

Binding annual greenhouse gas emission reductions by Member States (Effort Sharing Regulation)

2021/0200(COD) - 24/05/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on the Environment, Public Health and Food Safety adopted the report by Jessica POLFJÄRD (EPP, SE) on the proposal for a regulation of the European Parliament and of the Council Amending Regulation (EU) 2018/842 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.

The objective of the Commission's proposal is to revise the Effort Sharing Regulation (ESR) so that it contributes to the ambition to reach at least 55 percent net greenhouse gas emission reductions by 2030 compared to 1990 levels in a cost-effective and coherent way while taking into account the need for a just transition and the need for all sectors to contribute to the EU's climate efforts. The aim is to achieve a gradual and balanced trajectory towards climate neutrality by 2050.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

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

The Regulation lays down obligations on Member States with respect to their minimum contributions for the period from 2021 to 2030 towards fulfilling the Union's target of reducing its greenhouse gas emissions by 40 % below 2005 levels in 2030 in the sectors covered by the ESR. It would contribute to the **long-term target of climate neutrality in the Union by 2050** at the latest, with the aim to achieve negative emissions thereafter.

Members wanted to make it clear that the regulation does not just cover the period up to 2030 but goes beyond that.

The amended regulation sets Member States' annual emission allowances for the whole period 2023-2030, unlike the Commission's plan to readjust them in 2025, and changes the way the linear trajectory is defined.

An amendment clarifies that only biofuels, bioliquids and biomass fuels that meet the sustainability and greenhouse gas emission savings criteria set out in Directive (EU) 2018/2001 of the European Parliament and of the Council can be considered net zero emission.

Measures taken to limit greenhouse gas emissions should be implemented in accordance with a **just and inclusive transition**. The Commission should adopt common guidelines identifying methods to assist Member States in implementing this just and inclusive transition.

Adapting national targets to climate neutrality by 2050

Members want to establish a clear link between the ESR and the objective of climate neutrality enshrined in the Climate Law.

The European Commission is asked to report back to **ensure that national targets are sufficient** to achieve the long-term goal of climate neutrality by 2050 in a fair and cost-effective way, and to set out a greenhouse gas emission reduction pathway for each Member State.

Within six months of the publication of this report, the Commission should present proposals to limit greenhouse gas emissions for the sectors covered by the ESR.

Minimum emissions reduction contribution from non-CO2 greenhouse gases for 2030

Members called for a legislative proposal to be presented by July 2023 setting one or more EU-wide targets for **non-CO2 emissions** covered by the ESR after close consultation with the Scientific Advisory Board on Climate Change.

Flexibilities by means of borrowing, banking and transfer

Members proposed to restrict the rules on banking, borrowing and trading of annual emission allowances and delete the provision to create a new voluntary mechanism, in the form of an additional reserve, which would help participating Member States to meet their obligations. The report also added a requirement that any proceeds by a Member State from emissions trading within the ESR must be allocated to climate action.

In addition, Members did not accept the proposal to introduce an additional safety reserve composed of surplus removals generated by Member States in excess of their targets in the LULUCF Regulation.

Corrective action

Remedial action plans submitted to the Commission should include:

- a detailed explanation as to why the Member State is not making sufficient progress in meeting its obligations under the ESR;
- the total amount of Union funds the Member State has received for climate and ecological transition expenditure and investments, how the use of these funds has contributed to meeting its obligations, and how it intends to use these funds to meet its obligations.

If a Member State exceeds its annual emissions quota for two or more consecutive years, it should undertake a **review of its integrated national energy and climate plan** and long-term strategy under Regulation (EU) 2018/1999 on the governance of the Energy Union and climate action. The Member State should complete this review within six months.

Access to justice

A new provision is introduced to ensure public access to justice for actions implementing the ESR as amended.