Binding annual greenhouse gas emission reductions by Member States from 2021 to 2030

2016/0231(COD) - 17/04/2018 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 343 votes to 172, with 170 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change.

The question had been referred back to the committee responsible for interinstitutional negotiations at the meeting of 14.6.2017.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Objective: the Regulation shall contribute to achieving the objectives of the Paris Agreement on Climate Change. It shall set **minimum contributions for Member States for the period 2021-2030**, with a view to achieving the Union's target of reducing, by 2030, its greenhouse gas emissions by 30% below 2005 levels, particularly in the agriculture, transport, construction and waste sectors.

Annual emission levels for the period 2021-2030: each Member State shall limit its greenhouse gas emissions in 2030 by respecting at least the percentage set for that Member State in Annex I to the Regulation in relation to the level of its greenhouse gas emissions in 2005.

Each Member State shall follow an emission reduction plan, which would be calculated according to a **linear trajectory starting at five-twelfths of the distance from 2019 to 2020, or in 2020**, whichever results in a lower allocation for that Member State.

Flexibility to respect annual limits: to achieve its objectives, a Member State may:

- borrow up to 10% of its annual emission quota for the following year for the years 2021 to 2025 (up to 5% for the years 2026 to 2029);
- in respect of the year 2021, bank that excess part of its annual emission allocation to subsequent years until 2030;
- in respect of the years 2022 to 2029, bank the excess part of its annual emission allocation up to a level of 30 % of its annual emission allocations up to that year to subsequent years until 2030;
- transfer up to 5 % of its annual emission allocation for a given year to other Member States in respect of the years 2021 to 2025, and up to 10 % in respect of the years 2026 to 2030.

A Member State whose updated greenhouse gas emissions for a given year are less than its annual emission allowance for that year, taking into account the use of the projected room for manoeuvre, could **transfer** this excess part of its annual emission allowance to other Member States.

Member States may use **revenues** generated by transfers of annual emission allocations to tackle climate change in the Union or in third countries.

Certain Member States listed in Annex II to the Regulation may benefit, for each year of the 2021-2030 period, from a **limited cancellation of up to 100 million allowances** from the European Union Emissions Trading Scheme (EU ETS) collectively taken into account for their compliance under the Regulation.

Flexibility for LULUCF activities: the proposed Regulation provides for additional use of up to **EUR 280 million** of net removals resulting from land use, land-use change and forestry.

Corrective measures: if the Commission finds, in its annual assessment that a Member State is not making sufficient progress towards meeting its obligations, that Member State shall, within three months, submit to the Commission a corrective action **plan**.

The Commission may issue an opinion regarding the robustness of the corrective action plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly.

Security reserve: in recognition of previous efforts made since 2013 by those Member States which had a GDP per capita below the Union average in 2013, the Regulation shall establish a limited special purpose safety reserve **corresponding to up to 105 million tonnes CO2 equivalent**, while maintaining the environmental integrity of this Regulation as well as incentives for Member States' actions beyond the minimum contributions under this Regulation.

The safety reserve should benefit Member States whose GDP per capita was below Union average in 2013, whose greenhouse gas emissions remain below their annual emission allocations from 2013 to 2020 and which have problems with achieving their 2030 greenhouse gas emission target despite using other flexibilities provided for in this Regulation.

Review: this Regulation shall be kept under review taking into account inter alia evolving national circumstances, the manner in which all sectors of the economy contribute to the reduction of greenhouse gas emissions, international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement.