Basic information

2008/0014(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020 **Subject** 3.70.02 Atmospheric pollution, motor vehicle pollution 3.70.03 Climate policy, climate change, ozone layer 3.70.20 Sustainable development	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ENVI Environment, Public Health and Food Safety	HASSI Satu (Verts/ALE)	27/02/2008

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	VISSER Cornelis (PPE-DE)	11/03/2008
EMPL Employment and Social Affairs	KUSSTATSCHER Sepp (Verts/ALE)	26/02/2008
ITRE Industry, Research and Energy (Associated committee)	GOEBBELS Robert (PSE)	27/03/2008
REGI Regional Development	DE BLASIO Antonio (PPE-DE)	26/03/2008

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	2936	2009-04-06
Transport, Telecommunications and Energy	2854	2008-02-28
Transport, Telecommunications and Energy	2875	2008-06-06
Transport, Telecommunications and Energy	2913	2008-12-08
Transport, Telecommunications and Energy	2895	2008-10-09

	Environment	2912	2008-12-04
	Environment	2784	2008-06-05
	Environment	2898	2008-10-20
	Environment	2856	2008-03-03

European Commission	Commission DG	Commissioner
	Environment	DIMAS Stavros

Key events

Date	Event	Reference	Summary
23/01/2008	Legislative proposal published	COM(2008)0017	Summary
19/02/2008	Committee referral announced in Parliament, 1st reading		
28/02/2008	Debate in Council		Summary
03/03/2008	Debate in Council		Summary
10/04/2008	Referral to associated committees announced in Parliament		
05/06/2008	Debate in Council		Summary
06/06/2008	Debate in Council		Summary
07/10/2008	Vote in committee, 1st reading		Summary
09/10/2008	Debate in Council		
15/10/2008	Committee report tabled for plenary, 1st reading	A6-0411/2008	
20/10/2008	Debate in Council		Summary
04/12/2008	Debate in Council		
08/12/2008	Debate in Council		
16/12/2008	Debate in Parliament		
17/12/2008	Decision by Parliament, 1st reading	T6-0611/2008	Summary
17/12/2008	Results of vote in Parliament		
06/04/2009	Act adopted by Council after Parliament's 1st reading		
15/04/2009	End of procedure in Parliament		
23/04/2009	Final act signed		
05/06/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/0014(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)

Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 175
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/6/58788

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE407.712	05/06/2008	
Amendments tabled in committee		PE409.395	09/07/2008	
Amendments tabled in committee		PE409.586	09/07/2008	
Committee opinion	REGI	PE406.010	18/07/2008	
Committee opinion	EMPL	PE405.891	10/09/2008	
Committee opinion	ECON	PE406.063	11/09/2008	
Committee opinion	ITRE	PE406.142	23/09/2008	
Amendments tabled in committee		PE413.976	30/09/2008	
Committee report tabled for plenary, 1st reading/single reading		A6-0411/2008	15/10/2008	
Text adopted by Parliament, 1st reading/single reading		T6-0611/2008	17/12/2008	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03738/2008/LEX	23/04/2009	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2008)0017	23/01/2008	Summary
Document attached to the procedure	COM(2008)0030	23/01/2008	Summary
Document attached to the procedure	SEC(2008)0085	23/01/2008	
Commission response to text adopted in plenary	SP(2009)402	29/01/2009	
Follow-up document	COM(2016)0483	20/07/2016	Summary
Follow-up document	SWD(2016)0251	22/07/2016	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1202/2008	10/07/2008	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2009/0406
OJ L 140 05.06.2009, p. 0136 Summary

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 20/07/2016 - Follow-up document

The Commission presents a report evaluating the implementation of Decision No. 406/2009/EC (also called the Effort Sharing Decision, or 'ESD').

Adopted in 2009 as part of the climate and energy package, the ESD establishes greenhouse gas (GHG) emission limits for all Member States for 2020. It covers emissions in the transport, buildings, agriculture, small industry and waste sectors.

The objective of the ESD is to reduce GHG emissions in the EU by 10% by 2020 compared to 2005 and promote reductions of GHG emissions within its scope in a fair and cost-effective manner.

The evaluation explored **the impacts of the Effort Sharing Decision both at EU and Member State level.** It focuses on actions in Member States from 2009 onwards to meet ESD obligations. It covered the period from when the ESD entered into force in June 2009 to November 2015.

The evaluation criteria were effectiveness, efficiency, relevance, coherence and EU added value.

Implementation - state of play: whilst the ESD is still in the early stages of implementation, \ it seems clear from the evidence gathered so far that **ESD targets have been effective in stimulating new national policies and measures promoting effective reductions of GHG emissions** within the ESD scope. Member States have so far fulfilled their reporting obligations and the exchange of information with the Commission is working well.

The main observations are as follows:

- **total 2013 emissions covered by the ESD at EU level were 9.7% lower than the 2005 emissions**. In 2014 EU emissions covered by the ESD further decreased to a level 12.9% below 2005 levels, which was below the EU-wide ESD target for 2020;
- **total emission reductions** between 2005 and 2013 were achieved in all sectors, ranging from -3 % in agriculture to -25 % in the waste sector;
- in this period there was also a convergence of GHG emission intensities across Member States, both per capita and per GDP;
- **ESD emissions per Member State have also decreased significantly since 2005**. In all Member States ESD emission were below their annual limits in 2013 and 2014;
- **24 Member States are projected to meet their national targets domestically**, while four Member States are expected to need additional measures or use flexibility instruments within the ESD to reach their targets;
- so far, **no Member State has used any of the flexibility instruments provided in the ESD** as all countries appear to be meeting their annual emission limits for the first two years of the compliance period.

Most emission reductions since 2009 have come from technological changes and policies that have resulted in increased uptake of less carbon-intensive technology. For several of the ESD sectors, including buildings, transport, agriculture and waste, part of the emissions reductions to date can be attributed to factors that are influenced by policy interventions related to the 2020 package.

Results of the evaluation: the report notes that whilst ESD targets have been effective in stimulating new national policies in certain Member States, there was **insufficient evidence to quantify the overall impact of the ESD on GHG emissions at this stage.** Evidence on the direct costs of national policies implemented in response to the ESD is very limited; it was not possible to assess these costs with confidence.

The ESD was found to have resulted in limited additional administrative burden on Member State level, although there may be **opportunities for reducing administrative costs at EU level**, for example by simplified or less frequent compliance controls.

The report also notes that the ESD:

- **remains relevant regarding its objectives**: there remains a need to continue to limit anthropogenic GHG emissions, and put in place appropriate mechanisms to reflect the full social cost of climate change. The ESD also remains relevant for addressing market failures;
- **remains coherent with other EU climate and energy policies**. The public consultation showed strong consensus among stakeholders that there continues to be a need for an instrument such as the ESD after 2020;
- **adds value through EU action**. There was a strong level of agreement among stakeholders that the ESD had: (i) raised awareness of mitigation potential in ESD sectors and contributed to establishing new national institutional and legal framework; (ii) improved coordination on GHG mitigation across the ESD sectors and between national and regional or local governments.

Lastly, stakeholders did not present any evidence that national policies resulting from the ESD have unduly distorted **competition** in the EU internal market.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 03/03/2008

The Council held a policy debate on key aspects of the climate action and energy legislative package with a view to the adoption of political guidelines to be given by the European Council on 13 and 14 March 2008. The European Council conclusions will provide guidance for further examination of the package.

Other questions related specifically to the EU emissions trading system (ETS), the non-ETS sectors and to the proposed framework for geological storage of carbon dioxide. At the end of the meeting, the presidency summarised the outcome of the debate as follows:

- the presentation of the climate action and renewable energy package by the Commission is a welcome response to the objectives and targets endorsed by the EU heads of state and government last year;
- Ministers welcome the direction of the proposed new design features of the EU ETS, such as the increased harmonisation of allocation, including the use of auctioning, as a way of enhancing the cost-effectiveness of the required emission reductions. In this respect, the need to anticipate greater flexibility for the realisation of different objectives was identified;
- carbon leakage remains a key concern that should be addressed appropriately;
- it will be important to clarify the methodology used to determine the reduction of emissions and the objectives in terms of renewable energies;
- work on the ETS review by the EU, the sharing of the non-ETS effort, the framework for storage of carbon dioxide and renewable energy sources must progress at the same rate;
- there is a need to make headway on the technical issues as quickly as possible in order to reach a final agreement with the European Parliament in early 2009 at the latest.

Ministers held an exchange of views on the international aspects of the package with Mr Yvo de Boer, Executive Secretary of the UN Climate Convention. The package contains the following proposals:

- a Directive amending Directive 2003/87/EC in order to improve and extend the EU greenhouse gas emission allowance trading system;
- a Decision on the effort of EU Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020;
- a Directive on the promotion of the use of renewable energy sources;
- a Directive on the geological storage of carbon dioxide.

The legislative package, to be examined under the Parliament-Council codecision procedure, was presented by the Commission with a view to implementing the objectives, targets and commitments undertaken by EU heads of state and government in March 2007:

- a 20% reduction of greenhouse gas emissions by 2020 compared to 1990;
- a 30% reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive post-2012 agreement;
- saving 20% of the EU's energy consumption compared to projections for 2020;
- a 20% share of renewable energies in overall EU energy consumption by 2020;
- a 10% minimum target for the share of biofuels in overall EU transport petrol and diesel consumption by 2020;

- to develop and define the necessary technical, economic and regulatory framework to bring environmentally safe carbon dioxide capture and sequestration to deployment with new fossil-fuel power plants.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 23/04/2009 - Final act

PURPOSE: to determine the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments by 2020.

LEGISLATIVE ACT: Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020.

CONTENT: following a first reading agreement with the European Parliament, the Council adopted this Decision, which lays down the minimum contribution of Member States to meeting the greenhouse gas emission reduction commitment of the Community for the period from 2013 to 2020 for greenhouse gas emissions covered by this Decision, and rules on making these contributions and for the evaluation thereof.

The Decision aims to reduce greenhouse gas emissions across a wide range of activities. This "effort-sharing" Decision sets binding emissions targets for EU Member States in sectors not subject to the EU's Emissions Trading System. The EU Emissions Trading System covers roughly half of the EU emissions from 2013 to 2020. This Effort Sharing Decision covers the other sectors (such as transport, buildings, services, smaller industrial installations, agriculture and waste) and together the two form the EU emissions cap.

Across the EU, greenhouse gas emissions from the relevant sectors are to diminish by 10 % on 2005 levels by 2020, thus contributing to the EU's goal of a 20 % reduction in CO2 ejects across the entire economy. EU Member States have agreed to share this effort in line with the principles of solidarity and equity so that individual countries have different targets. EU states with low GDP per head and strong prospects for economic growth may increase their carbon emissions by up to 20 % whereas those with high national income per head must cut CO2 pollution by up to a fifth.

The national trajectory of carbon emissions until 2020 is binding on Member States and enforceable through the usual EU infringement procedure. If a Member State exceeds its annual objective it must implement corrective measures. In addition, the excess emissions will be multiplied by an abatement factor of 1.08 and deducted from the following year's CO2 allowance.

To make the reductions more cost-effective, Parliament and Council have introduced several **flexibility mechanisms**, including the possibility of trading emissions cuts among Member States and carrying forward excess reductions to future years. Member States may also use a limited amount of carbon credits from developing countries, through the so-called "Clean Development Mechanism". The combined effect of the flexibility mechanisms would be to cut costs while ensuring that emissions drop substantially in the EU and abroad.

This Decision also lays down provisions for assessing and implementing a stricter Community reduction commitment exceeding 20 %, to be applied upon the approval by the Community of an international agreement on climate change leading to emissions reductions exceeding those required here, as reflected in the 30 % reduction commitment as endorsed by the European Council of March 2007.

Report: the Commission must draw up a report by 31 October 2016, evaluating the implementation of the Decision. That report shall also evaluate how the implementation of the Decision has affected competition at national, Community and international level. The report must be accompanied by proposals as appropriate, in particular whether it is appropriate to differentiate national targets for the period after 2020.

It should be noted that this Directive forms part of the climate-energy legislative package containing measures aimed at fighting climate change and promoting renewable energy. (See also COD/2008/0013, COD/2008/0015, COD/2008/0016, COD/2007/0019 and COD/2007/0297). The package is designed to achieve the EU's overall environmental target of a 20 % reduction in greenhouse gases and a 20 % share of renewable energy in the EU's total energy consumption by 2020.

ENTRY INTO FORCE: 25/06/2009.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 28/02/2008

Following the Commission's presentation of the climate-energy package, the Council held a public policy debate, focusing on the proposal for a directive on the promotion of the use of energy from renewable sources.

In view of the nature of the climate-energy package, two horizontal questions focused on the ambition of the package as a whole and on sustainability criteria, and two questions were addressed to energy ministers focusing on renewable energy sources and on the trade in guarantees of origin.

The presidency summarised the debate along the following lines:

- Delegations welcome the climate-energy package in general as well as the proposal on the promotion of the use of energy from renewable sources. Early adoption of the instrument has been urged by several delegations;
- The national targets are considered to be very ambitious - some even think they are too ambitious - and, in order to achieve them, there is inter alia a need for (i) much flexibility on how to achieve them; (ii) increasing public support for renewable energies and; (iii) certainty with respect to the support schemes, including the guidelines on state aid for environmental protection. In this context, it is crucial to have some assurance that, after 2014, the successor to these guidelines will be equally supportive.
- The importance of the indicative trajectories for reaching the targets has been confirmed, but here also, flexibility seems to be necessary;
- Solidarity has been highlighted as another essential aspect;
- Balance is needed between competitiveness, security of supply and sustainability;
- The importance of trade in guarantees of origin has been underlined as a flexible instrument which should enable and not hinder Member States to reach their targets, as well as the continuation of current national support schemes for renewables;
- The contribution of energy efficiency is considered as essential to achieve the objectives;
- With respect to biofuels, there is broad support for ambitious sustainability criteria. However, these criteria should not diminish the competitiveness of European industry nor should they lead to trade barriers since import of and trade in biofuels will be necessary to achieve the target in this field. Moreover, the cost-effectiveness of the sustainability scheme will have to be ensured;
- Several delegations have indicated that sustainability criteria should apply to all forms of biomass. In this context, consistency between the renewables directive and the fuel quality directive is essential;

Lastly, the need for cost efficiency has been underlined as an essential element.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 17/12/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 555 votes to 93 with 60 abstentions, a legislative resolution amending the proposal for a decision of the European Parliament and of the Council on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 .The report had been tabled for consideration in plenary by Satu **HASSI** (Greens/ALE, FI), on behalf of the Committee on the Environment, Public Health and Food Safety The amendments were the result of a compromise between the Council and the Parliament.

The amendments are the result of a compromise agreement between Parliament and Council. The main amendments - adopted under the 1st reading of the codecision procedure - were as follows:

Objective: the Decision lays down the minimum contribution of Member States to meeting the greenhouse gas emission reduction commitment of the Community from 2013 to 2020 for greenhouse gas emissions covered by this Decision, and rules on meeting these contributions and for the evaluation thereof. It also lays down provisions for assessing and implementing a stricter EU reduction commitment exceeding 20%, to be applied upon the approval by the Community of an international agreement leading to emissions reductions exceeding those required, as reflected in the 30% commitment as endorsed by the Spring 2007 European Council.

Emission levels for the period 2013 to 2020: during the years 2013 to 2019, a Member State may carry forward from the following year a quantity up to 5% of its annual emission allocation. If the greenhouse gas emissions of a Member State are below its annual emission allocation, taking into account the use of flexibilities, it may carry over the part of its annual emission allocation of a given year that exceeds its greenhouse gas emissions in that year to the subsequent years up to 2020 .

A Member State may :

- request an increased carry forward rate in excess of 5% in the year 2013 and the year 2014 in case of extreme meteorological conditions which have lead to substantially increased greenhouse gas emissions in those years compared to years with normal meteorological conditions. To this end, the Member State shall submit a report to the Commission substantiating this request. Within 3 months, the Commission shall decide whether an increased carry forward can be granted;
- transfer up to 5% of its annual emission allocation of a given year to other Member States. A receiving Member State may use this quantity for the implementation of its obligation under this Article for the given year or any subsequent years up to 2020. A Member State cannot transfer any part of its annual emission allocation if, at the moment of transfer, it is not in compliance with the requirements of this Decision.

Energy efficiency : the Commission shall no later than 2012 assess and report on the progress of the Community and its Member States towards the objective to reduce energy consumption by 20% by 2020 compared to projections for 2020, as outlined in the Action Plan on Energy Efficiency. If appropriate, in particular in view of assisting Member States in their contributions towards meeting the Community's greenhouse gas reduction commitments, the Commission shall propose strengthened or new measures to accelerate energy efficiency improvements, no later than December 2012.

Use of credits from project activities: the text sets out the greenhouse gas emission reduction credits that Member States may use for the discharge of their obligations. The compromise text states that these include tCERs or lCERs from afforestation and reforestation projects under certain conditions. Member States with an emissions reduction target, or a target of an increase of at most 5% shall, in addition to credits used, be allowed to use

additional credits amounting to 1% of their verified emissions in 2005 from projects in Least Developed Countries and Small Island Development States each year, in consequence of their compliance with one of four conditions listed in the text.

Reporting, evaluation of progress, amendments and review : Member States must cover certain prescribed issues in their reports, including projected progress towards meeting their commitments under this Decision, including information on national policies and measures and national projections; and information on planned additional national policies and measures envisaged with a view to limit greenhouse gas emissions beyond their commitments under this Decision in view of the implementation of an international agreement.

Corrective action : in case the greenhouse gas emissions exceed the limit, taking into account the flexibilities used, the following measures shall apply:

- deduction from the Member State emission allocation of the following year equal to the amount in tons of those excess emissions multiplied by an abatement factor of 1,08;
- development of the corrective action plan;
- temporary suspension of the eligibility to transfer part of its emission allocation and JI/CDM rights to another Member State up until exceedance of limits no longer applies in the following years.

Adjustments applicable upon the approval by the Community of a future international agreement on climate change : at the latest 3 months after the signature by the Community of an international agreement on climate change leading, by 2020, to mandatory reductions of greenhouse gas emissions exceeding 20% compared to 1990 levels, as reflected in the 30% commitment as endorsed by the Spring 2007 European Council, the Commission shall submit a report assessing, in particular, the following elements:

- the nature of the measures agreed upon in the framework of the international negotiations as well as the commitments made by other developed countries to comparable emission reductions to the EU's and the commitments made by economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities;
- the implications of the international agreement, and consequently, options required at the EU level, in order to move to the 30 % reduction target in a balanced, transparent and equitable way, taking into account work under the Kyoto Protocol first commitment period;
- the EU manufacturing industries' competitiveness in the context of carbon leakage risks;
- the impact of the international agreement on other EU economic sectors;
- the impact on the EU agriculture sector, including carbon leakage risks;
- appropriate modalities for including emissions and removals related to land use, land use change and forestry in the Community;
- afforestation, reforestation, avoided deforestation and forest degradation in third countries in the event of the establishment of any internationally recognised system in this context;
- the need for additional Community policies and measures in view of the Community's and the Member States' greenhouse gas reduction commitments.

On the basis of this report, the Commission shall, if appropriate, submit a legislative proposal to the European Parliament and to the Council amending the present Decision with a view to its entry into force upon the approval by the Community of the international agreement and in view of the emissions reduction commitment to be implemented under that agreement.

This proposal shall allow, as appropriate, Member States to use CERs, ERUs or other approved credits from projects in third countries which have ratified the international agreement in addition to the credits provided for in the present Decision. It shall also include : (i) measures to allow for Member States to use the unused part of that quantity in the subsequent years or transfer the unused part of that quantity to another Member State; (ii) any other measures needed to help reach the mandatory reductions in a transparent, balanced and equitable way and, in particular, implementing measures to provide for the use by Member States of additional types of project credits or the use by Member States of other mechanisms created under the international agreement, as appropriate. On the basis of rules agreed as part of a future international agreement, the Commission shall make a proposal to include emissions and removals related to land use, land use change and forestry in the Community reduction commitment, as appropriate, according to harmonised modalities ensuring permanence and the environmental integrity of the contribution of land use, land use change and forestry as well as accurate monitoring and accounting.

Procedure in relation on land use, land use change and forestry in the event of no international agreement: in the event that no international agreement has been approved by the Community by 31 December 2010, Member States may specify their intentions for the inclusion of land use, land use change and forestry in the Community reduction commitment taking into account methodologies within the work carried out in the context of UNFCCC. Taking into account such specification by Member States the Commission shall, by 30 June 2011, assess modalities for the inclusion of emissions and removals from activities related to land use, land use change and forestry in the Community reduction commitment, ensuring permanence and the environmental integrity of the contribution of land use, land use change and forestry as well as accurate monitoring and accounting, and make a proposal as appropriate with the aim of its entry into force from 2013 onwards. The Commission's assessment shall consider if the distribution of individual Member States' efforts should be adjusted accordingly.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 05/06/2008

The Council held a public debate on key aspects of the climate change and renewable energy legislative package. Ministers confirmed the need to achieve ambitious objectives in the fight against climate change whilst preserving European potential for economic growth.

EU member states and the Commission stressed the importance of reaching a timely agreement with a view to facilitating a broader convergence on a global scale, in the run-up to the international meeting to take place in Copenhagen in December 2009.

The discussions concentrated on key aspects of the package, namely:

On the EU emission trading system (ETS) review:

- the allocation method; redistribution and use of auctioning proceeds and rules for auctioning,
- risks of "carbon leakage": relocation of energy-intensive industries outside the EU,
- EU-wide cap: replacement of the current system of national allocation plans by the setting of an EU-wide cap,
- reference year or period to be used for verified emissions data,
- new entrants reserve: quantity of allowances set aside for new entrants,
- small installations: size of installation to be potentially excluded from the scope of the ETS.

On effort-sharing (amongst member states in sectors not covered by the ETS):

- scope: sectors not to be covered by the EU ETS,
- reference year or period for calculating the reduction targets per country,
- intermediate targets: effectiveness of using indicative or compulsory intermediate targets;
- on cross-cutting issues between EU ETS review and effort-sharing,
- trigger 20-30%: adjustment clause enabling the EU to move from the independent 20% commitment to a more ambitious target to which a future international agreement will commit the EU,
- degree of flexibility for member states to meet their commitments in a cost-efficient way.

On carbon capture and storage (CCS):

- storage permits,
- composition of CO2 stream,
- transfer of responsibility after closure of a storage site,
- modalities of the financial security provision to be made by applicants for storage permits,
- conditions of access to transport networks,
- capture readiness.

On sustainability criteria for biofuels:

- minimum greenhouse gas emission saving requirement,
- environmental and social criteria,
- methodology for calculating the greenhouse gas emission saving.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 23/01/2008 - Legislative proposal

PURPOSE: to determine the effort of Member States to reduce their greenhouse gas emissions to meet the Community’s greenhouse gas emission reduction commitments by 2020.
PROPOSED ACT: Decision of the European Parliament and of the Council.
BACKGROUND: on 10 January 2007, the Commission adopted an integrated package of measures in the area of energy and climate change, inviting the Council and the European Parliament to approve:

- an EU commitment to reduce greenhouse gas emissions by at least 20% by 2020 compared to 1990 levels, as well as the aim for a 30% reduction by 2020, subject to the conclusion of an international agreement on climate change;
- a binding target for the EU of a 20% share of renewable energy sources in energy consumption by 2020, and a 10% target for biofuels.

This strategy was approved by the European Parliament and EU leaders during the March 2007 European Council. The European Council invited the Commission to present concrete proposals, particularly on the provisions for sharing the effort between Member States to achieve this objective.
The series of measures here presented is the response to this invitation. It includes a proposed set of key interdependent measures to be taken, as outlined below:

- a proposal for a directive amending Directive 2003/87/EC, to improve and extend the European Union Greenhouse Gas Emission Trading Scheme (see COD/2008/0013);
- a proposal for a decision on the effort to be made by Member States to reduce their greenhouse gas emissions, in order to respect the Community’s commitments to reduce these emissions by 2020 (subject of the current document);
- a proposal for a directive aiming to promote renewable energy (see COD/2008/0016).

Included among the proposals that make up this set of measures are: a proposal for a regulatory framework on carbon capture and storage (see COD/2008/0015); a communication on the demonstration of carbon capture and storage; and a new Community framework on State aid in the area of the environment.

CONTENT: this Decision determines the contribution of Member States to meeting the Community's greenhouse gas emission reduction commitment from 2013 to 2020 for greenhouse gas emissions from sources not covered by the ETS, such as buildings, transport, agriculture and waste. It provides for the evaluation of the achieved emissions reductions resulting from the implementation of this Decision. It also promotes flexibility in achieving this effort through allowing for the use of certified emission reductions resulting from clean development mechanism projects, under Article 12 of the Kyoto Protocol, and from emission reduction activities in third countries.
Member State reduction efforts should be based on the principle of solidarity between Member States and the need for sustainable economic growth across the Community (taking into account the relative *per capita* GDP of Member States).
In terms of the proposal, each Member State shall, by 2020, limit its greenhouse gas emissions from sources not covered by ETS, by the percentage set for that Member State in the Annex to this Decision in relation to its emissions in the year 2005:

- Member States that currently have a relatively low *per capita* GDP and thus high GDP growth expectations may increase their greenhouse gas emissions compared to 2005. Nevertheless, these targets still represent a limit to their emissions and will require those Member States to take measures to limit the growth of their emissions;
- Member States that currently have a relatively high *per capita* GDP will need to reduce their greenhouse gas emissions compared to 2005.

To further ensure a fair contribution of each Member State to the implementation of the Community's independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990:

- no country should be required to reduce its greenhouse gas emissions by 2020 to more than 20% below 2005 levels;
- and no country should be allowed to increase its greenhouse gas emissions by 2020 to more than 20% above 2005 levels.

Reductions in greenhouse gas emissions should take place between 2013 and 2020. This proposal allows each Member State to carry forward, from the following year, a quantity equal to 2% of the greenhouse gas emission limit established for that Member State. It also allows a Member State for which the emissions are below its limit to carry over its excess emission reductions to the subsequent year.
To provide for flexibility for Member States in implementing their commitments and to promote sustainable development in third countries, particularly in developing countries, and to provide certainty to investors, the Community should continue to recognise credits from greenhouse gas emission reduction projects in third countries, even before a future international agreement on climate change has been reached.
It is therefore appropriate to offer guarantees in terms of the acceptance of credits from projects started after the 2008-2012 period in the Least Developed Countries (LDCs), and for project types that were accepted by all Member States during the 2008-2012 period. This acceptance should continue until 2020 or until the conclusion of an agreement with the Community, whichever is the earlier.
To ensure the existence of the market for credits issued by the clean development mechanism (CDM) after 2012, it is proposed to allow Member States to use, each year, credits from greenhouse gas emission reduction projects in third countries (with a limit of up to 3% of each Member State's emissions from sources outside the ETS in the year 2005), until a future international agreement on climate change has been reached.
Upon the conclusion by the Community of an international agreement on climate change, the emission limits for Member States should be adjusted.
Each year, progress in implementing commitments under this Decision should be evaluated on the basis of reports submitted under Decision No 280 /2004/EC concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol. Every two years an assessment should be made on the projected progress and a full evaluation of the implementation of this Decision should be made in 2016.

Air pollution, greenhouse gas emissions: effort of Member States to meet the Community's greenhouse gas emission reduction commitments up to 2020

2008/0014(COD) - 23/01/2008

In a communication entitled "Europe's climate change opportunity", the Commission recalls that 2007 marked a turning point for the European Union's climate and energy policy. Europe showed itself ready to give global leadership: to tackle climate change, and to face up to the challenge of providing secure, sustainable and competitive energy.

Two key targets were set by the European Council:

1) A reduction of at least 20% in greenhouse gases (GHG) by 2020 – rising to 30% if there is an international agreement committing other developed countries to "comparable emission reductions and economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities";

2) A 20% share of renewable energies in EU energy consumption by 2020.

The European Council agreed that the best way to reach such ambitious goals was for every Member State to know what was expected, and for the goals to be legally binding. This meant that the levers of government could be fully mobilised, and the private sector would have the long-term confidence required to justify the investment needed to transform Europe into a low-carbon, high energy efficiency economy.

At the United Nations Climate Change Conference in Bali in December 2007, the European Union was able to play a pivotal role in securing agreement on the roadmap towards a new comprehensive agreement on cutting emissions to be reached by 2009.

The next step is to translate the European Union's political direction into action. The package of measures proposed by the European Commission thus represents a coherent and comprehensive path to preparing Europe for the transition towards a low-carbon economy.

The proposals rest on **five key principles**:

1) The targets must be met: to assure Europeans of the reality of change, to convince investors to invest, and to show the EU's seriousness of intent to partners worldwide. The proposals must therefore be effective and strong enough to be credible, with mechanisms for monitoring and compliance in place;

2) The effort required from different Member States must be fair. In particular, some Member States are more able than others to finance the necessary investments. The proposals must be flexible enough to take account of Member States' different starting points and different circumstances;

3) The costs must be minimised: with a design tailor-made to limit the price tag of adaptation for the EU economy. The costs of change and the consequences for the Union's global competitiveness, employment and social cohesion need to be kept at the forefront in designing the right structure;

4) The EU must drive on beyond 2020 to further reduce greenhouse gases to meet the target of halving global emissions by 2050. That means stimulating technological development and ensuring that the system can benefit from newly available technologies;

5) The EU must do everything possible to promote a comprehensive international agreement to cut greenhouse gas emissions. The proposals are conceived to show that the Union is ready to take further action as part of an international agreement, and will establish more ambitious targets in the reduction of greenhouse gas emissions (stepping up from the 20% minimum target to a more ambitious 30% reduction).

In its Communication, the Commission lists the main instruments to achieve the set objectives:

Updating the Emissions Trading System (ETS): the European Union Emissions Trading System has proved a pioneering instrument to find a market-based solution to incentivise cuts in greenhouse gas emissions. However, a review of the ETS has shown that it needs to be strengthened and updated if it is to meet its new objectives.

Reducing greenhouse gas emissions beyond the ETS: since the revised ETS will only cover less than half of the GHG emissions, an EU framework is needed for national commitments to cover the remaining emissions – covering areas like construction, transport, agriculture, waste and industrial plants falling under the threshold for inclusion in the ETS. The target for these sectors would be a 10% reduction in emissions from 2005 levels, with specific targets for each Member State .

Promoting renewable energy: today, the share of renewable energy in the EU's final energy consumption is 8.5%. An increase of 11.5% is needed on average to meet the target of 20% in 2020. Member States enjoy different possibilities to deploy renewable energy, and the efforts required to reach the 20% share of renewable energy in the EU's overall energy consumption need to differ between the Member States. The Commission's proposal is based on a methodology according to which half of the additional effort is shared equally between Member States. The other half is modulated according to GDP per capita. The European Council also decided to fix a specific minimum target for sustainable biofuels of 10% of overall petrol and diesel consumption.

The role of energy efficiency: the EU goal of saving 20% of energy consumption by 2020 through energy efficiency is a crucial part of the puzzle. It would save the EU some € 100 billion and cut emissions by almost 800 million tonnes a year. Transport, buildings and more efficient power generation, transmission and distribution all offer opportunities which need to be stimulated through a mixture of legislation and information. Product standards can be used to bring more efficiency to a wide range of goods, from televisions to cars and heaters to streetlights. Better labelling also plays an important role.

Looking beyond 2020 - galvanising the potential for deeper cuts in emissions: over the past ten years, technology has developed swiftly. Renewable energy technologies are making wind and solar energy more commercially viable than ever before. Energy efficiency is now being mainstreamed into products. But this process must be accelerated if Europe's goals for climate and energy are to be met and if the commercial potential of these technologies is to be exploited to the full. Climate change and energy have been earmarked as likely primary areas on which the European Institute of Technology could focus its attention.

Carbon capture and storage (CCS): for Europe,the target of halving 1990 GHG emissions by 2050 will never be met unless the energy potential of coal can be exploited without increasing emissions. That is why the European Council backed early action to make CCS the technology of choice for new power plants, including the setting up of up to 12 demonstration plants by 2015. European legislation is needed to provide the right framework for CCS to work in the internal market and factor the benefits of CCS for the ETS.

Bringing about change: to meet the EU's goals at minimum cost, the Commission's proposals build on the experience of the Emissions Trading System and leave the market to drive as much as possible. It also retains as much flexibility for national decision as possible within the constraints of specific national targets. Member States should have the freedom to determine their own energy mix and to promote renewable energy in different ways. Lastly, new state aid guidelines will provide a framework setting out how Member States can use aid to promote a higher level of environmental protection, notably in the field of energy.

The particular needs of energy-intensive industries: energy-intensive industries face a particular challenge during the transition to a climate-friendly economy. A comprehensive international agreement would address this problem. However, in the absence of such an agreement, or of significant unilateral action by competitors in energy-intensive sectors, the EU must take action to ensure a level playing field. Consequently, the Commission’s proposals put in place provisions to allow action to be taken.

The capacity to invest: the European Council recognised that the ambition of the proposals will make real demands on all Member States. The Commission has therefore carefully assessed the economic impact of the proposals against the capacity of each Member State to make the investment required. With the overall cost to the European economy estimated at just under 0.5% of GDP by 2020, the Commission believes that no Member State should be asked to make an investment which diverges too far from this broad average. With this in mind, the specific requirements asked of each Member State have been modulated to allow for a realistic level of investment from lower-income Member States.

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The Council held an in-depth discussion of the three draft legislative measures within their competence, i.e. the review of the EU greenhouse gas emission allowance trading system (EU ETS); effort sharing outside the EU ETS and the Directive on the capture and storage of carbon.

The discussion brought out the clear will to succeed in arriving at an agreement with the European Parliament by the end of 2008 so that a first-reading could be reached before the end of the current legislature.

The Council intends to step up its discussions in close collaboration with the Commission so that the EU may continue to have a leading role in combating climatic change at international level. With this in mind, the Presidency instructed the Permanent Representatives Committee to prepare the negotiations on the package with the European Parliament without delay, in order to come to an agreement at first reading.

Discussions related principally to the following:

- **measures applicable to the energy sector within the EU ETS**: discussions showed that an auctioning rate of 100 % in the energy sector was accepted by most delegations. However some specific situations might justify derogations of limited duration and extent, in particular because of insufficient integration of the energy sector at European level;
- **pre-allocation of the income from auctions**: the discussion showed that although some Member States thought that the use of the income from auctions was a matter for national competence, voluntary commitments could be given consideration;
- **financing capture and storage of CO2**: the Council was prepared to examine the possibilities of combining several options, including national and Community financing, to supplement the contribution of the private sector;
- **the risk of "carbon leakage"** (i.e. relocation of energy-intensive under takings outside the EU), and the measures to be taken to protect both the environment and the competitiveness of industry in Europe: the Council showed its determination to provide clear answers to the problems which might arise from "carbon leakage". In this connection, it examined the need to lay down quantitative and qualitative criteria within appropriate periods of time, and arrangements for the sectors which were the most exposed to world competition.

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The Council took note of a progress report on climate change-energy legislative package prepared by the Presidency and held a public policy debate on the main outstanding issues identified in it.

The climate change-energy package complements existing measures aiming at reaching the overall objective - endorsed by the European Council in March 2007 - of a 20% reduction in greenhouse gases by 2020 and of achieving a 20% share of renewable energies in overall EU energy consumption by 2020, including a 10% target for renewable transport fuels. The progress report was presented to both Council formations Energy and Environment as it deals with the package as a whole.

The Energy ministers' debate focused on a proposal for a directive on the promotion of the **use of energy from renewable sources**, with the aim of providing input for further work of the Council and its preparatory bodies under the incoming French Presidency.

The Presidency progress report points out the main outstanding issues identified in all four legislative proposals in the package.

As far as the **Renewables Directive** is concerned, these are the following: targets (level of the national renewable energy targets, conditionality of the renewable transport fuel target and the indicative trajectory and its consequences), long lead-time projects, the systems of trading in guarantees of origin and reinforcing measures.

One part of the report is devoted to the progress made on the **sustainability criteria for biofuels**, which are considered necessary to ensure that the production of biofuels does not have negative consequences that outweigh the benefits arising from their use. In February 2008, Coreper established an **ad hoc working party** with the task of drawing up a common sustainability scheme for biofuels for the purposes of the renewables and fuel quality directives. The working party met on several occasions and made progress on numerous issues. However, **some issues need to be addressed further**: the level and date of application of the second stage for the minimum greenhouse gas emissions saving requirement, the environmental and social sustainability of biofuel production which would apply also in third countries and the methodology for calculating greenhouse gas emissions saving.