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

2001/0245(COD) - 11/06/2003

The committee adopted the report by Jorge MOREIRA DA SILVA (EPP-ED, P) amending the Council's common position under the 2nd reading of the codecision procedure. With the Council having accepted only 23 of the 73 amendments adopted by Parliament at 1st reading, MEPs voted to re-table around 25 of the rejected demands. They were hopeful that by limiting the number of amendments there would be a good chance of reaching agreement with Council at 2nd reading and thus avoiding conciliation. The key amendments were as follows: - the chemical and aluminium industries should also be included in the scope of the directive; - Member States should be able to extend the scheme to additional sectors on a voluntary opt-in basis as early as 2005 if they notify the Commission by 31 March 2004; - 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 other sectors and activities; - the directive should apply not only to CO2 but also to all six greenhouse gases from 2005, provided that the quality of data for a particular reference year is satisfactory and that harmonised methods have been agreed for measuring, monitoring and calculating emissions (the Council was proposing that the other gases be included only on a voluntary basis and after 2008); - on the question of temporary exemptions, the committee again insisted that these should apply only to individual plants and not to whole industrial activities, as the Council was proposing. MEPs were concerned not to open the way to various sectoral opt-outs which could jeopardise the efficiency of the scheme; - on the question of auctioning versus "grandfathering" of licences, the committee adopted a compromise amendment modifying the "hybrid scheme" proposed by Parliament at 1st reading. It said that, for the five-year period beginning 1 January 2008, 5% of the allowances should be sold and the remainder allocated free of charge. However, when selling these allowances, Member States must try to avoid any increase in the overall financial burden for operators, notably where energy taxes are applied, so as to ensure neutrality; - 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 a cap on the number of permits issued to each Member State, in order to prevent distortions of competition. The total ceiling per Member State must correspond to the share of total emissions produced by the industrial plants covered by this directive in 1990.