

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>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Having regard to the opinion of the Committee of the Regions<sup>3</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty<sup>4</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>5</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) 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 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>1</sup> OJ C [...], [...], p. [...].

<sup>2</sup> OJ C [...], [...], p. [...].

<sup>3</sup> OJ C [...], [...], p. [...].

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

<sup>5</sup> OJ L 33, 7.2.1994, p.11.

- (4) The European Council has 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.
- (5) In order to cost-effectively achieve this 20% reduction of greenhouse gas emissions by 2020 compared to 1990 levels, Member States should implement additional policies and measures to further limit the emission of greenhouse gases from sources not covered under Directive 2003/87/EC to the levels as set out in the Annex to this Decision, and under Directive 2003/87/EC<sup>6</sup>, allowances allocated to stationary installations should be 21% below their 2005 emission levels by 2020. The implementation of Community measures including [fuel quality, CO<sub>2</sub> and cars and renewable energy] will contribute to the Member State efforts to meet the limits set out in the Annex.
- (6) 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 not covered under Directive 2003/87/EC should be determined in relation to the level of its 2005 greenhouse gas emissions, which is the latest available verified greenhouse gas emissions data.
- (7) Member State reduction efforts should be based on the principle of solidarity between Member States and the need for sustainable economic growth across the Community, taking into account the relative *per capita* GDP of Member States. Member States that currently have a relatively low *per capita* GDP and thus high GDP growth expectations may increase their greenhouse emissions compared to 2005 but are still expected to limit this greenhouse emissions growth to contribute to the overall EU reduction commitment. Member States that currently have a relatively high *per capita* GDP will need to reduce their greenhouse emissions compared to 2005.
- (8) 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 25% above 2005 levels.
- (9) 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 generating 20% of its

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<sup>6</sup>

Directive 2008/xx/EC amending Directive 2003/87/EC so as to improve and extend the EU greenhouse gas emission allowance trading system, and Directive 2008/xx/EC amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community.

energy from renewable sources by 2020, promoting the EU's energy security and promoting innovation and the EU's competitiveness.

- (10) Member States should therefore be able to use greenhouse gas emission reduction credits 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 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.
- (11) Very few clean development mechanism (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. It is therefore appropriate to give certainty on the acceptance of credits 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 2016 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, 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. Joint Implementation (JI) projects cannot continue after 2012 before the entry into force of a future international agreement on climate change. Greenhouse gas emission reduction credits resulting from such projects could however continue to be recognised through agreements with third countries.
- (13) 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, the total 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, should be limited to 3% of each Member State's emissions in the year 2005. This limit is equivalent to a quarter of the reduction effort. Each Member State should be allowed to transfer the unused part of this limit to another other Member State.
- (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 the terms of that agreement.
- (15) Progress in implementing commitments under this Decision should be annually evaluated on the basis of reports submitted under Decision 280/2004/EC<sup>7</sup> concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol. 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, if appropriate followed by proposals to amend this Decision.

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OJ L 49, 19.2.2004, p. 1.

- (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 this Directive.
- (17) Upon the conclusion by the Community of an international agreement on climate change the Commission should adjust the emission limits for Member States on the basis of 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 Commission should also adjust the limit for the use of credits by each Member State, which should not exceed 8% of each Member State's 2005 emissions in the case of an international agreement that requires the Community to reduce its emissions by 30%, representing a quarter of the reduction effort.
- (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. Regulation (EC) No 2216/2004<sup>8</sup> of 21 December 2004 for a standardised and secured system of registries pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision No 280/2004/EC should be amended accordingly.
- (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>9</sup>.

HAVE ADOPTED THIS DECISION:

#### *Article 1*

##### **Subject matter**

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. It provides for the evaluation of emissions reductions resulting from the implementation of this Decision. It also promotes cost-effectiveness in achieving this effort by providing flexibility 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.

#### *Article 2*

##### **Definitions**

For the purpose of this Decision, the relevant definitions laid down in Article 3 of Directive 2003/87/EC and the following definition shall apply:

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<sup>8</sup> OJ L 386, 29.12.2004, p. 1.

<sup>9</sup> OJ L 184, 17.7.1999, p. 23.

‘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 2013-2020 before the entry into force of a future international agreement on climate change**

1. Before the entry into force of a future international agreement on climate change, each Member State shall by 2020 limit its greenhouse gas emissions 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, so as to ensure that the Community as a whole reduces its emissions to at least 20% below 1990 levels by 2020.
2. Each Member State shall ensure that, as a result of the implementation of paragraph 1, 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 during the years 2008 to 2010, as reported and verified pursuant to Directive 2003/87/EC and Decision 280/2004/EC. Each Member State shall further 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 to this Decision.

### *Article 4*

#### **Use of credits from project activities before the entry into force of a future international agreement on climate change**

1. Before the entry into force of a future international agreement on climate change, Member States may use the following greenhouse gas emission reduction credits for the implementation of their obligations under Article 3:
  - CERs and ERUs issued for reductions achieved up to 31 December 2012 from projects types which were accepted by all Member States in the EU emissions trading system during the 2008-12 period;
  - CERs issued for reductions achieved after 31 December 2012 from projects which were registered during the 2008-2012 period of which the project type was accepted by all Member States in the EU emissions trading system during the 2008-12 period.
  - CERs issued for reductions achieved from projects implemented in Least Developed Countries. This shall apply to CERs for all project types which were accepted by all Member States in the EU emissions trading system during the 2008-12 period in advance of those countries ratifying an agreement with the Community or 2016, whichever is the earlier.
2. In addition to paragraph 1 and in the event that the conclusion of an international agreement on climate change is delayed beyond 2013, 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 that the Community may conclude with third countries. The use of such credits shall be in accordance with the terms of such agreements and up to the levels specified in those agreements.

3. Once a future international agreement on climate change has been reached, Member States can only use CERs from third countries which have ratified that agreement.
4. The use of credits by each Member State pursuant to paragraphs 1, 2 and 3 shall not exceed 3% of that Member State's greenhouse gas emissions not covered under Directive 2003/87/EC in the year 2005. Each Member States may transfer the unused part of this limit to another Member State.
5. Agreements reached under paragraph 2 shall provide for the use of credits from renewable energy or energy efficiency technologies which promote technological transfer, sustainable development, and which go above and beyond a "business as usual" scenario. Any such agreement may also provide for the use of credits from projects where the baseline used is below the level of Community-wide rules for free allocation adopted under Article 10b of Directive 2003/87/EC or above the levels required by Community legislation.

#### *Article 5*

##### **Progress in implementing commitments**

1. 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.
2. 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 11 of Decision 280/2004/EC.

Every two years, starting in 2014, this assessment shall also include the projected progress of the Community and its Member States towards fulfilling their commitments under this Decision.

3. 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.

#### *Article 6*

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

Upon the conclusion by the Community of an international agreement on climate change leading to mandatory reductions of greenhouse gas emissions in countries, the following measures shall take effect:

- (a) The Commission shall adjust the emission limits in the Annex in accordance with the procedure referred to in Article 9(2) of this Decision;
- (b) Member States may use greenhouse gas emission reduction credits from countries which have ratified that agreement and subject to the terms of that agreement. The Commission shall set a limit for the use of credits by each Member State in accordance with the procedure referred to in Article 9(2) of this Decision, which shall be at least 3% of that Member State's greenhouse gas emissions not covered under Directive 2003/87/EC in the year 2005 in the case of a greenhouse gas emission reduction commitment for the Community of 20% below 1990 emissions by 2020 and at most 8% in case of an international agreement that requires the Community to reduce its emissions by 30%.
- (c) The Commission shall, in accordance with the procedure referred to in Article 9(2) of this Regulation, adopt measures to provide for the use by Member States of additional types of project credits and/or the use by Member States of other mechanisms created under the international agreement, as appropriate. These measures shall apply to credits from projects or other emission reducing activities in third countries which have concluded the international agreement.

#### *Article 7*

#### **Extensions in the scope of Directive 2003/87/EC**

Any adjustment of the quantity of allowances for greenhouse gas emissions issued under 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 European Commission of the national allocation plans for the 2008-2012 period pursuant to Directive 2003/87/EC shall be matched by a corresponding adjustment in the maximum quantity of emissions under Article 3.

#### *Article 8*

#### **Registries and Central Administrator**

1. Member State registries established under 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 record 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 amend Regulation (EC) No 2216/2004 in accordance with the procedure referred to in Article 9(2) of this Decision to implement the provisions in paragraph 1 and 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 5 and 7 of Decision 1999/468/EC shall apply, having regard to Article 8 thereof.  
The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at three months.

*Article 10*

**Entry into force**

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

*Article 11*

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 (in million tonnes of CO<sub>2</sub> equivalent)</b>
Belgium		
Bulgaria		
Czech Republic		
Denmark		
Germany		
Estonia		
Ireland		
Greece		
Spain		
France		
Italy		
Cyprus		
Latvia		
Lithuania		
Luxembourg		
Hungary		
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