

Scheme for greenhouse gas emission allowance trading within the Community. EU Emissions Trading System (EU ETS) Directive

2001/0245(COD) - 10/09/2002

The committee adopted the report by Jorge MOREIRA DA SILVA (EPP-ED, P) tableing a large number of amendments to the Commission proposal under the codecision procedure (1st reading). It sought to ensure a coherent approach by widening the scope of the proposal considerably and introducing extra provisions to prevent distortions of the internal market. The amendments focused on the following points: - whereas the proposal only covered carbon dioxide, MEPs wanted to include all other greenhouse gases, provided that the quality of data was satisfactory and that accepted methods on measurement, monitoring and calculation could be developed; - the chemicals and aluminium industries should also be included in the scope of the directive; - Member States should be able to apply to the Commission to temporarily exclude some plants (an opt-out) during the first stage of the directive (2005-2007), subject to stringent conditions and criteria; - Member States should be able to add other industrial sectors on a voluntary opt-in basis; - the directive should be reviewed in 2006 rather than in 2004, with an obligation for the Commission to present a proposal on amending Annex I to include more sectors and activities; - there should be fixed-sum penalties only, rather than the Commission's more complicated formulation, in order to avoid excessive uncertainty for industry; - there should be a cap on emissions allowances per Member State to get round two problems: (1) the fact that the directive did not set annual quantitative targets for cutting greenhouse gas emissions under the trading system between Member States; and (2) the danger of over-allocation; - Member States should cancel the allowances of plants which are closed down, whose capacity is cut back or which continue to operate under the same or worse conditions in non-EU countries; - there should be transparency regarding the ownership of emission allowances and transactions performed between companies inside and outside the Member States; - the criteria for national allocation plans (Annex III) should be modified through the codecision procedure rather than through the regulatory procedure; - mutual agreements with emissions trading schemes from third countries should be conditional upon those countries having ratified the Kyoto Protocol; - during the first stage of the directive, there should be a complete ban on the use of emission allowance credits, given that efforts need to be concentrated on reducing emissions within the EU; however, the use of emission credits earned from clean development mechanism (CDM) or joint implementation (JI) projects under the Kyoto Protocol should be allowed with effect from the second stage (2008-2012), provided that those projects did not include carbon sinks or nuclear energy sources.