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

2021/0200(COD) - 14/03/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 486 votes to 132, with 10 abstentions, a legislative resolution 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 (Effort Sharing Regulation - ESR).

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

Reduction targets of greenhouse gas emissions by 2030

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

This Regulation also lays down rules on determining annual emission allocations and for the evaluation of Member States' progress towards meeting their minimum contributions.

Annual emission levels for the period from 2021 to 2030

Each Member State will, in 2030, limit its greenhouse gas emissions at least by the percentage set for that Member State in column 2 of Annex I of the Regulation in relation to its greenhouse gas emissions in 2005.

The Commission will adopt implementing acts setting out each Member State's annual emission allowances for the years 2021 to 2030 expressed in tonnes of CO2 equivalent in accordance with the linear trajectories set out in the Regulation.

The implementing acts will also specify, based on the percentages notified by Member States, the total quantities that may be taken into account for a Member State's compliance between 2021 and 2030. If the sum of all Member States' total quantities exceeds the collective total of 100 million, the total quantities for each Member State will be reduced on a pro rata basis so that the collective total is not exceeded.

When undertaking the actions to limit the greenhouse gas emissions, Member States will consider the need to ensure a **just and socially fair transition** for all. The Commission may issue guidance to support Member States in that regard.

Flexibilities by means of borrowing, banking and transfer

In respect of the years 2021 to 2025, a Member State may borrow a quantity of up to **7.5 % from its annual emission allocation for the following year**.

In addition, a Member State whose greenhouse gas emissions for a given year are below its annual emission allocation for that year, taking into account the use of flexibilities laid down in this Regulation may:

- in respect of the year 2021, bank the excess part of its annual emission allocation up to a level of **75 %** of its annual emission allocation for 2021 to subsequent years until 2030; and

- in respect of the years 2022 to 2029, bank the excess part of its annual emission allocation up to a level of **25 %** of its annual emission allocations up to that year to subsequent years until 2030.

A Member State may transfer up to **10 %** of its annual emission allocation for a given year to other Member States in respect of the years 2021 to 2025, and up to **15 %** in respect of the years 2026 to 2030. The receiving Member State may use that quantity for compliance for the given year or for subsequent years until 2030.

Member States should use revenues, or their equivalent in financial value, generated by transfers of annual emission allocations to **tackle climate change** in the Union or in third countries. Member States will inform the Commission of any actions taken pursuant to this paragraph and will make that information public in an easily accessible form.

Corrective action

Parliament proposed to strengthen corrective action. Therefore, corrective actions plans submitted by the Commission will include:

- a **detailed explanation** of why that Member State is not making sufficient progress towards meeting those obligations;

- an assessment of how Union funding has supported that Member State's efforts towards meeting those obligations and of how it intends to use such funding to make progress towards meeting them;

- additional actions, complementing the integrated national energy and climate plan of that Member State;

- a strict timetable for implementing such actions, which enables the assessment of annual progress in implementation.

The Commission may issue an opinion regarding the robustness of the corrective action plans submitted within four months of receipt of those plans. The Member State concerned will take utmost account of the Commission's opinion and may revise its corrective action plan accordingly. If the Member State concerned does not address the Commission's opinion or a substantial part thereof, that Member State will provide a justification to the Commission.

Each Member State will make its corrective action plan and any **justification** publicly available. The Commission will make its opinion **publicly available**.

Review

The Regulation will 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 and of Regulation (EU) 2021/1119.