



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,  
COM(2008) xxx final

2008/xxxx (COD)

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the effort of Member States to reduce their greenhouse gas emissions to meet the  
Community's greenhouse gas emission reduction commitments up to 2020**

(presented by the Commission)

{SEC(2008) xxxx}

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

The ultimate objective of the United Nations Framework Convention on Climate Change, which was approved on behalf of the European Community by Council Decision 94/69/EC of 15 December 1993<sup>1</sup> concerning the conclusion of the United Nations Framework Convention on Climate Change (UNFCCC), is to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

The Community has, on multiple occasions, stressed that, in order to meet this objective, the overall global annual mean surface temperature increase should not exceed 2°C above pre-industrial levels, which implies that global greenhouse gas emissions should be reduced to at least 50% below 1990 levels by 2050. All sectors of the economy should contribute to achieving these emission reductions. Developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990.

In this context, the European Council has, at its meeting in March 2007, endorsed an EU objective of a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries commit themselves to contributing adequately according to their responsibilities and capabilities.

The European Council has also emphasised that the EU is committed to transforming Europe into a highly energy-efficient and low greenhouse-gas-emitting economy and has decided that, until a global and comprehensive post-2012 agreement is concluded, and without prejudice to its position in international negotiations, the EU makes a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990.

In order to cost-effectively achieve this 20% reduction of greenhouse gas emissions by 2020 compared to 1990 levels, additional policies and measures should be implemented to further limit the emission of greenhouse gases from sources not covered under the EU's greenhouse gas emissions trading scheme (EU ETS)<sup>2</sup> to the levels as set out in the Annex to this Decision.

The effort of each Member State to contribute to meeting the Community's greenhouse gas emission reduction commitment for 2020 through limiting greenhouse gas emissions from sources outside the EU ETS should be determined in relation to the level of its 2005 greenhouse gas emissions, which is the latest available verified greenhouse gas emissions data.

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<sup>1</sup> OJ L 33, 7.2.1994, p.11.

<sup>2</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, OJ L 275, 25.10.2003, p. 32. Directive as amended by Directive 2004/101/EC (OJ L 338, 13.11.2004, p. 18).

## **2. SCOPE : CONTRIBUTION OF THE REDUCTIONS OF GREENHOUSE GASES EMISSIONS FROM SECTORS NOT INCLUDED IN THE EU ETS TO REACH THE OVERALL EU TARGET**

This Decision determines the contribution of Member States to meeting the Community's greenhouse gas emission reduction commitment from 2013 to 2020 for greenhouse gas emissions from sources not covered under Directive 2003/87/EC (sources outside the EU ETS). It provides for the evaluation of the achieved emissions reductions resulting from the implementation of this Decision. It also promotes flexibility in achieving this effort through allowing for the use of certified emission reductions resulting from clean development mechanism projects under Article 12 of the Kyoto Protocol and resulting from emission reduction activities in third countries to implement this effort.

The implementation by Member States of EU wide measures outside the EU ETS contributes to the achievement of the target for each Member State.

## **3. SHARING THE EFFORT: FAIRNESS AMONG MEMBER STATES**

Member State reduction efforts should be based on the principle of solidarity between Member States and the need for sustainable economic growth across the Community, taking into account the relative *per capita* GDP of Member States. Member States that currently have a relatively low *per capita* GDP and thus high GDP growth expectations may increase their greenhouse emissions compared to 2005. Nevertheless these targets still represent a limit to their emissions and will require those Member States to take measures to limit the growth of their emissions. Member States that currently have a relatively high *per capita* GDP will need to reduce their greenhouse emissions compared to 2005.

To further ensure a fair contribution of each Member State to the implementation of the Community's independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990, no country should be required to reduce its greenhouse gas emissions in 2020 to more than 20% below 2005 levels and no country should be allowed to increase its greenhouse gas emissions in 2020 to more than 20% above 2005 levels.

Reductions in greenhouse gas emissions should take place between 2013 and 2020. This proposal allows each Member State to carry forward from the following year a quantity equal to 2% of the greenhouse gas emission limit of that Member State. It also allows a Member State of which the emissions are below its limit to carry over its excess emission reductions to the subsequent year.

## **4. THE USE OF CREDITS FROM PROJECTS IN THIRD COUNTRIES**

To provide for flexibility for Member States in implementing their commitments and to promote the sustainable development in third countries, in particular in developing countries, and to provide certainty to investors, the Community should continue to recognise credits from greenhouse gas emission reduction projects in third countries, also before a future international agreement on climate change has been reached. The use of these credits should be consistent with the EU's goal of climate leadership through significant greenhouse gas emission reductions internally, the goal of generating 20% of its energy from renewable sources by 2020, promoting the EU's energy security and promoting innovation and the EU's competitiveness.

Member States should therefore be able to use greenhouse gas emission reduction credits resulting from Clean Development Mechanism (CDM) projects, issued for reductions that were made during the 2008-2012 period and that result from projects types which were accepted by all Member States during that period. Member States should also be able to use greenhouse gas emission reduction credits for reductions from CDM projects that were made after this period and that result from projects that were registered and implemented during the 2008-2012 period and that result from projects types which were accepted by all Member States during that period.

Very few clean CDM projects have been implemented in Least Developed Countries (LDCs). The Community supports the equitable distribution of CDM projects, including through the Commission's Global Climate Change Alliance<sup>3</sup>. It is therefore appropriate to give certainty on the acceptance of credits also from projects started after the 2008-2012 period in LDCs, for project types that were accepted by all Member States during the 2008-2012 period. This acceptance should continue until 2020 or the conclusion of an agreement with the Community, whichever is the earlier.

In order to provide for further flexibility and to promote sustainable development in developing countries, the use by Member States of additional credits from high quality projects through agreements concluded by the Community with third countries should be foreseen. Such agreements may be applicable to more than one country. Without a future international agreement on climate change that determines the assigned amount for developed countries, Joint Implementation (JI) projects cannot continue after 2012. Greenhouse gas emission reduction credits resulting from such projects could however continue to be recognised through agreements with third countries.

The continued ability for Member States to use CDM credits is important to help ensure a market for those credits after 2012. To help ensure such market as well as to ensure further greenhouse gas emission reductions within the EU and thus further the implementation of the Community's renewable energy, energy security, innovation and competitiveness objectives, it is proposed to allow the annual use by Member States of credits from greenhouse gas emission reduction projects in third countries, until a future international agreement on climate change has been reached, up to 3% of each Member State's emissions from sources outside the ETS in the year 2005. This quantity is equivalent to a third of the reduction effort in 2020. Each Member State should be allowed to transfer the unused part of this limit to another other Member States.

## **5. WHAT CHANGE IN CASE OF AN INTERNATIONAL AGREEMENT?**

In this context, the European Council has endorsed an EU objective of a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries commit themselves to contributing adequately according to their responsibilities and capabilities.

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<sup>3</sup> Communication from the Commission to the Council and the European Parliament, Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change, COM(2007) 540 final, 18.9.2007.

Following the conclusion by the Community of a future international climate change agreement, Member State emission limits should be adjusted on the basis of the Community's new greenhouse gas emission reduction commitment set out in that agreement. The total quantity of additional greenhouse gas emissions reductions necessary to achieve this more ambitious greenhouse gas emission commitment shall be distributed between the sources covered under the EU ETS and the sources outside the EU ETS, where the sources not covered under the EU ETS are expected to contribute the same share of the emission reduction commitment that they contributed to the Community's commitment to reduce its emissions by at least 20% in 2020.

In order to ensure an equitable distribution of this additional reduction effort between Member States for the sources outside the EU ETS, each Member State will contribute to the Community's additional reduction effort in proportion to its share of the Community's total emissions from sources not covered under the EU ETS for the year 2020 under the Community's independent commitment to reduce its greenhouse gas emissions by at least 20%.

Also the limits for the use of credits generated through projects in third countries should be increased. This increase should be equal to half the additional reduction effort due to the international agreement. Once a future international agreement on climate change has been reached, Member States should only accept emission reduction credits from countries which have ratified that agreement and subject to a common approach.

## **6. IMPLICATIONS FROM CHANGE IN THE SCOPE OF THE EU ETS**

Any adjustments in the coverage of the EU ETS should be matched by a corresponding adjustment in the maximum quantity of emissions by sources covered under this Decision.

## **7. MONITORING, REPORTING, VERIFICATION**

Member States shall, in their annual reports submitted under Article 3 of Decision 280/2004/EC, report their annual emissions resulting from the implementation of Article 3 and the use of credits in accordance with Article 4. Member States shall submit also an update of their projected progress before 1 July 2016.

The Commission shall in its report submitted under Article 5(1) of Decision 280/2004/EC evaluate whether progress is sufficient to fulfill the commitments under this Decision.

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

Every two years, starting in 2013, this assessment shall also include the projected progress of the Community and its Member States towards fulfilling their commitments under this Decision.

The Commission shall draw up a report evaluating the implementation of this Decision. The Commission shall submit this report to the European Parliament and to the Council by 31 October 2016, accompanied by proposals as appropriate.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission<sup>4</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>5</sup>,

Having regard to the opinion of the Committee of the Regions<sup>6</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty<sup>7</sup>,

Whereas:

- (1) The ultimate objective of the United Nations Framework Convention on Climate Change, which was approved on behalf of the European Community by Council Decision 94/69/EC of 15 December 1993<sup>8</sup> concerning the conclusion of the United Nations Framework Convention on Climate Change (UNFCCC), is to stabilise greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.
- (2) The view of the Community, most recently expressed by the Environment Council in its meeting of 5 November 2007 in Brussels, is that in order to meet this objective, the overall global annual mean surface temperature increase should not exceed 2°C above pre-industrial levels, which implies that global greenhouse gas emissions should be reduced to at least 50% below 1990 levels by 2050. All sectors of the economy should contribute to achieving these emission reductions. Developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990.
- (3) In order to meet this objective, the European Council in its meeting of 8 and 9 March 2007 in Brussels has endorsed a Community objective of a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global

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<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ C , , p. .

<sup>6</sup> OJ C , , p. .

<sup>7</sup> OJ C , , p. .

<sup>8</sup> OJ L 33, 7.2.1994, p.11.

and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries commit themselves to contributing adequately according to their responsibilities and capabilities.

- (4) The European Council has emphasised that the Community is committed to transforming Europe into a highly energy-efficient and low greenhouse-gas-emitting economy and has decided that, until a global and comprehensive agreement for the period after 2012 is concluded, and without prejudice to its position in international negotiations, the Community makes a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990.
- (5) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC<sup>9</sup> established a system for greenhouse gas emission allowance trading within the Community, which covers certain sectors of the economy. In order to cost-effectively achieve the objective of 20% reduction of greenhouse gas emissions by 2020 compared to 1990 levels, all sectors of the economy should contribute to achieving these emission reductions. Member States should therefore implement additional policies and measures in an effort to further limit the emission of greenhouse gases from sources not covered under Directive 2003/87/EC.
- (6) The effort of each Member State should be determined in relation to the level of its 2005 greenhouse gas emissions, which is the latest year for which verified greenhouse gas emissions data is available.
- (7) Member State reduction efforts should be based on the principle of solidarity between Member States and the need for sustainable economic growth across the Community, taking into account the relative *per capita* GDP of Member States. Member States that currently have a relatively low *per capita* GDP and thus high GDP growth expectations should be allowed to increase their greenhouse emissions compared to 2005, but should limit this greenhouse emissions growth to contribute to the overall reduction commitment of the Community. Member States that currently have a relatively high *per capita* GDP should reduce their greenhouse emissions compared to 2005.
- (8) To further ensure a fair distribution of efforts between the Member States of the contribution to the implementation of the independent commitment of the Community, no Member State should be required to reduce its greenhouse gas emissions in 2020 to more than 20% below 2005 levels and no Member State should be allowed to increase its greenhouse gas emissions in 2020 to more than 20% above 2005 levels. Reductions in greenhouse gas emissions should take place between 2013 and 2020, with each Member State being allowed to carry forward from the following year a quantity equal to 2% of the greenhouse gas emission limit of that Member State and a Member State whose emissions are below that limit being allowed to carry over its excess emission reductions to the subsequent year.

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<sup>9</sup> OJ L 275, 25.10.2003, p. 32. Directive as amended by Directive 2004/101/EC (OJ L 338, 13.11.2004, p. 18).

- (9) In order to provide for flexibility for Member States in implementing their commitments, to promote sustainable development in third countries, in particular in developing countries, and to provide certainty to investors, the Community should continue to recognise a certain amount of credits from greenhouse gas emission reduction projects in third countries before a future international agreement on climate change has been reached. Member States should ensure that their policies for purchasing these credits enhance the equitable geographical distribution of projects and enhance the achievement of a future international climate change agreement.
- (10) Member States should therefore be able to use greenhouse gas emission reduction credits issued for reductions that were made during the period 2008 to 2012 and that result from project types which were accepted by all Member States during that period. Member States should also be able to use greenhouse gas emission reduction credits for reductions that were made after the period 2008 to 2012 and that result from projects that were registered and implemented during the period 2008 to 2012 and that result from project types ('categories of project') which were accepted by all Member States during that period.
- (11) Very few clean development mechanism (CDM) projects have been implemented in Least Developed Countries (LDCs). Given that the Community supports the equitable distribution of CDM projects, including through the Commission's Global Climate Change Alliance<sup>10</sup>, it is appropriate to give certainty on the acceptance of credits from projects started after the period 2008 to 2012 in LDCs, for project types that were accepted by all Member States during the period 2008 to 2012. That acceptance should continue until 2020 or the conclusion of an agreement with the Community, whichever is the earlier.
- (12) In order to provide for further flexibility and to promote sustainable development in developing countries, Member States should be able to use additional credits from projects through agreements concluded by the Community with third countries. Without a future international agreement on climate change that determines the assigned amount for developed countries, Joint Implementation (JI) projects cannot continue after 2012. Greenhouse gas emission reduction credits resulting from such projects should however continue to be recognised through agreements with third countries.
- (13) The continued ability for Member States to use CDM credits is important to help ensure a market for those credits after 2012. To help ensure such market as well as to ensure further greenhouse gas emission reductions within the Community and thus enhance the implementation of the objectives of the Community relating to renewable energy, energy security, innovation and competitiveness, it is proposed to allow the annual use by Member States of credits from greenhouse gas emission reduction projects in third countries, until a future international agreement on climate change has been reached, up to a quantity representing 3% of the greenhouse gas emissions of each Member State not covered under Directive 2003/87/EC in the year 2005. This

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<sup>10</sup> Communication from the Commission to the Council and the European Parliament, Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change, COM(2007) 540 final, 18.9.2007.



quantity is equivalent to a third of the reduction effort in 2020. Member States should be allowed to transfer the unused part of that quantity to other Member States.

- (14) Once a future international agreement on climate change has been reached, Member States should only accept emission reduction credits from countries which have ratified that agreement and subject to a common approach.
- (15) Progress in implementing commitments under this Decision should be annually evaluated on the basis of reports submitted under Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol<sup>11</sup>. Every two years an assessment should be made on the projected progress and a full evaluation of the implementation this Decision should be made in 2016.
- (16) Any adjustments in the coverage of Directive 2003/87/EC should be matched by a corresponding adjustment in the maximum quantity of emissions by sources not covered under that Directive.
- (17) Upon the conclusion by the Community of an international agreement on climate change the emission limits for Member States should be adjusted to achieve the Community's greenhouse gas emission reduction commitment set out in that agreement, taking into account the principle of solidarity between Member States and the need for sustainable economic growth across the Community. The amount of credits from greenhouse gas emission reduction projects in third countries that each Member State can use should be increased by up to half of the additional reduction effort from sources not covered under Directive 2003/87/EC.
- (18) The registries established under Decision 280/2004/EC and the Central Administrator designated under Directive 2003/87/EC should be used to ensure an accurate processing and accounting of all transactions for the implementation of this Decision.
- (19) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>12</sup>. In particular power should be conferred on the Commission to adopt, after the conclusion of an international agreement, measures for the adjustment of Member State emission limits, as well as measures for the use of additional types of project credits in accordance with that agreement, as well as to adopt the measures necessary to check transactions under this Decision. Since those measures are of general scope and are designed to amend non-essential elements of this Decision and to supplement this Decision by the addition or modification of new non-essential elements, they should be adopted in accordance with the regulatory procedure with scrutiny provided for in Article 5a of Decision 1999/468/EC.
- (20) Since the objectives of this Decision cannot be sufficiently achieved by the Member States acting individually, and can therefore, by reason of its scale and effects be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance

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<sup>11</sup> OJ L 49, 19.2.2004, p. 1.

<sup>12</sup> OJ L 184, 17.7.1999, p. 23.

with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS DECISION:

*Article 1*  
***Subject matter***

This Decision lays down rules on the determination of the contribution of Member States to meeting the greenhouse gas emission reduction commitment of the Community from 2013 to 2020 for greenhouse gas emissions from sources not covered under Directive 2003/87/EC, and for the evaluation thereof.

*Article 2*  
***Definitions***

For the purposes of this Decision, the definitions laid down in Article 3 of Directive 2003/87/EC shall apply.

In addition, 'greenhouse gas emissions' means the emission of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>) from sources, expressed in terms of carbon dioxide equivalent, as determined pursuant to Directive 2003/87/EC.

*Article 3*  
***Emission levels for the period 2013 to 2020***

1. Until a future international agreement on climate change has been concluded by the Community leading to emission reductions exceeding those required pursuant to this Article, each Member State shall, by 2020, limit its greenhouse gas emissions from sources not covered under Directive 2003/87/EC by the percentage set for that Member State in the Annex to this Decision in relation to its emissions in the year 2005.
2. Subject to paragraph 3 and Article 4, each Member State shall ensure that its total greenhouse gas emissions in 2013 from sources not covered under Directive 2003/87/EC do not exceed the average annual greenhouse gas emissions of that Member State from those sources during the years 2008, 2009 and 2010, as reported and verified pursuant to Directive 2003/87/EC and Decision 280/2004/EC.

Subject to paragraph 3 and Article 4, each Member State shall annually limit those greenhouse gas emissions in a linear manner to ensure that those emissions do not exceed the maximum level for that Member State in 2020 as specified in the Annex.

3. During the years 2013 to 2019, a Member State may carry forward from the following year a quantity equal to 2% of the greenhouse gas emission limit of that Member State in paragraph 2. If the emissions of a Member State are below the limit in paragraph 2 it may carry over its excess emission reductions to the subsequent year.

*Article 4*  
*Use of credits from project activities*

1. Until a future international agreement on climate change has entered into force, Member States may use the following greenhouse gas emission reduction credits for the implementation of their obligations under Article 3:
  - (a) Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) issued in respect of emission reductions until 31 December 2012 from project types which were accepted by all Member States pursuant to Directive 2003/87/EC during the period 2008 to 2012.
  - (b) CERs issued in respect of emission reductions from 1 January 2013 from projects which were registered during the period 2008 to 2012 of which the project type was accepted by all Member States pursuant to Directive 2003/87/EC during the period 2008 to 2012.
  - (c) CERs issued in respect of emission reductions achieved from projects implemented in Least Developed Countries of which the project type was accepted by all Member States pursuant to Directive 2003/87/EC during the period 2008 to 2012, until those countries have ratified an agreement with the Community or until 2020, whichever is the earlier.

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

2. In addition to paragraph 1 and in the event that the conclusion of an international agreement on climate change is delayed, Member States may, for the implementation of their obligations under Article 3, use additional greenhouse gas emission reduction credits resulting from projects or other emission reducing activities in accordance with agreements referred to in Article 11a(5) of Directive 2003/87/EC.
3. Once a future international agreement on climate change has been reached, Member States may only use CERs from third countries which have ratified that agreement.
4. The annual use of credits by each Member State pursuant to paragraphs 1, 2 and 3 shall not exceed a quantity equal to 3% of the greenhouse gas emissions of that Member State not covered under Directive 2003/87/EC in the year 2005.

Each Member State may transfer the unused part of that quantity to another Member State.

*Article 5*  
*Evaluation of progress in implementing commitments*

1. Member States shall, in their annual reports submitted pursuant to Article 3 of Decision 280/2004/EC, report their annual emissions resulting from the implementation of Article 3 and the use of credits in accordance with Article 4.

2. The Commission shall in its report submitted pursuant to Article 5(1) of Decision 280/2004/EC evaluate whether progress is sufficient to fulfill the commitments under this Decision.

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

Every two years, starting with the emissions reported for the year 2013, the evaluation shall also include the projected progress of the Community and its Member States towards fulfilling their commitments under this Decision. Member States shall submit an update of their projected progress before 1 July 2016.

#### *Article 6*

#### ***Adjustments applicable upon the conclusion of a future international agreement on climate change***

1. Paragraphs 2, 3 and 4 shall apply upon the conclusion by the Community of an international agreement on climate change leading to mandatory reductions exceeding those pursuant to Article 3.
2. From the year following the conclusion of the agreement referred to in paragraph 1, the Community's greenhouse gas emissions from sources not covered under Directive 2003/87/EC in 2020 pursuant to Article 3(1) shall be further reduced by a quantity equal to the overall additional reduction of greenhouse gas emissions by the Community from all sources to which the international agreement commits the Community, multiplied by the share of the Community's total greenhouse gas emission reductions for the year 2020 to which the Member States are contributing through greenhouse gas emission reductions from sources not covered under Directive 2003/87/EC pursuant to Article 3.
3. Each Member State shall contribute to the Community's additional reduction effort in proportion to its share of the Community's total emissions from sources not covered under Directive 2003/87/EC for the year 2020 pursuant to Article 3.

The Commission shall amend the Annex to adjust the emission limits in accordance with the first subparagraph. That measure, designed to amend non-essential elements of this Decision shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 9(2);

4. Member States may increase the use of greenhouse gas emission reduction credits referred to in Article 4(4) from third countries which have ratified the agreement referred to in paragraph 1 and in accordance with paragraph 5 by up to half of the additional reduction taking place in accordance with paragraph 2.

Each Member State may transfer the unused part of that quantity to another Member State.

5. The Commission shall adopt measures to provide for the use by Member States of additional types of project credits or the use by Member States of other mechanisms created under the international agreement, as appropriate.

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

*Article 7*  
***Extensions in the scope of Directive 2003/87/EC***

The maximum quantity of emissions under Article 3 of this Decision shall be adjusted in accordance with the quantity of allowances for greenhouse gas emissions issued pursuant to Article 11 of Directive 2003/87/EC that results from a change in the coverage of sources under that Directive following the final approval by the Commission of the national allocation plans for the period 2008 to 2012 pursuant to Directive 2003/87/EC.

The Commission shall publish the figures resulting from that adjustment.

*Article 8*  
***Registries and Central Administrator***

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

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

*Article 9*  
***Committee***

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

*Article 10*  
**Report**

The Commission shall draw up a report evaluating the implementation of this Decision. The Commission shall submit that report to the European Parliament and to the Council by 31 October 2016, accompanied by proposals as appropriate.

*Article 11*  
**Entry into force**

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

*Article 12*

This Decision is addressed to the Member States.

Done at Brussels, [...]

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

**ANNEX**  
**MEMBER STATE GREENHOUSE GAS EMISSION UNDER ARTICLE 3**

|                | <b>Member State greenhouse gas emission limits by 2020 compared to 2005 greenhouse gas emission levels for sources not covered under Directive 2003/87/EC</b> | <b>Member State greenhouse gas emissions in 2020 resulting from the implementation of Article 3<br/>(in tonnes of CO<sub>2</sub> equivalent)</b> |
|----------------|---|--|
| Belgium        | -15%  | 70954356   |
| Bulgaria       | 20%   | 35161279   |
| Czech Republic | 9%  | 68739717   |
| Denmark        | -20%  | 29868050   |
| Germany        | -14%  | 438917769  |
| Estonia        | 11%   | 8886125  |
| Ireland        | -20%  | 37916451   |
| Greece         | -4%   | 64052250   |
| Spain          | -10%  | 219018864  |
| France         | -14%  | 354448112  |
| Italy          | -13%  | 305319498  |
| Cyprus         | -5%   | 4633210  |
| Latvia         | 17%   | 9386920  |
| Lithuania      | 15%   | 18429024   |
| Luxembourg     | -20%  | 8522041  |
| Hungary        | 10%   | 58024562   |
| Malta          | 5%  | 1532621  |
| Netherlands    | -16%  | 107302767  |
| Austria        | -16%  | 49842602   |
| Poland         | 14%   | 216592037  |

|                |      |           |
|----------------|------|-----------|
| Portugal       | 1%   | 48417146  |
| Romania        | 19%  | 98477458  |
| Slovenia       | 4%   | 12135860  |
| Slovakia       | 13%  | 23553300  |
| Finland        | -16% | 29742510  |
| Sweden         | -17% | 37266379  |
| United Kingdom | -16% | 310387829 |



## LEGISLATIVE FINANCIAL STATEMENT

### 1. NAME OF THE PROPOSAL:

Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020

### 2. ABM/ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

Policy area: 07 Environment

Activity ABB Code 0703: Implementation of Community environmental policy and legislation

### 3. BUDGET LINES

#### 3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- BA lines)) including headings:

Article 07 03 07 - LIFE+ (Financial Instrument for the Environment — 2007 to 2013)

#### 3.2. Duration of the action and of the financial impact:

For 2009-2013 the appropriations required will be covered by the resources already foreseen for the LIFE+ programme. As the revised legislation only takes effect as from 2013, and there is no end date for the action, the proposal will continue to have an impact on the EU budget also thereafter, at least for monitoring and evaluation of the implementation of the commitments by Member States (article 5) and regular updating and maintenance of the independent transaction log of the system (article 8).

Any additional resources necessary for monitoring and evaluation of the implementation of the commitments as required by article 10 will be foreseen in the context of the future review of Decision 280/2004/EC concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol.

The estimate of financial impacts included in this legislative financial statement covers those to adapt the independent transaction log in order to be able to execute the foreseen tasks as stipulated in article 8 and to update and maintain it afterwards.

#### 3.3. Budgetary characteristics (add rows if necessary):

| Budget | Type of expenditure | New | EFTA | Contributions | Heading in |
|--------|---------------------|-----|------|---------------|------------|
|--------|---------------------|-----|------|---------------|------------|

| <b>line</b> |          |      |    | <b>contribution</b> | <b>from applicant countries</b> | <b>financial perspective</b> |
|-------------|----------|------|----|---------------------|---------------------------------|------------------------------|
| 07 03 07    | Non-comp | Diff | NO | NO                  | NO                              | NO 2                         |

## 4. SUMMARY OF RESOURCES

### 4.1. Financial resources

#### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

| Expenditure type | Section no. |  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 and later | Total |
|------------------|-------------|--|------|------|------|------|------|----------------|-------|
|------------------|-------------|--|------|------|------|------|------|----------------|-------|

#### Operational expenditure<sup>13</sup>

|                                |      |   |  |       |  |       |  |  |       |
|--------------------------------|------|---|--|-------|--|-------|--|--|-------|
| Commitment appropriations (CA) | 8.1. | a |  | 0.750 |  |       |  |  | 0.750 |
| Payment appropriations (PA)    |      | b |  | 0.225 |  | 0.525 |  |  | 0.750 |

#### Administrative expenditure within reference amount<sup>14</sup>

|   |        |   |       |       |       |       |       |       |       |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|
| Technical & administrative assistance (NDA) | 8.2.4. | c | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|

#### TOTAL REFERENCE AMOUNT

|                                  |  |     |       |       |       |       |       |       |       |
|----------------------------------|--|-----|-------|-------|-------|-------|-------|-------|-------|
| <b>Commitment appropriations</b> |  | a+c | 0.000 | 0.750 | 0.000 | 0.000 | 0.000 | 0.000 | 0.750 |
| <b>Payment appropriations</b>    |  | b+c | 0.000 | 0.225 | 0.000 | 0.525 | 0.000 | 0.000 | 0.750 |

#### Administrative expenditure not included in reference amount<sup>15</sup>

|   |        |   |       |       |       |       |       |       |       |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|
| Human resources and associated expenditure (NDA)  | 8.2.5. | d | 0.059 | 0.059 | 0.059 | 0.059 | 0.059 | 0.059 | 0.351 |
| Administrative costs, other than human resources and associated costs, not included in reference amount (NDA) | 8.2.6. | e |       |       |       | 0.100 | 0.100 | 0.100 | 0.300 |

#### Total indicative financial cost of intervention

|   |  |                 |       |       |       |       |       |       |       |
|---|--|-----------------|-------|-------|-------|-------|-------|-------|-------|
| <b>TOTAL CA including cost of human resources</b> |  | a+c<br>+d<br>+e | 0.059 | 0.809 | 0.059 | 0.159 | 0.159 | 0.159 | 1.401 |
| <b>TOTAL PA including cost of human resources</b> |  | b+c<br>+d<br>+e | 0.059 | 0.284 | 0.059 | 0.684 | 0.159 | 0.159 | 1.401 |

<sup>13</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

<sup>14</sup> Expenditure within Article xx 01 04 of Title xx.

<sup>15</sup> Expenditure within Chapter xx 01 other than Articles xx 01 04 or xx 01 05.

## Co-financing details

If the proposal involves co-financing by Member States or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

| Co-financing body               |                       | Year<br>n | n + 1 | n + 2 | n + 3 | n + 4 | n + 5<br>and<br>later | Total |
|---------------------------------|-----------------------|-----------|-------|-------|-------|-------|-----------------------|-------|
| .....                           | f                     | 0.000     | 0.000 | 0.000 | 0.000 | 0.000 | 0.000                 | 0.000 |
| TOTAL CA including co-financing | a+c<br>+d<br>+e<br>+f |           |       |       |       |       |                       |       |

### 4.1.2. Compatibility with financial programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement<sup>16</sup> (i.e. flexibility instrument or revision of the financial perspective).

### 4.1.3. Financial impact on revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

<sup>16</sup> See points 19 and 24 of the Interinstitutional Agreement.

EUR million (to one decimal place)

|             |                                     | Prior to action<br>[Year n-1] | Situation following action |       |       |       |       |                     |
|-------------|-------------------------------------|-------------------------------|----------------------------|-------|-------|-------|-------|---------------------|
| Budget line | Revenue                             |                               | [Year n]                   | [n+1] | [n+2] | [n+3] | [n+4] | [n+5] <sup>17</sup> |
|             | <i>a) Revenue in absolute terms</i> |                               |                            |       |       |       |       |                     |
|             | <i>b) Change in revenue</i>         | $\Delta$                      |                            |       |       |       |       |                     |

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

**4.2. Human resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

| Annual requirements             | 2009         | 2010             | 2011             | 2012             | 2013             | 2014 and later   |
|---------------------------------|--------------|------------------|------------------|------------------|------------------|------------------|
| Total number of human resources | 0.5<br>A*/AD | 0.5<br>A*/A<br>D | 0.5<br>A*/A<br>D | 0.5<br>A*/A<br>D | 0.5<br>A*/A<br>D | 0.5<br>A*/A<br>D |

**5. CHARACTERISTICS AND OBJECTIVES**

**5.1. Need to be met in the short or long term**

The proposed Decision foresees under article 8 that the Central Administrator designated under Article 20 of Directive 2003/87/EC shall through its independent transaction log conduct an automated check on each transaction under this Decision and, where necessary, block transactions to ensure there are no irregularities. This information shall be accessible to the public.

The current Community independent transaction log checks whether transactions in the registry are consistent with Community legislation. Checks of Kyoto criteria are undertaken by the United Nations Independent Transaction Log. In absence of an international agreement for the period after 2012, the Community independent transaction log will need to be able to check consistency of transactions with all Community criteria as set out in this Decision and to accommodate all criteria that may be introduced pursuant to an international agreement.

<sup>17</sup> Additional columns should be added if necessary, i.e. if the duration of the action exceeds 6 years.

**5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy**

To ensure that there is a system at EU level to check all transactions for irregularities under the criteria set out in the proposed Decision. The proposed Decision for instance allows for flexibility through transactions between Member States of 'emission' credits from project activities in third countries.

Operational expenditure is envisaged within the part of the LIFE+ budget subject to central direct management.

**5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework**

**OBJECTIVE**

The objective is to ensure that the Community can ensure that all transactions under the proposed Decision are checked for irregularities to ensure their consistency with the criteria set out in that Decision, as well as any criteria that may be introduced in new international climate change agreement.

**EXPECTED RESULT**

An update of the Community independent transaction log maintained by the Central Administrator designated under Article 20 of Directive 2003/87/EC to allow for the checking for irregularities of all transactions under the proposed Decision and any criteria introduced pursuant to a new international climate change agreement.

This will need to be fully automated and ensure that it is possible to make the relevant information accessible to the public.

**5.4. Method of implementation (indicative)**

***Centralised management***

directly by the Commission

indirectly by delegation to:

executive Agencies

bodies set up by the Communities as referred to in Article 185 of the Financial Regulation

national public-sector bodies/bodies with a public-service mission

***Shared or decentralised management***

with Member States

with third countries

***Joint management with international organisations (please specify)***

Relevant comments:

## **6. MONITORING AND EVALUATION**

### **6.1. Monitoring system**

Contracts signed by the Commission for the purpose of the implementation of the Decision must provide for supervision and financial control by the Commission (or any representative authorised by it) and for audits by the Court of Auditors, if necessary on the spot.

### **6.2. Evaluation**

#### *6.2.1. Ex-ante evaluation*

See the impact assessment accompanying this proposal. The economic, social, health and environmental impacts of the measures proposed have been assessed.

#### *6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experience in the past)*

The proposed change of the independent transaction log takes into account lessons learned from the operation of this system in the period 2005 to 2007.

#### *6.2.3. Terms and frequency of future evaluation*

The progress of the work on implementing this proposal and the appropriateness of the resources allocated will be evaluated annually in connection with the management plan.

## **7. ANTI-FRAUD MEASURES**

Internal control standards No 14, 15, 16, 18, 19, 20, and 21, and the principles laid down in Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities will be fully applied.

## 8. DETAILS OF RESOURCES

### 8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

| (Headings of Objectives, actions and outputs should be provided)  | Type of output | Av. cost | 2009        |            | 2010        |              | 2011        |            | 2012        |            | 2013        |            | 2014 or later |            | TOTAL       |              |
|---|----------------|----------|-------------|------------|-------------|--------------|-------------|------------|-------------|------------|-------------|------------|---------------|------------|-------------|--------------|
|   |                |          | No. outputs | Total cost | No. outputs | Total cost   | No. outputs | Total cost | No. outputs | Total cost | No. outputs | Total cost | No. outputs   | Total cost | No. outputs | Total cost   |
| OPERATIONAL OBJECTIVE : Update of registry for checking of transactions under proposed Decision.  |                |          |             |            |             |              |             |            |             |            |             |            |               |            |             |              |
| <b>Action 1</b><br>Establish and maintain Community-wide registry for emissions not covered under the EU ETS in independent transaction log as foreseen under article 20 of directive 2003/87/EC. |                |          |             |            |             |              |             |            |             |            |             |            |               |            |             |              |
| - Output 1  | Software       |          |             |            | 1           | 0.750        |             |            |             |            |             |            |               |            | 1           | 0.750        |
| <b>TOTAL COST</b>   |                |          |             |            | <b>1</b>    | <b>0.750</b> |             |            |             |            |             |            |               |            | <b>1</b>    | <b>0.750</b> |



## 8.2. Administrative expenditure

### 8.2.1. Number and type of human resources

| Types of post   |            | Staff to be assigned to management of the action using existing and/or additional resources ( <b>number of posts/FTEs</b> ) |      |      |      |      |       |
|---|------------|---|------|------|------|------|-------|
|   |            | 2009  | 2010 | 2011 | 2012 | 2013 | 2014+ |
| Officials or temporary staff <sup>18</sup> (XX 01 01)     | A*/AD      | 0.5   | 0.5  | 0.5  | 0.5  | 0.5  | 0.5   |
|   | B*, C*/AST | 0   | 0    | 0    | 0    | 0    | 0     |
| Staff financed <sup>19</sup> by Article XX 01 02          |            |   |      |      |      |      |       |
| Other staff <sup>20</sup> financed by Article XX 01 04/05 |            |   |      |      |      |      |       |
| <b>TOTAL</b>  |            | 0.5   | 0.5  | 0.5  | 0.5  | 0.5  | 0.5   |

### 8.2.2. Description of tasks deriving from the action

- Supervise the establishment and maintenance of a Community-wide registry for emissions not covered under the EU ETS in independent transaction log as foreseen under article 20 of directive 2003/87/EC

### 8.2.3. Sources of human resources (statutory)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise for the year in question

<sup>18</sup> Cost of which is NOT covered by the reference amount.

<sup>19</sup> Cost of which is NOT covered by the reference amount.

<sup>20</sup> Cost of which is included in the reference amount.

8.2.4. *Other administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

| Budget line<br>(number and heading)  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014<br>and<br>later | TOTAL |
|--|------|------|------|------|------|----------------------|-------|
| <b>1 Technical and administrative assistance (including related staff costs)</b> |      |      |      |      |      |                      |       |
| Executive agencies <sup>21</sup>   |      |      |      |      |      |                      |       |
| Other technical and administrative assistance                                    |      |      |      |      |      |                      |       |
| - <i>intra muros</i>   |      |      |      |      |      |                      |       |
| - <i>extra muros</i>   |      |      |      |      |      |                      |       |
| <b>Total technical and administrative assistance</b>                             |      |      |      |      |      |                      |       |

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

| Type of human resources  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014<br>and<br>later |
|--|-------|-------|-------|-------|-------|----------------------|
| Officials and temporary staff (XX 01 01)   | 0.059 | 0.059 | 0.059 | 0.059 | 0.059 | 0.059                |
| Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.)<br><br>(specify budget line) |       |       |       |       |       |                      |
| <b>Total cost of human resources and associated costs (NOT in reference amount)</b>                | 0.059 | 0.059 | 0.059 | 0.059 | 0.059 | 0.059                |

Calculation– *Officials and temporary agents*

The standard salary for 1A\*/AD official as referred to in Point 8.2.1 is €0.117 M

<sup>21</sup> Refer to the specific legislative financial statement for the Executive Agency(ies) concerned.

Calculation– *Staff financed under Article XX 01 02*

N/A

8.2.6. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

|  | 2009 | 2010 | 2011 | 2012  | 2013  | 2014<br>and<br>later | TOTAL |
|--|------|------|------|-------|-------|----------------------|-------|
| XX 01 02 11 01 – Missions  |      |      |      |       |       |                      |       |
| XX 01 02 11 02 – Meetings & conferences  |      |      |      |       |       |                      |       |
| XX 01 02 11 03 – Committees <sup>22</sup>  |      |      |      |       |       |                      |       |
| XX 01 02 11 04 – Studies & consultations   |      |      |      |       |       |                      |       |
| XX 01 02 11 05 - Information systems   |      |      |      |       |       |                      |       |
| <b>2 Total other management expenditure<br/>(XX 01 02 11)</b>  |      |      |      |       |       |                      |       |
| <b>3 Other expenditure of an<br/>administrative nature XX.010301</b><br>(Equipment of the Data Centre, Services<br>and operating expenditure of the Data<br>Centre). |      |      |      | 0.100 | 0.100 | 0.100                | 0.300 |
| <b>Total administrative expenditure,<br/>other than human resources and<br/>associated costs (NOT included in<br/>reference amount</b>                               |      |      |      | 0.100 | 0.100 | 0.100                | 0.300 |

Calculation - *Other administrative expenditure not included in reference amount*

Hosting of IT System at the Data Centre: 100.000 € per year from 2012. The costs included here relate to the hosting of the CITL / Community Registry by the Commission, as well as to the purchase and maintenance of IT and communication tools necessary to make the system fully operational. The costs relating to development and maintenance of the system are covered by budget line 07 03 07 (LIFE +) - cf section 8.1

<sup>22</sup> Specify the type of committee and the group to which it belongs.

The human and administrative resources needed shall be covered from within the allocation granted to the managing DG in the framework of the annual allocation procedure.