Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme

2023/0080(BUD) - 16/03/2023 - Commission draft budget

PURPOSE: presentation by the Commission of Draft Amending Budget (DAB) No 1 for the year 2023.

CONTENT: Draft Amending Budget (DAB) No 1 for the year 2023 aims at introducing the necessary technical changes to the 2023 budget stemming from the political agreements reached on several legislative proposals, in particular with respect to REPowerEU, the Carbon Border Adjustment Mechanism (CBAM) and the Union Secure Connectivity programme.

Overall, the net impact of DAB 1 on expenditure corresponds to an increase of **EUR 52.6 million in commitment appropriations**. No additional payment appropriations are requested.

(1) REPowerEU

To address new challenges, on 18 May 2022 the Commission proposed to reinforce the firepower of the Recovery and Resilience Facility Regulation (RRF) through the REPowerEU plan.

The Regulation on the creation of dedicated REPowerEU chapters in the recovery and resilience plans defines specific REPowerEU objectives that should be addressed by the investments and reforms to be included in the existing recovery and resilience plans (RRPs). In addition, the Regulation provides for additional sources of dedicated funding to finance the relevant measures. This includes additional revenue from auctioning of allowances from the Emissions Trading System under Directive 2003/87/EC as well as from voluntary transfers from the Brexit Adjustment Reserve (BAR).

In order to allow the Commission to make the budgetary commitments in a timely manner upon the adoption of the Council implementing decisions, the Commission proposes to make **all the necessary additional adjustments to the budget nomenclature** and budget remarks in DAB 1, following the adoption of the REPowerEU plan and Regulation with targeted amendments to the Recovery and Resilience Facility Regulation (RRF), the Emissions Trading Schemes (ETS) Directive as well as the Brexit Adjustment Reserve (BAR) Regulation.

(2) Carbon border adjustment mechanism (CBAM)

The final agreement reached by the European Parliament and the Council in December 2022 on the establishment of the Mechanism is based on a centralised governance model, which requires heavy involvement of the Commission in the implementation and the development and maintenance of a substantial IT system. At the same time, the co-legislators did not retain the option of financing CBAM from external assigned revenue accruing from the Emissions Trading System. Therefore, the increased costs for the IT system will have to be financed from the margin under the expenditure ceiling of heading

3 (Natural Resources and Environment), whereas the additional Commission staff will have to be financed under heading 7.

The Commission proposed to create a new budget line for CBAM in heading 3 with a level of respectively **EUR 4.1 million in commitment appropriations and EUR 1.6 million in payment appropriations** and to delete the existing budget line in heading 1, while adding the appropriations to the corresponding margin under heading 1.

As regards **staffing**, the Commission recalled that the final agreement reached by the co-legislators on the establishment of the carbon border adjustment mechanism (CBAM) has evolved significantly in terms of the human resources required for its implementation within the Commission, compared to the legislative financial statement which accompanied the original proposal, which was based on a decentralised model of implementation.

The additional Commission human resources required by the final agreement endorsed by the colegislators will not allow the Commission to respect the principle of stable staffing and will require additional resources, to be authorised by the European Parliament and the Council during the annual budget procedure along with the related budgetary appropriations.

The Commission is now asking for an **additional 16 posts in its operating establishment plan and four contract agents in 2023**, as well as a corresponding amount of **EUR 1.5 million** to cover the related administrative expenditure in heading 7, assuming recruitment on average mid-year.

(3) Union secure connectivity programme

In the final trilogue on 23 November 2022, the co-legislators agreed to increase the financing of the Union Secure Connectivity initiative by EUR 50 million from the unallocated margin under the expenditure ceiling of Heading 1. To implement this agreement, the Commission proposes to include in DAB 1 an amount of **EUR 50 million in commitment appropriations**, which will contribute to the launch of procurement procedures in 2023. The current level of payment appropriations in the 2023 budget is considered sufficient to cover this year's payment needs.

In particular, DAB 1 covers the following elements:

- adjusting the EU contribution and/or staff numbers of the Anti-Money Laundering Authority (AMLA), the European Union Agency for the Cooperation of Energy Regulators (ACER), the Agency for support to the Body of European Regulators for Electronic Communications (BEREC) and the European Chemicals Agency (ECHA) to take account of changes in their mandates;

- adjusting the establishment plan of the Health and Digital Executive Agency (HaDEA) to take account of a minor change in the staff structure of the executive agency;

- increasing the level of appropriations of the European Data Protection Supervisor (EDPS) to finance legal fees following an increase of litigation cases relating to the application of the General Data Protection Regulation.