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| From: | General Secretariat of the Council |
| To: | Delegations |
| No. prev. doc.: | 12083/20 |
| No. Cion doc.: | 6547/20; 10868/20 |
| Subject: | Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law)<br>- Partial general approach |

Delegations will find in the Annex, for information, the text on which the Council (Environment) reached a partial general approach on the above-mentioned proposal at its meeting on 23 October 2020.

It is to be noted that the text in [*square brackets, italics and underlined*] does not form part of the partial general approach. The changes to the previous version of the text (doc. 12083/20), as resulting from the discussion at Council, are indicated as **bold and underlined**. Previous amendments to the Commission proposal are underlined and deleted text is marked as […].

**ANNEX**

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing the framework for achieving climate neutrality and amending Regulation (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 opinion of the European Economic and Social Committee[1],

Having regard to the opinion of the Committee of the Regions[2],

Acting in accordance with the ordinary legislative procedure,

1 OJ C , , p. .
2 OJ C 324, 1.10.2020, p. 58.

Whereas:

(1) The Commission has, in its Communication of 11 December 2019 entitled 'The European Green Deal'[3], 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. It 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.

(2) The Intergovernmental Panel on Climate Change's (IPCC) Special Report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways[4] provides a strong scientific basis for tackling climate change and illustrates the need to step up climate action. It 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. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services' (IPBES) 2019 Global Assessment Report[5] showed worldwide erosion of biodiversity, with climate change as the third most important driver of biodiversity loss.[6]

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3 Commission Communication - The European Green Deal, COM(2019) 640 final of 11 December 2019.

4 IPCC, 2018: Global Warming of 1.5°C. An IPCC 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 [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)].

5 IPBES 2019: Global Assessment on Biodiversity and Ecosystem Services.

6 European Environment Agency's The European environment – state and outlook 2020 (Luxembourg: Publication Office of the EU, 2019).

(3) A fixed long-term objective is crucial to contribute to economic and societal transformation, jobs, growth, and the achievement of the United Nations Sustainable Development Goals, as well as to move in a fair and cost-effective manner towards the temperature goal of the 2015 Paris Agreement on climate change following the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (the 'Paris Agreement').

(4) The Paris Agreement sets out a long-term goal to keep the global temperature increase to well below 2 °C above pre-industrial levels and to pursue efforts to keep it to 1.5 °C above pre-industrial levels[7], and stresses the importance of adapting to the adverse impacts of climate change[8] and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development[9].

(5) The Union's and the Member States' climate action aims to protect people and the planet, welfare, prosperity, health, food systems, the integrity of eco-systems and biodiversity against the threat of climate change, in the context of the 2030 agenda for sustainable development and in pursuit of the objectives of the Paris Agreement, and to maximize prosperity within the planetary boundaries and to increase resilience and reduce vulnerability of society to climate change.

(6) Achieving climate neutrality should require a contribution from all economic sectors […] for which emissions or removals of greenhouse gases are regulated in Union law. […]

(6a) In light of the importance of energy production and consumption on greenhouse gas emissions, the transition to a safe, sustainable, affordable and secure energy system relying on a well-functioning internal energy market is essential. The digital transformation, technological innovation, and research and development are also important drivers for achieving the climate-neutrality objective.

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7 Article 2.1.a of the Paris Agreement.
8 Article 2.1.b of the Paris Agreement.
9 Article 2.1.c of the Paris Agreement.

(7) The Union has been pursuing an ambitious policy on climate action and has put in place a regulatory framework to achieve its 2030 greenhouse gas emission reduction target. The legislation implementing this target consists, inter alia, of Directive 2003/87/EC of the European Parliament and of the Council[10], which establishes a system for greenhouse gas emission allowance trading within the Union, Regulation (EU) 2018/842 of the European Parliament and of the Council[11], which introduced national targets for reduction of greenhouse gas emissions by 2030, and Regulation (EU) 2018/841 of the European Parliament and of the Council[12], which requires Member States to balance greenhouse gas emissions and removals from land use, land use change and forestry.

(8) In addition, the Commission has, in its Communication of 28 November of 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.

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**10** 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 of 25 October 2003, p. 32).

**11** 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).

**12** 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).

(9) The Union has, through the 'Clean Energy for All Europeans' package[13] been pursuing an ambitious decarbonisation agenda notably by constructing a robust Energy Union, which includes 2030 goals for energy efficiency and deployment of renewable energy in Directives 2012/27/EU[14] and (EU) 2018/2001[15] 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 Council[16].

(10) The Union is a global leader in the transition towards climate neutrality, and 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.

(10a) 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 temperature goals set out in the Paris Agreement and following the scientific assessments of the IPCC.

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13 COM(2016) 860 final of 30 November 2016.

14 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)

15 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).

16 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).

(11) The European Parliament called 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[17] and has declared a climate and environment emergency[18]. The European Council, in its Conclusions of 12 December 2019[19], 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 EU submitted its long-term low greenhouse gas emission development strategy […] to the United Nations Framework Convention on Climate Change following its adoption by the Council.

(12) 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. Sinks include natural and technological solutions as reported in its greenhouse gas inventories to the UNFCCC**.** […] Solutions that are based on carbon capture and storage (CCS) and carbon capture and use (CCU) technologies may play a role for 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 the 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.

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**17** European Parliament resolution of 15 January 2020 on the European Green Deal (2019/2956(RSP)).

**18** European Parliament resolution of 28 November 2019 on the climate and environment emergency (2019/2930(RSP)).

**19** Conclusions adopted by the European Council at its meeting on 12 December 2019, EUCO 29/19, CO EUR 31, CONCL 9.

(12a) 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 emissions 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.

(13) […] (*moved to new recital 10a)*

(14) Adaptation is a key component of the long-term global response to climate change. 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. Member States should adopt comprehensive national adaptation strategies and plans. The EU 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 European legislation and policies.

(14a) Ecosystems, people and economies in all regions of the EU will face major impacts from climate change, such as extreme heat, floods, droughts, water scarcity, sea level rise, thawing glaciers, forest fires, wind throws 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 help to minimise climate change impacts and to address unavoidable impacts in a socially balanced manner. 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.

(15) 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 take into account the contribution of the transition to climate neutrality to the well-being of citizens, the prosperity of society and the competitiveness of the economy; energy and food security and affordability; fairness and solidarity across and within Member States considering 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; best available 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 emissions reductions and removals and increasing resilience; progression over time in environmental integrity and level of ambition.

(16) 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 illustrated by the Commission in its Communication '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.

(17) [*As announced in its Communication 'The European Green Deal', the Commission assessed the Union's 2030 target for greenhouse gas emission reduction in its Communication "Stepping up Europe's 2030 climate ambition - Investing in a climate-neutral future for the benefit of our people"*[20]*, on the basis of a comprehensive impact assessment and taking into account its analysis of the integrated national energy and climate plans submitted to the Commission in accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council*[21]*. 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 deduction of removals, are reduced economy-wide and domestically by at least 55% by 2030 compared to 1990 levels. This new 2030 Union 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 2030 climate target would need to be amended in order to achieve such net emission reductions.]*

20 *COM (2020) 562.*

21 *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).*

(18) To ensure 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 Article 7 including information submitted and reported under Regulation (EU) 2018/1999. In order to allow a timely preparation for the global stocktake as referred to in Article 14 of the Paris Agreement, the results of this assessment should be published by 30 September every five years, starting in 2023. This implies that the reports under Articles 35 and 29(5) of that Regulation and, in the applicable years, the related reports under Articles 29(1) and Article 32 should be submitted to the European Parliament and the Council at the same time as the results of that assessment. Should the collective progress made by Member States towards the achievement of the climate-neutrality objective or on adaptation be insufficient or Union measures 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.

(19) 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 European Environment Agency, best available scientific evidence, including the reports of the IPCC as well as Earth observation data as provided by the European Earth observation programme Copernicus. The Commission should further base its assessment on a 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 does not prejudge any decision to determine a Union climate target for 2040. Given that the Commission has committed 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 and Member States, consistent with Regulation (EU) 2020/852 [Taxonomy Regulation][22] when such information becomes available. The Commission should use European statistics and data where available and seek expert scrutiny. The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work programme.

(20) 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 facilitated. The Commission should therefore engage with all parts of society to enable and empower them to take action towards a climate-neutral and climate-resilient society, including through launching a European Climate Pact.

[22] 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).

(21) 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, if appropriate, at the latest within six months after the first global stocktake carried out under the Paris Agreement. The Commission may make proposals to revise the intermediate target [...], taking into account the findings of the assessments referred to in Article 5 and 6 as well as the outcomes of the global stocktake and of international developments, including on common time frames for nationally determined contributions**.**

(22) In line with the Commission's commitment to the principles on Better Law-Making, coherence of the Union instruments as regards greenhouse gas emissions 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.

(23) Climate change is by definition a trans-boundary challenge and a coordinated action at Union level is needed to effectively supplement and reinforce national policies. Since the objectives of this Regulation, namely to achieve climate neutrality in the Union by 2050, cannot be sufficiently achieved by the Member States alone, 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 those objectives,

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 in the Union.

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 Article 2 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. *[It also sets out a binding Union net greenhouse gas emission reduction target 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 emissions and removals of greenhouse gases regulated in Union law shall be balanced at the latest by 2050, thus reducing emissions to net zero by that date.

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 […].

3. […]

4. […]

*Article 3*

Intermediate 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 reduction of net greenhouse gas emissions (emissions after deduction of removals) by at least 55% compared to 1990 levels by 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 this and future reviews, the Commission shall assess in particular the availability under Union law of adequate instruments and incentives for mobilising the investments needed, and propose measures as necessary**.

2a. With a view to achieving the climate neutrality objective as set out in Article 2 (1), a Union-wide climate target for 2040 shall be set. To this end, at the latest within six months after the first global stocktake as referred to in Article 14 of the Paris Agreement, the Commission shall make a proposal, as appropriate, to amend this Regulation to include the Union's 2040 climate target, taking into account the findings of the assessments referred to in Articles 5 and 6 and the outcomes of the global stocktake.

3. When proposing the Union's climate target for 2040 in accordance with paragraph 2a, the Commission shall consider the following:

(a) cost-effectiveness and economic efficiency;

(b) competiveness of the Union's economy;

(c) best available technology;

(d) energy efficiency, energy affordability and security of supply;

(e) fairness and solidarity between and within Member States;

(f) the need to ensure environmental effectiveness and progression over time;

(g) investment needs and opportunities;

(h) the need to ensure a just and socially fair transition;

(i) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change;

(j) the best available and most recent scientific evidence, including the latest reports of the IPCC.

5. Within six months after the second global stocktake, the Commission may propose to revise the Union's climate target for 2040 in accordance with Article 9a of this Regulation […].

6. The provisions of this Article shall be kept under review in the 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 4*

**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.

1a. The relevant Union institutions and the Member States shall also ensure that policies on adaptation in the Union and in the Member States are mutually supportive, provide co-benefits for sectoral policies, and work towards better integration of adaptation to climate change into all policy areas.

2. Member States shall develop and implement adaptation strategies and plans […], based on robust climate and vulnerability baselines and progress assessments.

*Article 5*

**Assessment of Union progress and measures**

1. By 30 September 2023, and every 5 years thereafter, the Commission shall assess, together with the assessment foreseen 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) […];

   (b) the collective progress made by all Member States on adaptation as referred to in Article 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. By 30 September 2023, and every 5 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 4.

3. Where, based on the assessment referred to in paragraphs 1 and 2, 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 4, or that the progress towards either the climate-neutrality objective or on adaptation as referred to in Article 4 is insufficient, it shall take the necessary measures in accordance with the Treaties […].

4. The Commission shall assess any draft measure or legislative proposal in light of the climate-neutrality objective set out in Article 2(1) […] before adoption, and include this analysis in any impact assessment accompanying these measures or proposals, and make the result of that assessment public at the time of adoption. The Commission shall also assess whether that draft measure or legislative proposal is consistent with ensuring progress on adaptation as referred to in Article 4.

*Article 6*

**Assessment of national measures**

1. By 30 September 2023, and every 5 years, thereafter the Commission shall assess:

(a) the consistency of national measures identified, on the basis of the National Energy and Climate Plans or 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) with that objective […];

(b) the consistency of relevant national measures with ensuring progress on adaptation as referred to in Article 4, taking into account the national adaptation strategies referred to in Article 4(2).

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, under due consideration of the collective progress assessed in accordance with Article 5(1), that a Member State's measures are inconsistent with that objective […] or inconsistent with ensuring progress on adaptation as referred to in Article 4, it may issue recommendations to that Member State. The Commission shall make such recommendations publicly available.

3. Where a recommendation is issued in accordance with paragraph 2, the following principles shall apply:

(a) the Member State concerned shall take due account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States;

(b) the Member State concerned shall set out, in its first progress report submitted in accordance with Article 17 of Regulation (EU) 2018/1999, in the year following the year in which the recommendation was issued, how it has taken due account of the recommendation. If the Member State concerned decides not to address a recommendation or a substantial part thereof, that Member State shall provide the Commission its reasoning;

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

*Article 7*

**Common provisions on Commission assessment**

-2. The Commission shall base its first and second assessment referred to in Articles 5 and 6 on an indicative, linear trajectory which sets out the pathway for the reduction of net emissions at Union level linking the Union's 2030 target for climate as referred to in Article 3(1), the Union's climate target for 2040, when adopted, and the climate-neutrality-objective as set out in Article 2(1).

*[The trajectory shall start from the Union's 2030 climate target set out in Article 2a(1).]*

-1. The Commission shall base any assessment thereafter on an indicative, linear trajectory linking the Union's climate target for 2040, when adopted, and the climate-neutrality objective as set out in Article 2(1).

1. In addition to the national measures referred to in Article 6(1)(a), the Commission shall base its assessment referred to in Articles 5 and 6 on at least the following:

(a) information submitted and reported under Regulation (EU) 2018/1999;

(b) reports of the European Environment Agency (EEA) and the Commission's Joint Research Centre (JRC);

(c) European statistics and data, including those from the European Earth observation programme Copernicus and data on reported and projected losses from adverse climate impacts, where available; and

(d) best available scientific evidence, including the latest reports of the IPCC, the IPBES and other international […] organisations; and

(e) any supplementary information on environmentally sustainable investment, by the Union and Member States, including, when available, investment consistent with Regulation (EU) 2020/852 [Taxonomy Regulation].

2. The EEA shall assist the Commission in the preparation of the assessment referred to in Articles 5 and 6, in accordance with its annual work programme.

*Article 8*

**Public participation**

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, 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. In addition, the Commission may also draw on the multilevel climate and energy dialogues as set up by Member States in accordance with Article 11 of Regulation (EU) 2018/1999.

*Article 9*

[…] *(Article deleted)*

*Article 9a*

**Review**

Within six months after each global stocktake under 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 5 and 6, on the operation of this Regulation, taking into account the need to ensure progress towards the achievement of the climate-neutrality objective as referred to in Article 2(1) and to ensure consistency with progress on adaptation as referred to in Article 4. The Commission may make proposals to the European Parliament and to the Council to amend this Regulation where appropriate.

*Article 10*

**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 Union’s climate-neutrality objective as set out in Article 2 of Regulation …/… [Climate Law], the objectives and targets of the Energy Union, and for the first ten-year period, from 2021 to 2030, in particular the Union’s 2030 targets for energy and climate;’;

(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 Union’s climate-neutrality objective set out in Article 2 of Regulation …/… [Climate Law], the long-term greenhouse gas emission reduction objectives under the Paris Agreement and the long-term strategies as referred to in Article 15;’;

(4) in Article 8(2), the following point (e) 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 of Regulation …/… [Climate Law].’;

(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 organisation, 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 of Regulation …/… [Climate Law] 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) In Article 15(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 of Regulation …/… [Climate Law], in the context of necessary reductions and enhancements of removals by sinks according to the Intergovernmental Panel for 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 temperature goals 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) Annex I, Part 1, is amended as follows:

(a) in section A, point 3.1.1., point (i) is replaced by the following:

‘(i) Policies and measures to achieve the target set under Regulation (EU) 2018/842 as referred in point 2.1.1 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 climate-neutrality objective set out in Article 2 of Regulation …/… [Climate Law]’;

(b) in Section B, the following point 5.5. 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 of Regulation …/… [Climate Law]’;

(7a) Article 45 is replaced by the following:

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 Union's climate-neutrality objective set out in Article 2(1) of Regulation …/… [Climate Law], 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.

(8) in Annex VI, point (viii) of point (c) 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 of Regulation …/… [Climate Law] and to the achievement of the long-term strategy referred to in Article 15;'.

*Article 11*

**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 Brussels,

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| *For the European Parliament* | *For the Council* |
| *The President* | *The President* |