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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law')

REGULATION (EU) 2021/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

**establishing the framework for achieving climate neutrality
and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law')**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinions of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure³,

¹ OJ C 364, 28.10.2020, p. 143, and OJ C 10, 11.1.2021, p. 69.

² OJ C 324, 1.10.2020, p. 58.

³ Position of the European Parliament of 24 June 2021 (not yet published in the Official Journal) and decision of the Council of

Whereas:

- (1) The existential threat posed by climate change requires enhanced ambition and increased climate action by the Union and the Member States. The Union is committed to stepping up efforts to tackle climate change and to delivering on the implementation of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change (the ‘Paris Agreement’)¹, guided by its principles and on the basis of the best available scientific knowledge, in the context of the long-term temperature goal of the Paris Agreement.
- (2) The Commission has, in its communication of 11 December 2019 entitled ‘The European Green Deal’ (the ‘European Green Deal’), set out a new growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. The European Green Deal also aims to protect, conserve and enhance the Union’s natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive, leaving no one behind.

¹ OJ L 282, 19.10.2016, p. 4.

- (3) The Intergovernmental Panel on Climate Change (IPCC) provides in its 2018 Special Report on the impacts of global warming of 1,5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty, a strong scientific basis for tackling climate change and illustrates the need to rapidly step up climate action and to continue the transition to a climate-neutral economy. That report confirms that greenhouse gas emissions need to be urgently reduced, and that climate change needs to be limited to 1,5°C, in particular to reduce the likelihood of extreme weather events and of reaching tipping points. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has shown in its 2019 Global Assessment Report on Biodiversity and Ecosystem Services a worldwide erosion of biodiversity, with climate change as the third most important driver of biodiversity loss.
- (4) A fixed long-term objective is crucial to contribute to economic and societal transformation, high-quality jobs, sustainable growth, and the achievement of the United Nations Sustainable Development Goals, as well as to reach in a just, socially balanced, fair and cost-effective manner the long-term temperature goal of the Paris Agreement.

- (5) It is necessary to address the growing climate-related risks to health, including more frequent and intense heatwaves, wildfires and floods, food and water safety and security threats, and the emergence and spread of infectious diseases. As announced in its communication of 24 February 2021 entitled ‘Forging a climate-resilient Europe – the new EU Strategy on Adaptation to Climate Change’, the Commission has launched a European climate and health observatory under the European Climate Adaptation Platform Climate-ADAPT, to better understand, anticipate and minimise the health threats caused by climate change.
- (6) This Regulation respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union, in particular Article 37 thereof which seeks to promote the integration into the policies of the Union of a high level of environmental protection and the improvement of the quality of the environment in accordance with the principle of sustainable development.

- (7) Climate action should be an opportunity for all sectors of the economy in the Union to help secure industry leadership in global innovation. Driven by the Union’s regulatory framework and efforts made by industry, it is possible to decouple economic growth from greenhouse gas emissions. For example, Union greenhouse gas emissions were reduced by 24 % between 1990 and 2019, while the economy grew by 60 % over the same period. Without prejudice to binding legislation and other initiatives adopted at Union level, all sectors of the economy - including energy, industry, transport, heating and cooling and buildings, agriculture, waste and land use, land-use change and forestry, irrespective of whether those sectors are covered by the system for greenhouse gas emission allowance trading within the Union (‘EU ETS’) - should play a role in contributing to the achievement of climate neutrality within the Union by 2050. In order to enhance involvement of all economic actors, the Commission should facilitate sector-specific climate dialogues and partnerships by bringing together key stakeholders in an inclusive and representative manner, so as to encourage sectors themselves to draw up indicative voluntary roadmaps and to plan their transition towards achieving the Union’s climate-neutrality objective by 2050. Such roadmaps could make a valuable contribution in assisting sectors in planning the necessary investments towards the transition to a climate-neutral economy and could also serve to strengthen sectoral engagement in the pursuit of climate-neutral solutions. Such roadmaps could also complement existing initiatives, including the European Battery Alliance and the European Clean Hydrogen Alliance, which foster industrial collaboration in the transition to climate neutrality.

- (8) The Paris Agreement sets out a long-term temperature goal in point (a) of Article 2(1) thereof, and aims to strengthen the global response to the threat of climate change by increasing the ability to adapt to the adverse impacts of climate change as set out in point (b) of Article 2(1) thereof and by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development as set out in point (c) of Article 2(1) thereof. As the overall framework for the Union’s contribution to the Paris Agreement, this Regulation should ensure that both the Union and the Member States contribute to the global response to climate change as referred to in the Paris Agreement.
- (9) The Union’s and Member States’ climate action aims to protect people and the planet, welfare, prosperity, the economy, health, food systems, the integrity of eco-systems and biodiversity against the threat of climate change, in the context of the United Nations 2030 agenda for sustainable development and in pursuit of the objectives of the Paris Agreement, and to maximise prosperity within the planetary boundaries and to increase resilience and reduce vulnerability of society to climate change. In light of this, the Union’s and Member States’ actions should be guided by the precautionary and ‘polluter pays’ principles established in the Treaty on the Functioning of the European Union, and should also take into account the ‘energy efficiency first’ principle of the Energy Union and the ‘do no harm’ principle of the European Green Deal.

- (10) Achieving climate neutrality should require a contribution from all economic sectors for which emissions or removals of greenhouse gases are regulated in Union law.
- (11) In light of the importance of energy production and consumption for the level of greenhouse gas emissions, it is essential to ensure a transition to a safe, sustainable, affordable and secure energy system relying on the deployment of renewables, a well-functioning internal energy market and the improvement of energy efficiency, while reducing energy poverty. Digital transformation, technological innovation, and research and development are also important drivers for achieving the climate-neutrality objective.

- (12) The Union has in place a regulatory framework to achieve the 2030 greenhouse gas emission reduction target agreed in 2014, before the entry into force of the Paris Agreement. The legislation implementing that target consists, inter alia, of Directive 2003/87/EC of the European Parliament and of the Council¹, which establishes the EU ETS, Regulation (EU) 2018/842 of the European Parliament and of the Council², which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council³, which requires Member States to balance greenhouse gas emissions and removals from land use, land use change and forestry.
- (13) The EU ETS is a cornerstone of the Union's climate policy and constitutes its key tool for reducing greenhouse gas emissions in a cost-effective way.

¹ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

² Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 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 and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

³ Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

- (14) The Commission has, in its communication of 28 November 2018 entitled ‘A Clean Planet for all – A European strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy’, presented a vision for achieving net-zero greenhouse gas emissions in the Union by 2050 through a socially-fair and cost-efficient transition.
- (15) Through the ‘Clean Energy for All Europeans’ package of 30 November 2016 the Union has been pursuing an ambitious decarbonisation agenda, in particular by constructing a robust Energy Union, which includes the 2030 goals for energy efficiency and deployment of renewable energy in Directives 2012/27/EU¹ and (EU) 2018/2001² of the European Parliament and of the Council, and by reinforcing relevant legislation, including Directive 2010/31/EU of the European Parliament and of the Council³.
- (16) The Union is a global leader in the transition towards climate neutrality, and it is determined to help raise global ambition and to strengthen the global response to climate change, using all tools at its disposal, including climate diplomacy.

¹ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

³ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

- (17) The Union should continue its climate action and international climate leadership after 2050, in order to protect people and the planet against the threat of dangerous climate change, in pursuit of the long-term temperature goal set out in the Paris Agreement and following the scientific assessments of the IPCC, IPBES, and the European Scientific Advisory Board on Climate Change, as well as the assessments of other international bodies.
- (18) The risk of carbon leakage remains in respect of those international partners that do not share the same standards of climate protection as those of the Union. The Commission therefore intends to propose a carbon border adjustment mechanism for selected sectors, to reduce such risks in a way which is compatible with the rules of the World Trade Organization. Furthermore, it is important to maintain effective policy incentives in support of technological solutions and innovations which enable the transition to a competitive climate-neutral Union economy, while providing investment certainty.

- (19) The European Parliament called, in its resolution of 15 January 2020 on the European Green Deal, for the necessary transition to a climate-neutral society by 2050 at the latest and for this to be made into a European success story and has, in its resolution of 28 November 2019 on the climate and environment emergency, declared a climate and environment emergency. It has also repeatedly called on the Union to increase its 2030 climate target, and for that increased target to be part of this Regulation. The European Council, in its conclusions of 12 December 2019, has agreed on the objective of achieving a climate-neutral Union by 2050, in line with the objectives of the Paris Agreement, while also recognising that it is necessary to put in place an enabling framework that benefits all Member States and encompasses adequate instruments, incentives, support and investments to ensure a cost-efficient, just, as well as socially balanced and fair transition, taking into account different national circumstances in terms of starting points. It also noted that the transition will require significant public and private investment. On 6 March 2020, the Union submitted its long-term low greenhouse gas emission development strategy and, on 17 December 2020, its nationally determined contribution, to the United Nations Framework Convention on Climate Change (UNFCCC), following their approval by the Council.

- (20) The Union should aim to achieve a balance between anthropogenic economy-wide emissions by sources and removals by sinks of greenhouse gases domestically within the Union by 2050 and, as appropriate, achieve negative emissions thereafter. That objective should encompass Union-wide greenhouse gas emissions and removals regulated in Union law. It should be possible to address such emissions and removals in the context of the review of the relevant climate and energy legislation. Sinks include natural and technological solutions, as reported in the Union's greenhouse gas inventories to the UNFCCC. Solutions that are based on carbon capture and storage (CCS) and carbon capture and use (CCU) technologies can play a role in decarbonisation, especially for the mitigation of process emissions in industry, for the Member States that choose this technology. The Union-wide 2050 climate-neutrality objective should be pursued by all Member States collectively, and Member States, the European Parliament, the Council and the Commission should take the necessary measures to enable its achievement. Measures at Union level will constitute an important part of the measures needed to achieve the objective.
- (21) In its conclusions of 8 and 9 March 2007 and of 23 and 24 October 2014, the European Council endorsed the Union's greenhouse gas emission reduction target for 2020 and the 2030 climate and energy policy framework, respectively. The provisions of this Regulation on the determination of the Union's climate target for 2040 are without prejudice to the role of the European Council, as set out in the Treaties, in defining the Union's general political direction and priorities for the development of the Union's climate policy.

- (22) Carbon sinks play an essential role in the transition to climate neutrality in the Union, and in particular the agriculture, forestry and land use sectors make an important contribution in that context. As announced in its communication of 20 May 2020 entitled ‘A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system’, the Commission will promote a new green business model to reward land managers for greenhouse gas emission reductions and carbon removals in the upcoming carbon farming initiative. Furthermore, in its communication of 11 March 2020 entitled ‘A new Circular Economy Action Plan for a cleaner and more competitive Europe’, the Commission has committed itself to developing a regulatory framework for certification of carbon removals based on robust and transparent carbon accounting to monitor and verify the authenticity of carbon removals, while ensuring that there are no negative impacts on the environment, in particular biodiversity, on public health or on social or economic objectives.
- (23) The restoration of ecosystems would assist in maintaining, managing and enhancing natural sinks and promote biodiversity while fighting climate change. Furthermore, the ‘triple role’ of forests, namely, as carbon sinks, storage and substitution, contributes to the reduction of greenhouse gases in the atmosphere, while ensuring that forests continue to grow and provide many other services.

- (24) Scientific expertise and the best available, up-to-date evidence, together with information on climate change that is both factual and transparent, are imperative and need to underpin the Union's climate action and efforts to reach climate neutrality by 2050. A European Scientific Advisory Board on Climate Change (the 'Advisory Board') should be established to serve as a point of reference on scientific knowledge relating to climate change by virtue of its independence and scientific and technical expertise. The Advisory Board should complement the work of the European Environment Agency (EEA) while acting independently in discharging its tasks. Its mission should avoid any overlap with the mission of the IPCC at international level. Regulation (EC) No 401/2009 of the European Parliament and of the Council¹ should therefore be amended in order to establish the Advisory Board. National climate advisory bodies can play an important role in, inter alia, providing expert scientific advice on climate policy to the relevant national authorities as prescribed by the Member State concerned in those Member States where they exist. Therefore, Member States that have not already done so are invited to establish a national climate advisory body.
- (25) The transition to climate neutrality requires changes across the entire policy spectrum and a collective effort of all sectors of the economy and society, as highlighted in the European Green Deal. The European Council, in its conclusions of 12 December 2019, stated that all relevant Union legislation and policies need to be consistent with, and contribute to, the fulfilment of the climate-neutrality objective while respecting a level playing field, and invited the Commission to examine whether this requires an adjustment of the existing rules.

¹ Regulation (EC) No 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network (OJ L 126, 21.5.2009, p. 13).

(26) As announced in the European Green Deal, the Commission assessed the Union's 2030 target for greenhouse gas emission reduction, in its communication of 17 September 2020 entitled 'Stepping up Europe's 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people'. The Commission did so on the basis of a comprehensive impact assessment and taking into account its analysis of the integrated national energy and climate plans submitted to it in accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council¹. In light of the 2050 climate-neutrality objective, by 2030 greenhouse gas emissions should be reduced and removals enhanced, so that net greenhouse gas emissions, that is emissions after the deduction of removals, are reduced economy-wide and domestically by at least 55 % by 2030 compared to 1990 levels. The European Council endorsed that target in its conclusions of 10 and 11 December 2020. It also provided initial guidance on its implementation. That new Union 2030 climate target is a subsequent target for the purposes of point (11) of Article 2 of Regulation (EU) 2018/1999, and therefore replaces the 2030 Union-wide target for greenhouse gas emissions set out in that point. In addition, the Commission should, by 30 June 2021, assess how the relevant Union legislation implementing the Union 2030 climate target would need to be amended in order to achieve such net emission reductions. In view of this, the Commission has announced a revision of the relevant climate and energy legislation which will be adopted in a package covering, inter alia, renewables, energy efficiency, land use, energy taxation, CO₂ emission performance standards for light-duty vehicles, effort sharing and the EU ETS.

¹ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

The Commission intends to assess the impacts of the introduction of additional Union measures that could complement existing measures, such as market-based measures that include a strong solidarity mechanism.

- (27) According to Commission assessments, the existing commitments under Article 4 of Regulation (EU) 2018/841 result in a net carbon sink of 225 million tonnes of CO₂ equivalent in 2030. In order to ensure that sufficient mitigation efforts are deployed until 2030, it is appropriate to limit the contribution of net removals to the Union 2030 climate target to that level. This is without prejudice to the review of the relevant Union legislation in order to enable the achievement of the target.
- (28) Expenditure under the Union budget and the European Union Recovery Instrument established by Council Regulation (EU) 2020/2094¹ contributes to climate objectives, by dedicating at least 30 % of the total amount of the expenditure to supporting climate objectives, on the basis of an effective methodology and in accordance with sectoral legislation.
- (29) In light of the objective of achieving climate neutrality by 2050 and in view of the international commitments under the Paris Agreement, continued efforts are necessary to ensure the phasing out of energy subsidies which are incompatible with that objective, in particular for fossil fuels, without impacting efforts to reduce energy poverty.

¹ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433 I, 22.12.2020, p. 23).

- (30) In order to provide predictability and confidence for all economic actors, including businesses, workers, investors and consumers, to ensure a gradual reduction of greenhouse gas emissions over time and that the transition towards climate neutrality is irreversible, the Commission should propose a Union intermediate climate target for 2040, as appropriate, at the latest within six months of the first global stocktake carried out under the Paris Agreement. The Commission can make proposals to revise the intermediate target, taking into account the findings of the assessments of Union progress and measures and of national measures as well as the outcomes of the global stocktake and of international developments, including on common time frames for nationally determined contributions. As a tool to increase the transparency and accountability of the Union's climate policies, the Commission should, when making its legislative proposal for the Union 2040 climate target, publish the projected indicative Union greenhouse gas budget for the 2030-2050 period, defined as the indicative total volume of net greenhouse gas emissions that are expected to be emitted in that period without putting at risk the Union's commitments under the Paris Agreement, as well as the methodology underlying that indicative budget.

(31) Adaptation is a key component of the long-term global response to climate change. The adverse effects of climate change can potentially exceed the adaptive capacities of Member States. Therefore, Member States and the Union should enhance their adaptive capacity, strengthen resilience and reduce vulnerability to climate change, as provided for in Article 7 of the Paris Agreement, as well as maximise the co-benefits with other policies and legislation. The Commission should adopt a Union strategy on adaptation to climate change in line with the Paris Agreement. Member States should adopt comprehensive national adaptation strategies and plans based on robust climate change and vulnerability analyses, progress assessments and indicators, and guided by the best available and most recent scientific evidence. The Union should seek to create a favourable regulatory environment for national policies and measures put in place by Member States to adapt to climate change. Improving climate resilience and adaptive capacities to climate change requires shared efforts by all sectors of the economy and society, as well as policy coherence and consistency in all relevant legislation and policies.

- (32) Ecosystems, people and economies in all regions of the Union will face major impacts from climate change, such as extreme heat, floods, droughts, water scarcity, sea level rise, thawing glaciers, forest fires, windthrows and agricultural losses. Recent extreme events have already had substantial impacts on ecosystems, affecting carbon sequestration and storage capacities of forest and agricultural land. Enhancing adaptive capacities and resilience, taking into account the United Nations Sustainable Development Goals, help to minimise climate change impacts, to address unavoidable impacts in a socially balanced manner and to improve living conditions in impacted areas. Preparing early for such impacts is cost-effective and can also bring considerable co-benefits for ecosystems, health and the economy. Nature-based solutions, in particular, can benefit climate change mitigation, adaptation and biodiversity protection.
- (33) The relevant programmes established under the Multiannual Financial Framework provide for the screening of projects to ensure that such projects are resilient to the potential adverse impacts of climate change through a climate vulnerability and risk assessment, including through relevant adaptation measures, and that they integrate the costs of greenhouse gas emissions and the positive effects of climate mitigation measures in the cost-benefit analysis. This contributes to the integration of climate change-related risks as well as climate change vulnerability and adaptation assessments into investment and planning decisions under the Union budget.

- (34) In taking the relevant measures at Union and national level to achieve the climate-neutrality objective, Member States and the European Parliament, the Council and the Commission should, inter alia, take into account: the contribution of the transition to climate neutrality to public health, the quality of the environment, the well-being of citizens, the prosperity of society, employment and the competitiveness of the economy; the energy transition, strengthened energy security and the tackling of energy poverty; food security and affordability; the development of sustainable and smart mobility and transport systems; fairness and solidarity across and within Member States, in light of their economic capability, national circumstances, such as the specificities of islands, and the need for convergence over time; the need to make the transition just and socially fair through appropriate education and training programmes; best available and most recent scientific evidence, in particular the findings reported by the IPCC; the need to integrate climate change related risks into investment and planning decisions; cost-effectiveness and technological neutrality in achieving greenhouse gas emission reductions and removals and increasing resilience; and progression over time in environmental integrity and level of ambition.
- (35) As indicated in the European Green Deal, the Commission adopted on 9 December 2020 a communication entitled ‘Sustainable and Smart Mobility Strategy – putting European transport on track for the future’. The strategy sets out a roadmap for a sustainable and smart future for European transport, with an action plan towards an objective to deliver a 90 % reduction in emissions from the transport sector by 2050.

- (36) To ensure that the Union and the Member States remain on track to achieve the climate-neutrality objective and progress on adaptation, the Commission should regularly assess progress, building upon information as set out in this Regulation, including information submitted and reported under Regulation (EU) 2018/1999. In order to allow for a timely preparation for the global stocktake referred to in Article 14 of the Paris Agreement, the conclusions of this assessment should be published by 30 September every five years, starting in 2023. This implies that the reports under Article 29(5) and Article 35 of that Regulation and, in the applicable years, the related reports under Article 29(1) and Article 32 of that Regulation should be submitted to the European Parliament and to the Council at the same time as the conclusions of that assessment. In the event that the collective progress made by Member States towards the achievement of the climate-neutrality objective or on adaptation is insufficient or that Union measures are inconsistent with the climate-neutrality objective or inadequate to enhance adaptive capacity, strengthen resilience or reduce vulnerability, the Commission should take the necessary measures in accordance with the Treaties. The Commission should also regularly assess relevant national measures, and issue recommendations where it finds that a Member State's measures are inconsistent with the climate-neutrality objective or inadequate to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.

(37) The Commission should ensure a robust and objective assessment based on the most up-to-date scientific, technical and socio-economic findings, and representative of a broad range of independent expertise, and base its assessment on relevant information including information submitted and reported by Member States, reports of the EEA, of the Advisory Board and of the Commission's Joint Research Centre, the best available and most recent scientific evidence, including the latest reports of the IPCC, IPBES and other international bodies, as well as the Earth observation data provided by the European Earth Observation Programme Copernicus. The Commission should further base its assessments on an indicative, linear trajectory linking the Union's climate targets for 2030 and 2040, when adopted, with the Union's climate-neutrality objective and serving as an indicative tool to estimate and evaluate collective progress towards the achievement of the Union's climate-neutrality objective. The indicative, linear trajectory is without prejudice to any decision to determine a Union climate target for 2040. Given that the Commission has committed itself to exploring how the EU taxonomy can be used in the context of the European Green Deal by the public sector, this should include information on environmentally sustainable investment, by the Union or by Member States, consistent with Regulation (EU) 2020/852 of the European Parliament and of the Council¹ when such information becomes available. The Commission should use European and global statistics and data where available and seek expert scrutiny. The EEA should assist the Commission, as appropriate and in accordance with its annual work programme.

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (38) As citizens and communities have a powerful role to play in driving the transformation towards climate neutrality forward, strong public and social engagement on climate action should be both encouraged and facilitated at all levels, including at national, regional and local level in an inclusive and accessible process. The Commission should therefore engage with all parts of society, including stakeholders representing different sectors of the economy, to enable and empower them to take action towards a climate-neutral and climate-resilient society, including through the European Climate Pact.
- (39) In line with the Commission's commitment to the principles on Better Law-Making, coherence of the Union instruments as regards greenhouse gas emission reductions should be sought. The system of measuring the progress towards the achievement of the climate-neutrality objective as well as the consistency of measures taken with that objective should build upon and be consistent with the governance framework laid down in Regulation (EU) 2018/1999, taking into account all five dimensions of the Energy Union. In particular, the system of reporting on a regular basis and the sequencing of the Commission's assessment and actions on the basis of the reporting should be aligned to the requirements to submit information and provide reports by Member States laid down in Regulation (EU) 2018/1999. Regulation (EU) 2018/1999 should therefore be amended in order to include the climate-neutrality objective in the relevant provisions.

- (40) Climate change is by definition a trans-boundary challenge and coordinated action at Union level is needed to effectively supplement and reinforce national policies. Since the objective of this Regulation, namely to achieve climate neutrality in the Union by 2050, cannot be sufficiently achieved by the Member States, but can rather, by reason of the scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

This Regulation establishes a framework for the irreversible and gradual reduction of anthropogenic greenhouse gas emissions by sources and enhancement of removals by sinks regulated in Union law.

This Regulation sets out a binding objective of climate neutrality in the Union by 2050 in pursuit of the long-term temperature goal set out in point (a) of Article 2(1) of the Paris Agreement, and provides a framework for achieving progress in pursuit of the global adaptation goal established in Article 7 of the Paris Agreement. This Regulation also sets out a binding Union target of a net domestic reduction in greenhouse gas emissions for 2030.

This Regulation applies to anthropogenic emissions by sources and removals by sinks of the greenhouse gases listed in Part 2 of Annex V to Regulation (EU) 2018/1999.

Article 2

Climate-neutrality objective

1. Union-wide greenhouse gas emissions and removals regulated in Union law shall be balanced within the Union at the latest by 2050, thus reducing emissions to net zero by that date, and the Union shall aim to achieve negative emissions thereafter.
2. The relevant Union institutions and the Member States shall take the necessary measures at Union and national level, respectively, to enable the collective achievement of the climate-neutrality objective set out in paragraph 1, taking into account the importance of promoting both fairness and solidarity among Member States and cost-effectiveness in achieving this objective.

Article 3

Scientific advice on climate change

1. The European Scientific Advisory Board on Climate Change established under Article 10a of Regulation (EC) No 401/2009 (the ‘Advisory Board’) shall serve as a point of reference for the Union on scientific knowledge relating to climate change by virtue of its independence and scientific and technical expertise.

2. The tasks of the Advisory Board shall include:
- (a) considering the latest scientific findings of the IPCC reports and scientific climate data, in particular with regard to information relevant to the Union;
 - (b) providing scientific advice and issuing reports on existing and proposed Union measures, climate targets and indicative greenhouse gas budgets, and their coherence with the objectives of this Regulation and the Union's international commitments under the Paris Agreement;
 - (c) contributing to the exchange of independent scientific knowledge in the field of modelling, monitoring, promising research and innovation which contribute to reducing emissions or increasing removals;
 - (d) identifying actions and opportunities needed to successfully achieve the Union climate targets;
 - (e) raising awareness on climate change and its impacts, as well as stimulating dialogue and cooperation between scientific bodies within the Union, complementing existing work and efforts.

3. The Advisory Board shall be guided in its work by the best available and most recent scientific evidence, including the latest reports of the IPCC, IPBES and other international bodies. It shall follow a fully transparent process and make its reports publicly available. It may take into account, where available, the work of the national climate advisory bodies referred to in paragraph 4.
4. In the context of enhancing the role of science in the field of climate policy, each Member State is invited to establish a national climate advisory body, responsible for providing expert scientific advice on climate policy to the relevant national authorities as prescribed by the Member State concerned. Where a Member State decides to establish such an advisory body, it shall inform the EEA thereof.

Article 4

Intermediate Union climate targets

1. In order to reach the climate-neutrality objective set out in Article 2(1), the binding Union 2030 climate target shall be a domestic reduction of net greenhouse gas emissions (emissions after deduction of removals) by at least 55 % compared to 1990 levels by 2030.

When implementing the target referred to in the first subparagraph, the relevant Union institutions and the Member States shall prioritise swift and predictable emission reductions and, at the same time, enhance removals by natural sinks.

In order to ensure that sufficient mitigation efforts are deployed up to 2030, for the purpose of this Regulation and without prejudice to the review of Union legislation referred to in paragraph 2, the contribution of net removals to the Union 2030 climate target shall be limited to 225 million tonnes of CO₂ equivalent. In order to enhance the Union's carbon sink in line with the objective of achieving climate neutrality by 2050, the Union shall aim to achieve a higher volume of its net carbon sink in 2030.

2. By 30 June 2021, the Commission shall review relevant Union legislation in order to enable the achievement of the target set out in paragraph 1 of this Article and the climate-neutrality objective set out in Article 2(1) and consider taking the necessary measures, including the adoption of legislative proposals, in accordance with the Treaties.

Within the framework of the review referred to in the first subparagraph and future reviews, the Commission shall assess in particular the availability under Union law of adequate instruments and incentives to mobilise the investments needed, and propose measures as necessary.

From the adoption of the legislative proposals by the Commission, it shall monitor the legislative procedures for the different proposals and may report to the European Parliament and to the Council on whether the foreseen outcome of those legislative procedures, considered together, would achieve the target set out in paragraph 1. If the foreseen outcome would not deliver a result in line with the target set out in paragraph 1, the Commission may take the necessary measures, including the adoption of legislative proposals, in accordance with the Treaties.

3. With a view to achieving the climate-neutrality objective set out in Article 2(1) of this Regulation, a Union-wide climate target for 2040 shall be set. To that end, at the latest within six months of the first global stocktake referred to in Article 14 of the Paris Agreement, the Commission shall make a legislative proposal, as appropriate, based on a detailed impact assessment, to amend this Regulation to include the Union 2040 climate target, taking into account the conclusions of the assessments referred to in Articles 6 and 7 of this Regulation and the outcomes of the global stocktake.

4. When making its legislative proposal for the Union 2040 climate target as referred to in paragraph 3, the Commission shall, at the same time, publish in a separate report the projected indicative Union greenhouse gas budget for the 2030-2050 period, defined as the indicative total volume of net greenhouse gas emissions (expressed as CO₂ equivalent and providing separate information on emissions and removals) that are expected to be emitted in that period without putting at risk the Union's commitments under the Paris Agreement. The projected indicative Union greenhouse gas budget shall be based on the best available science, take into account the advice of the Advisory Board as well as, where adopted, the relevant Union legislation implementing the Union 2030 climate target. The Commission shall also publish the methodology underlying the projected indicative Union greenhouse gas budget.
5. When proposing the Union 2040 climate target in accordance with paragraph 3, the Commission shall consider the following:
 - (a) the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;
 - (b) the social, economic and environmental impacts, including the costs of inaction;
 - (c) the need to ensure a just and socially fair transition for all;

- (d) cost-effectiveness and economic efficiency;
- (e) competitiveness of the Union's economy, in particular small and medium-sized enterprises and sectors most exposed to carbon leakage;
- (f) best available cost-effective, safe and scalable technologies;
- (g) energy efficiency and the 'energy efficiency first' principle, energy affordability and security of supply;
- (h) fairness and solidarity between and within Member States;
- (i) the need to ensure environmental effectiveness and progression over time;
- (j) the need to maintain, manage and enhance natural sinks in the long term and protect and restore biodiversity;
- (k) investment needs and opportunities;
- (l) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the UNFCCC;
- (m) existing information on the projected indicative Union greenhouse gas budget for the 2030-2050 period referred to in paragraph 4.

6. Within six months of the second global stocktake referred to in Article 14 of the Paris Agreement, the Commission may propose to revise the Union 2040 climate target in accordance with Article 11 of this Regulation.
7. The provisions of this Article shall be kept under review in light of international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement, including with regard to the outcomes of international discussions on common time frames for nationally determined contributions.

Article 5

Adaptation to climate change

1. The relevant Union institutions and the Member States shall ensure continuous progress in enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change in accordance with Article 7 of the Paris Agreement.
2. The Commission shall adopt a Union strategy on adaptation to climate change in line with the Paris Agreement and shall regularly review it in the context of the review provided for in point (b) of Article 6(2) of this Regulation.

3. The relevant Union institutions and the Member States shall also ensure that policies on adaptation in the Union and in Member States are coherent, mutually supportive, provide co-benefits for sectoral policies, and work towards better integration of adaptation to climate change in a consistent manner in all policy areas, including relevant socio-economic and environmental policies and actions, where appropriate, as well as in the Union's external action. They shall focus, in particular, on the most vulnerable and impacted populations and sectors, and identify shortcomings in this regard in consultation with civil society.
4. Member States shall adopt and implement national adaptation strategies and plans, taking into consideration the Union strategy on adaptation to climate change referred to in paragraph 2 of this Article and based on robust climate change and vulnerability analyses, progress assessments and indicators, and guided by the best available and most recent scientific evidence. In their national adaptation strategies, Member States shall take into account the particular vulnerability of the relevant sectors, inter alia agriculture, and of water and food systems, as well as food security, and promote nature-based solutions and ecosystem-based adaptation. Member States shall regularly update the strategies and include the related updated information in the reports to be submitted under Article 19(1) of Regulation (EU) 2018/1999.

5. By ... [one year from the date of entry into force of this Regulation], the Commission shall adopt guidelines setting out common principles and practices for the identification, classification and prudential management of material physical climate risks when planning, developing, executing and monitoring projects and programmes for projects.

Article 6

Assessment of Union progress and measures

1. By 30 September 2023, and every five years thereafter, the Commission shall assess, together with the assessment provided for under Article 29(5) of Regulation (EU) 2018/1999:
- (a) the collective progress made by all Member States towards the achievement of the climate-neutrality objective set out in Article 2(1) of this Regulation;
 - (b) the collective progress made by all Member States on adaptation as referred to in Article 5 of this Regulation.

The Commission shall submit the conclusions of that assessment, together with the State of the Energy Union report prepared in the respective calendar year in accordance with Article 35 of Regulation (EU) 2018/1999, to the European Parliament and to the Council.

2. By 30 September 2023, and every five years thereafter, the Commission shall review:
 - (a) the consistency of Union measures with the climate-neutrality objective set out in Article 2(1);
 - (b) the consistency of Union measures with ensuring progress on adaptation as referred to in Article 5.
3. Where, based on the assessments referred to in paragraphs 1 and 2 of this Article, the Commission finds that Union measures are inconsistent with the climate-neutrality objective set out in Article 2(1) or inconsistent with ensuring progress on adaptation as referred to in Article 5, or that the progress towards that climate-neutrality objective or on adaptation as referred to in Article 5 is insufficient, it shall take the necessary measures in accordance with the Treaties.

4. The Commission shall assess the consistency of any draft measure or legislative proposal, including budgetary proposals, with the climate-neutrality objective set out in Article 2(1) and the Union 2030 and 2040 climate targets before adoption, and include that assessment in any impact assessment accompanying these measures or proposals, and make the result of that assessment publicly available at the time of adoption. The Commission shall also assess whether those draft measures or legislative proposals, including budgetary proposals, are consistent with ensuring progress on adaptation as referred to in Article 5. When making its draft measures and legislative proposals, the Commission shall endeavour to align them with the objectives of this Regulation. In any case of non-alignment, the Commission shall provide the reasons as part of the consistency assessment referred to in this paragraph.

Article 7

Assessment of national measures

1. By 30 September 2023, and every five years thereafter, the Commission shall assess:
 - (a) the consistency of national measures identified, on the basis of the integrated national energy and climate plans, national long-term strategies and the biennial progress reports submitted in accordance with Regulation (EU) 2018/1999, as relevant for the achievement of the climate-neutrality objective set out in Article 2(1) of this Regulation with that objective;
 - (b) the consistency of relevant national measures with ensuring progress on adaptation as referred to in Article 5, taking into account the national adaptation strategies referred to in Article 5(4).

The Commission shall submit the conclusions of that assessment, together with the State of the Energy Union report prepared in the respective calendar year in accordance with Article 35 of Regulation (EU) 2018/1999, to the European Parliament and to the Council.

2. Where the Commission finds, after due consideration of the collective progress assessed in accordance with Article 6(1), that a Member State's measures are inconsistent with the climate-neutrality objective set out in Article 2(1) or inconsistent with ensuring progress on adaptation as referred to in Article 5, it may issue recommendations to that Member State. The Commission shall make such recommendations publicly available.
3. Where recommendations are issued in accordance with paragraph 2, the following principles shall apply:
 - (a) the Member State concerned shall, within six months of receipt of the recommendations, notify the Commission on how it intends to take due account of the recommendations in a spirit of solidarity between Member States and the Union and between Member States;
 - (b) after the submission of the notification referred to in point (a) of this paragraph, the Member State concerned shall set out, in its following integrated national energy and climate progress report submitted in accordance with Article 17 of Regulation (EU) 2018/1999, in the year following the year in which the recommendations were issued, how it has taken due account of the recommendations; if the Member State concerned decides not to address the recommendations or a substantial part thereof, that Member State shall provide the Commission its reasoning;

- (c) the recommendations shall be complementary to the latest country-specific recommendations issued in the context of the European Semester.

Article 8

Common provisions on Commission assessment

1. The Commission shall base its first and second assessments referred to in Articles 6 and 7 on an indicative, linear trajectory which sets out the pathway for the reduction of net emissions at Union level and which links the Union 2030 climate target referred to in Article 4(1), the Union 2040 climate target, when adopted, and the climate-neutrality objective set out in Article 2(1).
2. Following the first and second assessments referred to in paragraph 1, the Commission shall base any subsequent assessment on an indicative, linear trajectory linking the Union 2040 climate target, when adopted, and the climate-neutrality objective set out in Article 2(1).
3. In addition to the national measures referred to in point (a) of Article 7(1), the Commission shall base its assessments referred to in Articles 6 and 7 on at least the following:
 - (a) information submitted and reported under Regulation (EU) 2018/1999;

- (b) reports of the EEA, the Advisory Board and the Commission's Joint Research Centre;
 - (c) European and global statistics and data, including statistics and data from the European Earth Observation Programme Copernicus, data on reported and projected losses from adverse climate impacts and estimates on the costs of inaction or delayed action, where available;
 - (d) the best available and most recent scientific evidence, including the latest reports of the IPCC, IPBES and other international bodies; and
 - (e) any supplementary information on environmentally sustainable investment by the Union or by Member States, including, when available, investment consistent with Regulation (EU) 2020/852.
4. The EEA shall assist the Commission in the preparation of the assessments referred to in Articles 6 and 7, in accordance with its annual work programme.

Article 9
Public participation

1. The Commission shall engage with all parts of society to enable and empower them to take action towards a just and socially fair transition to a climate-neutral and climate-resilient society. The Commission shall facilitate an inclusive and accessible process at all levels, including at national, regional and local level and with social partners, academia, the business community, citizens and civil society, for the exchange of best practice and to identify actions to contribute to the achievement of the objectives of this Regulation. The Commission may also draw on the public consultations and on the multilevel climate and energy dialogues as set up by Member States in accordance with Articles 10 and 11 of Regulation (EU) 2018/1999.

2. The Commission shall use all appropriate instruments, including the European Climate Pact, to engage citizens, social partners and stakeholders, and foster dialogue and the diffusion of science-based information about climate change and its social and gender equality aspects.

Article 10
Sectoral roadmaps

The Commission shall engage with sectors of the economy within the Union that choose to prepare indicative voluntary roadmaps towards achieving the climate-neutrality objective set out in Article 2(1). The Commission shall monitor the development of such roadmaps. Its engagement shall involve the facilitation of dialogue at Union level, and the sharing of best practice among relevant stakeholders.

Article 11
Review

Within six months of each global stocktake referred to in Article 14 of the Paris Agreement, the Commission shall submit a report to the European Parliament and to the Council, together with the conclusions of the assessments referred to in Articles 6 and 7 of this Regulation, on the operation of this Regulation, taking into account:

- (a) the best available and most recent scientific evidence, including the latest reports of the IPCC and the Advisory Board;

- (b) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement.

The Commission's report may be accompanied, where appropriate, by legislative proposals to amend this Regulation.

Article 12

Amendments to Regulation (EC) No 401/2009

Regulation (EC) No 401/2009 is amended as follows:

- (1) the following article is inserted:

Article 10a

1. A European Scientific Advisory Board on Climate Change (the "Advisory Board") is hereby established.
2. The Advisory Board shall be composed of 15 senior scientific experts covering a broad range of relevant disciplines. Members of the Advisory Board shall meet the criteria set out in paragraph 3. No more than two members of the Advisory Board shall hold the nationality of the same Member State. The independence of the members of the Advisory Board shall be beyond doubt.

3. The Management Board shall designate the members of the Advisory Board for a term of four years, which shall be renewable once, following an open, fair and transparent selection procedure. In its selection of the members of the Advisory Board, the Management Board shall seek to ensure a varied disciplinary and sectoral expertise, as well as gender and geographical balance. The selection shall be based on the following criteria:
 - (a) scientific excellence;
 - (b) experience in carrying out scientific assessments and providing scientific advice in the fields of expertise;
 - (c) broad expertise in the field of climate and environment sciences or other scientific fields relevant for the achievement of the Union's climate objectives;
 - (d) professional experience in an inter-disciplinary environment in an international context.

4. The members of the Advisory Board shall be appointed in a personal capacity and shall give their positions completely independently of the Member States and the Union institutions. The Advisory Board shall elect its chairperson from among its members for a period of four years and it shall adopt its rules of procedure.

5. The Advisory Board shall complement the work of the Agency while acting independently in discharging its tasks. The Advisory Board shall establish its annual work programme independently, and when doing so it shall consult the Management Board. The chairperson of the Advisory Board shall inform the Management Board and the Executive Director of that programme and its implementation.’;

(2) in Article 11, the following paragraph is added:

- ‘5. The Agency’s budget shall also include the expenditure relating to the Advisory Board.’.

Article 13
Amendments to Regulation (EU) 2018/1999

Regulation (EU) 2018/1999 is amended as follows:

- (1) in Article 1(1), point (a) is replaced by the following:
- ‘(a) implement strategies and measures designed to meet the objectives and targets of the Energy Union and the long-term Union greenhouse gas emissions commitments consistent with the Paris Agreement, in particular the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/... of the European Parliament and of the Council^{*,+}, and, for the first ten-year period, from 2021 to 2030, in particular the Union’s 2030 targets for energy and climate;

* Regulation (EU) 2021/... of the European Parliament and of the Council of ... establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”) (OJ L ...).’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)), and insert the number, date and OJ reference of that Regulation in the footnote.

(2) in Article 2, point (7) is replaced by the following:

‘(7) “projections” means forecasts of anthropogenic greenhouse gas emissions by sources and removals by sinks or developments of the energy system, including at least quantitative estimates for a sequence of six future years ending with 0 or 5, immediately following the reporting year;’;

(3) in Article 3(2), point (f) is replaced by the following:

‘(f) an assessment of the impacts of the planned policies and measures to meet the objectives referred to in point (b) of this paragraph, including their consistency with the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺, the long-term greenhouse gas emission reduction objectives under the Paris Agreement and the long-term strategies as referred to in Article 15 of this Regulation;’;

(4) in Article 8(2), the following point is added:

‘(e) the manner in which existing policies and measures and planned policies and measures contribute to the achievement of the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺.’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

- (5) Article 11 is replaced by the following:

‘Article 11

Multilevel climate and energy dialogue

Each Member State shall establish a multilevel climate and energy dialogue pursuant to national rules, in which local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public are able actively to engage and discuss the achievement of the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺ and the different scenarios envisaged for energy and climate policies, including for the long term, and review progress, unless it already has a structure which serves the same purpose. Integrated national energy and climate plans may be discussed within the framework of such a dialogue.’;

- (6) Article 15 is amended as follows:

- (a) paragraph 1 is replaced by the following:

- ‘1. By 1 January 2020, and subsequently by 1 January 2029 and every 10 years thereafter, each Member State shall prepare and submit to the Commission its long-term strategy with a 30-year perspective and consistent with the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺. Member States should, where necessary, update those strategies every five years.’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

(b) in paragraph 3, point (c) is replaced by the following:

‘(c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks in all sectors in accordance with the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺, in the context of necessary greenhouse gas emission reductions and enhancements of removals by sinks according to the Intergovernmental Panel on Climate Change (IPCC) to reduce the Union’s greenhouse gas emissions in a cost-effective manner and enhance removals by sinks in pursuit of the long-term temperature goal in the Paris Agreement so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases within the Union and, as appropriate, achieve negative emissions thereafter;’;

(7) Article 17 is amended as follows:

(a) in paragraph 2, point (a) is replaced by the following:

‘(a) information on the progress accomplished towards reaching the objectives, including progress towards the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺, targets and contributions set out in the integrated national energy and climate plan, and towards financing and implementing the policies and measures necessary to meet them, including a review of actual investment against initial investment assumptions;’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

(b) in paragraph 4, the first subparagraph is replaced by the following:

‘The Commission, assisted by the Energy Union Committee referred to in point (b) of Article 44(1), shall adopt implementing acts to set out the structure, format, technical details and process for the information referred to in paragraphs 1 and 2 of this Article, including a methodology for the reporting on the phasing out of energy subsidies, in particular for fossil fuels, pursuant to point (d) of Article 25.’;

(8) in Article 29(1), point (b) is replaced by the following:

‘(b) the progress made by each Member State towards meeting its objectives, including progress towards the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺, targets and contributions and implementing the policies and measures set out in its integrated national energy and climate plan;’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

(9) Article 45 is replaced by the following:

‘Article 45

Review

The Commission shall report to the European Parliament and to the Council within six months of each global stocktake agreed under Article 14 of the Paris Agreement on the operation of this Regulation, its contribution to governance of the Energy Union, its contribution to the long-term goals of the Paris Agreement, progress towards the achievement of the 2030 climate and energy targets and the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺, additional Energy Union objectives and the conformity of the planning, reporting and monitoring provisions laid down in this Regulation with other Union law or decisions relating to the UNFCCC and the Paris Agreement. The Commission reports may be accompanied by legislative proposals where appropriate.’;

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

(10) Part 1 of Annex I is amended as follows:

(a) in point 3.1.1 of Section A, point (i) is replaced by the following:

‘i. Policies and measures to achieve the target set under Regulation (EU) 2018/842 as referred to in point 2.1.1 of this Section and policies and measures to comply with Regulation (EU) 2018/841, covering all key emitting sectors and sectors for the enhancement of removals, with an outlook to the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺’;

(b) in Section B, the following point is added:

‘5.5. The contribution of planned policies and measures to the achievement of the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺’;

(11) in point (c) of Annex VI, point (viii) is replaced by the following:

‘(viii)an assessment of the contribution of the policy or measure to the achievement of the Union’s climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/...⁺ and to the achievement of the long-term strategy referred to in Article 15 of this Regulation;’.

⁺ OJ: Please insert in the text the number of the Regulation contained in file PE-CONS 27/21 (2020/0036(COD)).

Article 14
Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament
The President

For the Council
The President
