need for urgent action is further intensified by the increase in the frequency and intensity of extreme weather conditions as a direct result of climate change. According to the United Nations Office for Disaster Risk Reduction, the number of disasters***

*recorded worldwide and the scale of global economic losses have nearly doubled in the last 20 years, much of which increase corresponds to the significant rise in the number of climate-related disasters.*

Or. en

**Proposal for a directive**  
**Recital 1 d (new)**

*Text proposed by the Commission*

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 2**

*Text proposed by the Commission*

*Amendment*

(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019<sup>37</sup> .

(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are ***therefore*** at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019<sup>37</sup> .

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<sup>37</sup> COM(2019)640 final.

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<sup>37</sup> COM(2019)640 final.

Or. en

**Proposal for a directive**  
**Recital 3**

*Text proposed by the Commission*

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

*Amendment*

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

Or. en

**Proposal for a directive**  
**Recital 4**

*Text proposed by the Commission*

(4) The necessity and value of the

*Amendment*

(4) The necessity and value of ***a well-***

European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them. European citizens continue to express strong views that this applies in particular to climate change<sup>38</sup>.

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<sup>38</sup> Special Eurobarometer 513 on Climate Change, 2021  
[https://ec.europa.eu/clima/citizens/support\\_en](https://ec.europa.eu/clima/citizens/support_en)).

***implemented*** European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them ***in a manner that is just and results in no one being left behind, including those at risk of energy poverty.*** European citizens continue to express strong views that this applies in particular to climate change<sup>38</sup>.

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<sup>38</sup> Special Eurobarometer 513 on Climate Change, 2021  
[https://ec.europa.eu/clima/citizens/support\\_en](https://ec.europa.eu/clima/citizens/support_en)).

Or. en

## Proposal for a directive Recital 4 a (new)

*Text proposed by the Commission*

*Amendment*

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

Or. en

## Proposal for a directive

### Recital 5

#### *Text proposed by the Commission*

(5) The Union committed to reduce to reduce the Union's economy-wide net greenhouse gas emissions by at least 55 % by 2030 below 1990 levels in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020<sup>39</sup>.

<sup>39</sup>

[https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU\\_NDC\\_Submission\\_December%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf)

#### *Amendment*

(5) The Union committed to reduce to reduce the Union's economy-wide net greenhouse gas emissions by at least 55 % by 2030 below 1990 levels in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020<sup>39</sup>.

<sup>39</sup>

[https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU\\_NDC\\_Submission\\_December%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf)

Or. en

## Proposal for a directive

### Recital 6

#### *Text proposed by the Commission*

(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council<sup>40</sup> the Union has enshrined the target of economy-wide climate neutrality by 2050 in legislation. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.

<sup>40</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate

#### *Amendment*

(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council<sup>40</sup> the Union has enshrined the target of economy-wide climate neutrality by 2050 **at the latest and the aim to achieve negative emissions thereafter** in legislation. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.

<sup>40</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate

**Proposal for a directive**  
**Recital 7**

*Text proposed by the Commission*

(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC of the European Parliament and of the Council<sup>41</sup> to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030.

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<sup>41</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

*Amendment*

(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC of the European Parliament and of the Council<sup>41</sup> to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030, ***the Union's climate-neutrality objective to be achieved by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119.***

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<sup>41</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

## CA 27A: Nuclear in Modernisation Fund (Art. 10(d)(1)(2))

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*supported by EPP, S&D, Greens, The Left*

### **Amendment 27A**

Compromise amendment replacing Amendments 1241, 1242 (on Article 10(d)(1)(2))

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 14 – point a**

Directive 2003/87/EC

Article 10d – paragraph 1 – subparagraph 2a (new)

*Text proposed by the Commission*

*Amendment*

***No support from the Modernisation Fund shall be provided to nuclear energy related activities.***

*NB: if adopted, to be added to compromise text to Art 10d(1)(2) on the Modernisation Fund*

Or. en

## CA 27B: Nuclear in Climate Investment Fund (Art. 10 a (8)(1), Recital 33)

supported by EPP, S&D, Greens, The Left

### Compromise Amendment 27B

Compromise amendment replacing Amendments 18, 343, 344, 346, 350, 370 (recital 33) + 67, 1159, 1169, 1173, 1210, 1215 on Article 10a(8)(1))

### Proposal for a directive

#### Article 1 – paragraph 1 – point 12 – point g

Directive 2003/87/EC

Article 10a – paragraph 8 – subparagraph 1a (new)

*Text proposed by the Commission*

*Amendment*

***The Climate Investment Fund shall not support nuclear energy-related activities.***

*NB: if adopted, to be added to compromise text to Art 10a(8)(1) on the Climate Investment Fund*

Or. en

### Proposal for a directive

#### Recital 33 a (new)

*Text proposed by the Commission*

*Amendment*

***(33a) The Climate Investment Fund should not support nuclear energy-related activities.***

*NB: if adopted, to be added to compromise text to Recital 33 on the Climate Investment Fund*

Or. en

**CA 27C: Nuclear in revenues**  
**(Art. 10(d)(1)(2); Article 10a(8)(1), Article 10(3)(1), Recital 33**

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*supported by EPP, S&D, Greens, The Left*

**Compromise amendment**                      **27C**

Compromise amendment replacing Amendments 851, 900 on Article 10(3)(1))

**Proposal for a directive**

**Article 1 – paragraph 1 – point 11 – point b**

Directive 2003/87/EC

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

*Text proposed by the Commission*

*Amendment*

***Member States shall not use their revenues generated from the auctioning of allowances referred to in paragraph 2 for nuclear energy-related activities and technologies.***

*NB: if adopted, to be added to compromise text to Article 10(3)(1) on the Use of revenues*

Or. en