

Greenhouse gas emissions, climate change: mechanism for monitoring and reporting

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This Commission report focuses on progress towards meeting the EU's climate commitment, two years after the Paris Agreement on climate change, in accordance with Regulation (EU) No 525/2013 of the European Parliament and of the Council on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC).

Progress towards the 2020 targets: according to Member States' latest projections based on existing measures, emissions are expected to be 26 % lower in 2020 than in 1990. **The EU therefore remains on track to meet its domestic emissions reduction target of 20 % by 2020** and consequently its obligations under the second commitment period of the Kyoto Protocol.

Between 2005 and 2016, stationary emissions, e.g. from power plants or refineries, covered by the EU emissions trading system (ETS) fell by 26 %. This is markedly more than the 23 % reduction set as the 2020 target. Total EU emissions fell by 0.7 % from 2015 to 2016, while overall GDP rose by 1.9 %, confirming **that emissions and GDP are being decoupled**.

Greenhouse gas emissions from fixed installations covered by the EU ETS fell by 2.9 % compared to 2015, according to preliminary data. This marks a decreasing trend in emissions since the start of Phase 3 of the EU ETS. Moreover, the surplus of emission allowances that had built up since 2009 fell significantly, to around 1.69 billion allowances, as fewer allowances were auctioned. The surplus is at its lowest level since 2013.

Emissions not covered by the EU ETS were 11 % lower in 2016 than in 2005, exceeding the 2020 target of a 10 % reduction. However, in 2016 they increased for the second year in a row, by 0.9 %.

Under the Effort Sharing Decision (ESD), Member States must meet binding annual greenhouse gas emission targets for 2013-2020 in sectors not covered by the ETS, including buildings, transport, waste and agriculture. Preliminary estimates for 2016 show that Malta, Belgium, Finland and Ireland will likely fail to meet their non-ETS targets.

As regards **LULUCF** (land use, land use change and forestry), under the Kyoto Protocol most Member States have a cumulative accounted net removal from 2013 to 2015. Only Latvia, Bulgaria, Finland and the Netherlands have a provisional net emission. As yet, there is no significant compliance risk at EU level.

Financing the fight against climate change: Member States withdrew nearly EUR 15.8 billion from the auctioning of EU ETS allowances over the 2013-2016 period. **About 80% of these revenues have been used or are intended to be used for climate and energy related purposes.**

In Greece, Malta, Portugal and Spain, the largest share of these revenues is invested in renewable energy. In the Czech Republic, France, Hungary and Slovakia, by contrast, the largest share of auctioning revenues is invested in energy efficiency, e.g. in renovating apartment buildings.

Under the **NER 300 programme**, EUR 2.1 billion from the auctioning of 300 million ETS allowances has been allocated for the financing of 39 innovative demonstration projects in the field of renewable energy and carbon capture storage, covering 20 EU Member States.

Between 2014 and 2020, at least **20% of the EU budget** is expected to be allocated to climate-related expenditure, amounting to approximately EUR 200 billion.

Mitigating EU emissions: under the Paris Agreement, the EU and its Member States collectively committed to decreasing their emissions by at least **40 %** by 2030 from 1990 levels. This commitment is linked to a raft of **proposed legislation** in the area of climate action, energy and transport. The proposals are currently being negotiated with the European Parliament and the Council.

The report mentions in particular:

- the Commission's July 2015 legislative proposal for the **EU ETS revision for phase 4**, which aims to reduce emissions from energy production and industrial installations by 43% by 2030 from their 2005 levels;
- two proposals presented in 2016 that define the precise way in which EU Member States should meet their commitments to **reduce ETS emissions by 30% by 2030** compared to 2005 levels;
- the adoption in July 2016 of an **EU strategy for low-emission mobility** based on three pillars: higher efficiency of the transport system, low-emission alternative energy for transport, and low- and zero emission vehicles;
- the Commission's proposal to **revise the Energy Efficiency Directive** to include a binding 30% energy efficiency target;
- the **recast proposal for the Renewable Energy Directive**, which provides that the share of renewable energy sources must represent at least 27% of the EU's final energy consumption.

The Commission is also planning the evaluation of the 2013 strategy for adapting to climate change to mid-2018 and is considering revising it, partly in view of the Paris Agreement.