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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 - Four-column document

Delegations will find in the Annex, for information, the initial 4-column table on the above-mentioned proposal.

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (Text with EEA relevance)

2021/0211(COD)

	Commission Proposal	EP Mandate	Council Mandate	Comments/suggestions
Formula				
1	2021/0211 (COD)	2021/0211 (COD)	2021/0211 (COD)	
Proposal Title				
2	<p>Proposal for a</p> <p>DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL</p> <p>amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the</p>	<p>Proposal for a</p> <p>DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL</p> <p>amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the</p>	<p>Proposal for a</p> <p>DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL</p> <p>amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the</p>	

	Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (Text with EEA relevance)	Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (Text with EEA relevance)	Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757 (Text with EEA relevance)	
Formula				
3	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	
Citation 1				
4	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,	

Citation 2				
5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	
Citation 3				
6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	
Citation 4				
7	Having regard to the opinion of the European Economic and Social Committee ¹ , _____ 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee ¹ , _____ 1. OJ C , , p. .	Having regard to the opinion of the European Economic and Social Committee ¹ , _____ 1. OJ C , , p. .	

Citation 5				
8	<p>Having regard to the opinion of the Committee of the Regions¹,</p> <p>_____</p> <p>1. OJ C , , p. .</p>	<p>Having regard to the opinion of the Committee of the Regions¹,</p> <p>_____</p> <p>1. OJ C , , p. .</p>	<p>Having regard to the opinion of the Committee of the Regions¹,</p> <p>_____</p> <p>1. OJ C , , p. .</p>	
Citation 6				
9	<p>Acting in accordance with the ordinary legislative procedure,</p>	<p>Acting in accordance with the ordinary legislative procedure,</p>	<p>Acting in accordance with the ordinary legislative procedure,</p>	
Formula				
10	<p>Whereas:</p>	<p>Whereas:</p>	<p>Whereas:</p>	<p>With certain targeted exceptions, the recitals have not been adapted.</p>

Recital 1				
11	<p>(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)¹. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels.</p> <hr/> <p>1. Paris Agreement (OJ L 282, 19.10.2016, p. 4).</p>	<p>(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)¹. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels. <u>By adopting the Glasgow Climate Pact, the Parties to the Paris Agreement recognised that limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels would significantly reduce the risks and impacts of climate change, and they committed to strengthening their 2030 targets by the end of 2022 to close the ambition gap, in line with the findings of the Intergovernmental Panel on Climate Change (IPCC). This should be done in a manner that is equitable and respects the principle of common but</u></p>	<p>(1) The Paris Agreement, adopted in December 2015 under the United Nations Framework Convention on Climate Change (UNFCCC) entered into force in November 2016 (“the Paris Agreement”)¹. Its Parties have agreed to hold the increase in the global average temperature well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels.</p> <hr/> <p>1. Paris Agreement (OJ L 282, 19.10.2016, p. 4).</p>	<p>Text Origin: EP Mandate</p>

		<p><u>differentiated responsibilities and respective capabilities, in the light of different national circumstances. The revision of the European Union Emissions Trading System (EU ETS), including of its market stability reserve, is a unique opportunity.</u></p> <p>1. Paris Agreement (OJ L 282, 19.10.2016, p. 4).</p>		
Recital 1a				
11a		<p><u>(1a) The urgency of the need to keep the Paris Agreement goal of 1,5 °C alive has become more significant following the findings of the IPCC in its report of 7 August 2021 entitled ‘Climate Change 2021: The Physical Science Basis’. The IPCC found that global temperature will reach or exceed the 1,5 °C mark earlier than previously anticipated, namely within the next 20 years. It also found that unless there are immediate and ambitious reductions in greenhouse gas</u></p>		

		<p><u>emissions, it will no longer be possible to limit global warming to close to 1,5 °C or even 2 °C. In addition, in its report of 28 February 2022 entitled 'Climate Change 2022: Impacts, Adaptation and Vulnerability', the IPCC stated, with very high confidence, that climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all.</u></p>		
Recital 1b				
11b		<p><u>(1b) The need for urgent action is further intensified by the increase in the frequency and intensity of extreme weather conditions as a direct result of climate change. According to the United Nations Office for Disaster Risk Reduction, the number of disasters recorded worldwide and the scale of global economic</u></p>		

		<u>losses have nearly doubled in the last 20 years, much of which increase corresponds to the significant rise in the number of climate-related disasters.</u>		
Recital 1c				
11c		<u>(1c) The Union should therefore address this urgency by stepping up its efforts and establishing itself as an international leader in the fight against climate change, while reflecting the principles of equity and of common but differentiated responsibilities and respective capabilities, as laid down in Article 2(2) of the Paris Agreement.</u>		
Recital 1d				
11d		<u>(1d) In its resolution of 28 November 2019 on the climate and environment emergency^{1a},</u>		

		<p><u>the European Parliament urged the Commission to take immediate and ambitious action to limit global warming to 1,5 °C and to avoid massive biodiversity loss, including by addressing inconsistencies of current Union policies on the climate and environment emergency and by ensuring that all relevant future legislative and budgetary proposals are fully aligned with the objective of limiting global warming to under 1,5 °C and that they do not contribute to biodiversity loss.</u></p>		
Recital 2				
12	<p>(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019¹.</p> <p>_____</p>	<p>(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019¹.</p> <p>_____</p>	<p>(2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019¹.</p> <p>_____</p>	

	1. COM(2019)640 final.	1. COM(2019)640 final.	1. COM(2019)640 final.	
Recital 3				
13	<p>(3) The European Green Deal combines a comprehensive set of mutually reinforcing measures and initiatives aimed at achieving climate neutrality in the EU by 2050, and sets 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 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 affects women and men differently and has a particular impact on some disadvantaged groups, such as older people, persons with disabilities and persons with a minority racial or ethnic background. It must therefore be ensured that the</p>	<p>(3) The European Green Deal combines a comprehensive set of mutually reinforcing measures and initiatives aimed at achieving climate neutrality in the EU by 2050, and <u>provides the starting point for the achievement of the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119 of the European Parliament and of the Council^{1a}.</u> <u>It</u> sets 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 economic growth is decoupled from resource use <u>while leaving no one behind in a just transition that also addresses energy poverty</u>. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-</p>	<p>(3) The European Green Deal combines a comprehensive set of mutually reinforcing measures and initiatives aimed at achieving climate neutrality in the EU by 2050, and sets 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 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 affects women and men differently and has a particular impact on some disadvantaged groups, such as older people, persons with disabilities and persons with a minority racial or ethnic background. It must therefore be ensured that the</p>	

	<p>transition is just and inclusive, leaving no one behind.</p>	<p>being of citizens from environment-related risks and impacts. At the same time, this transition affects women and men <u>This transition affects workers from various sectors and each gender</u> differently and has a particular impact on some disadvantaged <u>and vulnerable</u> groups, such as older people, persons with disabilities and, persons with a minority racial or ethnic background <u>and low and lower-middle income individuals and households. It also imposes greater challenges on certain regions, in particular structurally disadvantaged and peripheral regions, as well as islands</u>. It must therefore be ensured that the transition is just and inclusive leaving no one behind.</p> <p>_____</p> <p><u>1a. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).</u></p>	<p>transition is just and inclusive, leaving no one behind.</p>	
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Recital 3a				
13a		<p><u>(3a) 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. In line with the commitments made in COP26 in Glasgow to review the nationally determined contributions on an annual basis, the Commission should revise its nationally determined contribution to account for all the sectors included in the EU ETS during this revision of Directive 2003/87/EC of the European Parliament and of the Council^{1a}.</u></p> <p>_____</p> <p><u>1a. 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).</u></p>		

Recital 4				
14	<p>(4) The necessity and value of the European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them. European citizens continue to express strong views that this applies in particular to climate change¹.</p> <p>_____</p> <p>1. Special Eurobarometer 513 on Climate Change, 2021 (https://ec.europa.eu/clima/citizens/support_en).</p>	<p>(4) The necessity and value of the<u>well-implemented</u> European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them <u>in a manner that is just and results in no one being left behind, including those at risk of energy poverty</u>. European citizens continue to express strong views that this applies in particular to climate change¹.</p> <p>_____</p> <p>1. Special Eurobarometer 513 on Climate Change, 2021 (https://ec.europa.eu/clima/citizens/support_en).</p>	<p>(4) The necessity and value of the European Green Deal have only grown in light of the very severe effects of the COVID-19 pandemic on the health, living and working conditions and well-being of the Union's citizens, which have shown that our society and our economy need to improve their resilience to external shocks and act early to prevent or mitigate them. European citizens continue to express strong views that this applies in particular to climate change¹.</p> <p>_____</p> <p>1. Special Eurobarometer 513 on Climate Change, 2021 (https://ec.europa.eu/clima/citizens/support_en).</p>	

Recital 4a				
14a		<p><u>(4a) Delivering on the European Green Deal should ensure quality job creation and social progress for all. To be socially acceptable, the climate ambition proposed in this Directive should be matched by an equivalent social ambition, in line with the European Pillar of Social Rights. The European Green Deal agenda should be an opportunity to maintain and create quality jobs, promote decent work, raise labour standards, strengthen social dialogue and collective bargaining, tackle discrimination at work and promote gender equality. In order to achieve those objectives, just transition mechanisms should complement all proposed actions in the framework of the European Green Deal and the 'Fit for 55' package.</u></p>		

Recital 4b				
14b		<p><u>(4b) Considering that the transition towards a sustainable economy needs to be combined with upholding Europe's competitiveness and creating jobs, it is crucial to the success of the European Green Deal that the single market is not overburdened with additional costs for companies to adjust to a new regulatory environment.</u></p>		
Recital 5				
15	<p>(5) The Union committed to reduce to reduce the Union's economy-wide net greenhouse gas emissions by at least 55 % by 2030 below 1990 levels in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020¹.</p> <p>_____</p> <p>1.</p>	<p>(5) The Union committed to reduce to reduce the Union's economy-wide net greenhouse gas emissions by at least 55 % by 2030 below 1990 levels in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020¹.</p> <p>_____</p> <p>1.</p>	<p>(5) The Union committed to reduce to reduce the Union's economy-wide net greenhouse gas emissions by at least 55 % by 2030 below 1990 levels in the updated nationally determined contribution submitted to the UNFCCC Secretariat on 17 December 2020¹.</p> <p>_____</p> <p>1.</p>	

	https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf	https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf	https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf	
Recital 6				
16	<p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has enshrined the target of economy-wide climate neutrality by 2050 in legislation. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.</p> <p>_____</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).</p>	<p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has enshrined <u>in legislation</u> the target of economy-wide climate neutrality by 2050, <u>at the latest, and the aim to achieve negative emissions thereafter in legislation</u>. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.</p> <p>_____</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).</p>	<p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has enshrined the target of economy-wide climate neutrality by 2050 in legislation. That Regulation also establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after deduction of removals) of at least 55 % below 1990 levels by 2030.</p> <p>_____</p> <p>1. Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).</p>	

Recital 7				
17	<p>(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC of the European Parliament and of the Council¹ to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030.</p> <p>_____</p> <p>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).</p>	<p>(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC of the European Parliament and of the Council[†] to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030, <u>the Union's climate-neutrality objective to be achieved by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119.</u></p> <p>_____</p> <p>†. 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,</p>	<p>(7) All sectors of the economy need to contribute to achieving those emission reductions. Therefore, the ambition of the EU Emissions Trading System (EU ETS), established by Directive 2003/87/EC of the European Parliament and of the Council¹ to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030.</p> <p>_____</p> <p>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).</p>	

		25.10.2003, p. 32).		
Recital 8				
18	<p>(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of hydrogen outside the refineries sector.</p>	<p>(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of <u>green</u> hydrogen outside the refineries sector.</p>	<p>(8) The EU ETS should incentivise production from installations that partly or fully reduce greenhouse gas emissions. Therefore, the description of some categories of activities in Annex I to Directive 2003/87/EC should be amended to ensure that installations performing an activity listed in Annex I and meeting the capacity threshold related to the same activity but not emitting any greenhouse gases are included in the scope of the EU ETS and therefore to ensure an equal treatment of installations in the sectors concerned. In addition, free allocation for the production of a product should be independent of the nature of the production process. It is therefore necessary to modify the definition of the products and of the processes and emissions covered for some benchmarks to ensure a level</p>	

			<p>playing field for new and existing technologies. It is also necessary to decouple the update of the benchmark values for refineries and for hydrogen to reflect the increasing importance of production of hydrogen outside the refineries sector.</p>	
Recital 8a				
18a		<p><u>(8a) When defining the principles for setting ex-ante benchmarks in individual sectors and subsectors, the Commission should consult the relevant stakeholders, including in the sectors and subsectors concerned, civil society representatives and the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119.</u></p>	<p>(8a) Following the modification of the products and of the processes and emissions covered for some benchmarks, it is necessary to ensure that producers do not receive double compensation for the same emissions with both free allocation and indirect costs compensation, and thus to adjust the financial measures to compensate indirect costs passed on in electricity prices accordingly.</p>	

Recital 9				
19	<p>(9) Council Directive 96/61/EC¹ was repealed by Directive 2010/75/EU of the European Parliament and of the Council². The references to Directive 96/61/EC in Article 2 of Directive 2003/87/EC and in its Annex IV should be updated accordingly. Given the need for urgent economy-wide emission reductions, Member States should be able to act to reduce greenhouse gas emissions that are under the scope of the EU ETS through other policies than emission limits adopted pursuant to Directive 2010/75/EU.</p> <p>_____</p> <p>1. Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (OJ L 257, 10.10.1996, p. 26).</p> <p>2. Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.</p>	<p>(9) Council Directive 96/61/EC¹ was repealed by Directive 2010/75/EU of the European Parliament and of the Council². The references to Directive 96/61/EC in Article 2 of Directive 2003/87/EC and in its Annex IV should be updated accordingly. Given the need for urgent economy-wide emission reductions, Member States should be able to act to reduce greenhouse gas emissions that are under the scope of the EU ETS through other policies than emission limits adopted pursuant to Directive 2010/75/EU.</p> <p>_____</p> <p>1. Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (OJ L 257, 10.10.1996, p. 26).</p> <p>2. Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.</p>	<p>(9) Council Directive 96/61/EC¹ was repealed by Directive 2010/75/EU of the European Parliament and of the Council². The references to Directive 96/61/EC in Article 2 of Directive 2003/87/EC and in its Annex IV should be updated accordingly. Given the need for urgent economy-wide emission reductions, Member States should be able to act to reduce greenhouse gas emissions that are under the scope of the EU ETS through other policies than emission limits adopted pursuant to Directive 2010/75/EU.</p> <p>_____</p> <p>1. Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (OJ L 257, 10.10.1996, p. 26).</p> <p>2. Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.</p>	

Recital 10				
20	<p>(10) In its Communication ‘Pathway to a Healthy Planet for All’¹, the Commission calls for steering the EU towards zero pollution by 2050, by reducing pollution across air, freshwaters, seas and soils to levels which are no longer expected to be harmful for health and natural ecosystems. Measures under Directive 2010/75/EU, as the main instrument regulating air, water and soil pollutant emissions, will often also enable emissions greenhouse gases to be reduced. In line with Article 8 of Directive 2003/87/EC, Member States should ensure coordination between the permit requirements of Directive 2003/87/EC and those of Directive 2010/75/EU.</p> <hr/> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions Pathway to a Healthy Planet for All, EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' (COM/2021/400 final).</p>	<p>(10) In its Communication ‘Pathway to a Healthy Planet for All’¹, the Commission calls for steering the EU towards zero pollution by 2050, by reducing pollution across air, freshwaters, seas and soils to levels which are no longer expected to be harmful for health and natural ecosystems. Measures under Directive 2010/75/EU, as the main instrument regulating air, water and soil pollutant emissions, will often also enable emissions greenhouse gases to be reduced. In line with Article 8 of Directive 2003/87/EC, Member States should ensure coordination between the permit requirements of Directive 2003/87/EC and those of Directive 2010/75/EU.</p> <hr/> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions Pathway to a Healthy Planet for All, EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' (COM/2021/400 final).</p>	<p>(10) In its Communication ‘Pathway to a Healthy Planet for All’¹, the Commission calls for steering the EU towards zero pollution by 2050, by reducing pollution across air, freshwaters, seas and soils to levels which are no longer expected to be harmful for health and natural ecosystems. Measures under Directive 2010/75/EU, as the main instrument regulating air, water and soil pollutant emissions, will often also enable emissions greenhouse gases to be reduced. In line with Article 8 of Directive 2003/87/EC, Member States should ensure coordination between the permit requirements of Directive 2003/87/EC and those of Directive 2010/75/EU.</p> <hr/> <p>1. Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions Pathway to a Healthy Planet for All, EU Action Plan: 'Towards Zero Pollution for Air, Water and Soil' (COM/2021/400 final).</p>	

Recital 11				
21	(11) Recognising that new innovative technologies will often allow reducing emissions of both greenhouse gases and pollutants, it is important to ensure synergies between policies delivering reductions of emissions of both greenhouse gases and pollutants, namely Directive 2010/75/EU, and review their effectiveness in this regard.	(11) Recognising that new innovative technologies will often allow reducing emissions of both greenhouse gases and pollutants, it is important to ensure synergies between policies delivering reductions of emissions of both greenhouse gases and pollutants, namely Directive 2010/75/EU, and review their effectiveness in this regard.	(11) Recognising that new innovative technologies will often allow reducing emissions of both greenhouse gases and pollutants, it is important to ensure synergies between policies delivering reductions of emissions of both greenhouse gases and pollutants, namely Directive 2010/75/EU, and review their effectiveness in this regard.	
Recital 12				
22	(12) The definition of electricity generators was used to determine the maximum amount of free allocation to industry in the period from 2013 to 2020, but led to different treatment of cogeneration power plants compared to industrial installations. In order to incentivise the use of high efficiency cogeneration and to ensure equal treatment of all installations receiving free	(12) The definition of electricity generators was used to determine the maximum amount of free allocation to industry in the period from 2013 to 2020, but led to different treatment of cogeneration power plants compared to industrial installations. In order to incentivise the use of high efficiency cogeneration and to ensure equal treatment of all installations receiving free	(12) The definition of electricity generators was used to determine the maximum amount of free allocation to industry in the period from 2013 to 2020, but led to different treatment of cogeneration power plants compared to industrial installations. In order to incentivise the use of high efficiency cogeneration and to ensure equal treatment of all installations receiving free	

	<p>allocation for heat production and district heating, all references to electricity generators in Directive 2003/87/EC should be deleted. In addition, Commission Delegated Regulation (EU) 2019/331¹ specifies the eligibility of all industrial processes for free allocation. Therefore, the provisions on carbon capture and storage in Article 10a(3) of Directive 2003/87/EC have become obsolete and should be deleted.</p> <p>_____</p> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	<p>allocation for heat production and district heating, all references to electricity generators in Directive 2003/87/EC should be deleted. In addition, Commission Delegated Regulation (EU) 2019/331¹ specifies the eligibility of all industrial processes for free allocation. Therefore, the provisions on carbon capture and storage in Article 10a(3) of Directive 2003/87/EC have become obsolete and should be deleted.</p> <p>_____</p> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	<p>allocation for heat production and district heating, all references to electricity generators in Directive 2003/87/EC should be deleted. In addition, Commission Delegated Regulation (EU) 2019/331¹ specifies the eligibility of all industrial processes for free allocation. Therefore, the provisions on carbon capture and storage in Article 10a(3) of Directive 2003/87/EC have become obsolete and should be deleted.</p> <p>_____</p> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	
Recital 13				
23	<p>(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and</p>	<p>(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and</p>	<p>(13) Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and</p>	

	<p>allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council¹, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt implementing acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.</p> <hr/> <p>1. Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).</p>	<p>allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council¹, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use <u>and disposal</u>. The Commission should be empowered to adopt <u>implementing delegated</u> acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use <u>and disposal</u>, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.</p> <hr/> <p>1. Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).</p>	<p>allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council¹, or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt implementing acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals.</p> <hr/> <p>1. Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).</p>	
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Recital 13a				
23a		<p><u>(13a) The EU ETS should avoid, as much as possible, undue exemptions and distortive measures. In the long-term, all sectors should play a role in contributing to the achievement of climate neutrality within the Union by 2050 and all CO2 emissions should be covered by the appropriate Union policy instruments. The inclusion of municipal waste incineration installations in the EU ETS would contribute to the circular economy by encouraging recycling, reuse and repair of products, while also contributing to economy-wide decarbonisation. Since recycling and regeneration activities are already covered by the EU ETS, the inclusion of municipal waste incineration installations would reinforce incentives for sustainable management of waste in line with the waste hierarchy. It would complement other elements of Union waste legislation. Moreover, integrating waste incineration into the EU ETS would create a level playing field</u></p>		

		<p><u>between the regions that have included municipal waste incineration under the scope, reducing the risk of tax competition between regions. However, to avoid deviation of waste from municipal waste incineration installations towards landfills in the Union, which create methane emissions, and exports of waste to third countries, with a potentially hazardous impact on the environment, the inclusion of municipal waste incineration installations within the scope of Directive 2003/87/EC from 1 January 2026 should be preceded by an impact assessment to be conducted by 31 December 2024, which, where appropriate, should be accompanied by a legislative proposal to prevent such deviation of waste and such exports.</u></p>		
Recital 13b				
23b		<p><u>(13b) All greenhouse gas emissions captured and transferred for utilisation through</u></p>		

		<p><u>carbon capture and utilisation ('CCU') processes that are not permanently chemically bound in a product such that they do not enter the atmosphere under normal use and disposal should be accounted for. In the absence of all stages of the process, in particular emissions from waste incineration installations, being covered by carbon pricing, reliance on accounting for emissions at the point of their release into the atmosphere would result in emissions being undercounted. In order to regulate the capture of carbon in a way that reduces net emissions, ensures that all emissions are accounted for and that double counting is avoided, while generating economic incentives, the Commission should assess how to account for emissions of greenhouse gases which are considered to have been captured and utilised to become chemically bound in a product based on a life-cycle assessment of the product, for example where these are used for the manufacture of a product or where such proportionate reduction contributes to innovative national policies approved by the</u></p>		
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		<u>competent authority in the Member State concerned to ensure and incentivise cooperation between sectors, and should, where appropriate, present a legislative proposal to include a transparent, comparable and reliable methodology.</u>		
Recital 13c				
23c		<u>(13c) In line with Regulation (EU) 2021/1119, priority should be given to direct emissions reductions, which will have to be complemented by increased CO2 removals in order to achieve climate neutrality. In the medium-term, CO2 removals could already help to increase the ambition above the Union 2030 climate target as laid down in Regulation (EU) 2021/1119. Therefore, the Commission should examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored, for example through direct air capture, can be accounted for and</u>		

		<u>incentivised in emissions trading, including by proposing a clear scope and strict criteria and safeguards to ensure that such removals do not offset necessary emissions reductions but are genuine and permanent.</u>		
Recital 13d				
23d		<u>(13d) According to the communication of the Commission of 14 October 2020 on an EU strategy to reduce methane emissions, 26 % of the continent's methane emissions come from waste. Worldwide, landfills and dumpsites are predicted to account for 8 to 10 % of all anthropogenic greenhouse gas emissions by 2025. The Union should aim at significantly reducing landfilling in the Union and should in any case avoid the future inclusion of waste incineration in the EU ETS creating an uneven playing field and leading to increased landfilling. Therefore, the Commission should also assess</u>		

		<u><i>the possibility and feasibility of including all waste management processes, such as landfills, fermentation, composting and mechanical-biological treatment, in the EU ETS.</i></u>		
Recital 14				
24	(14) International maritime transport activity, consisting of voyages between ports under the jurisdiction of two different Member States or between a port under the jurisdiction of a Member State and a port outside the jurisdiction of any Member State, has been the only means of transportation not included in the Union's past commitments to reduce greenhouse gas emissions. Emissions from fuel sold in the Union for journeys that depart in one Member State and arrive in a different Member State or a third country have grown by around 36 % since 1990. Those emissions represent close to 90 % of all Union navigation emissions as emissions from fuel sold in the	(14) International maritime transport activity, consisting of voyages between ports under the jurisdiction of two different Member States or between a port under the jurisdiction of a Member State and a port outside the jurisdiction of any Member State, has been the only means of transportation not included in the Union's past commitments to reduce greenhouse gas emissions. Emissions from fuel sold in the Union for journeys that depart in one Member State and arrive in a different Member State or a third country have grown by around 36 % since 1990. Those emissions represent close to 90 % of all Union navigation emissions as emissions from fuel sold in the	(14) International maritime transport activity, consisting of voyages between ports under the jurisdiction of two different Member States or between a port under the jurisdiction of a Member State and a port outside the jurisdiction of any Member State, has been the only means of transportation not included in the Union's past commitments to reduce greenhouse gas emissions. Emissions from fuel sold in the Union for journeys that depart in one Member State and arrive in a different Member State or a third country have grown by around 36 % since 1990. Those emissions represent close to 90 % of all Union navigation emissions as emissions from fuel sold in the	

	<p>Union for journeys departing and arriving in the same Member State have been reduced by 26 % since 1990. In a business-as-usual scenario, emissions from international maritime transport activities are projected to grow by around 14 % between 2015 and 2030 and 34 % between 2015 and 2050. If the climate change impact of maritime transport activities grows as projected, it would significantly undermine reductions made by other sectors to combat climate change.</p>	<p>Union for journeys departing and arriving in the same Member State have been reduced by 26 % since 1990. In a business-as-usual scenario, emissions from international maritime transport activities are projected to grow by around 14 % between 2015 and 2030 and 34 % between 2015 and 2050. If the climate change impact of maritime transport activities grows as projected, it would significantly undermine reductions made by other sectors to combat climate change <u>and therefore to achieve the economy-wide net greenhouse gas emissions reduction target for 2030, the Union's climate-neutrality objective by 2050, at the latest, and the aim of achieving negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119 and the goal of the Paris Agreement.</u></p>	<p>Union for journeys departing and arriving in the same Member State have been reduced by 26 % since 1990. In a business-as-usual scenario, emissions from international maritime transport activities are projected to grow by around 14 % between 2015 and 2030 and 34 % between 2015 and 2050. If the climate change impact of maritime transport activities grows as projected, it would significantly undermine reductions made by other sectors to combat climate change.</p>	
Recital 14a				
24a		<p><u>(14a) International maritime transport is the only means of</u></p>		

		<p><u>transportation that has not been included in the Union's commitment to reduce greenhouse gas emissions, despite the fact that the European Parliament has repeatedly called for all sectors of the economy to contribute to the joint effort to complete the transition to net-zero greenhouse gas emissions as soon as possible and by 2050 at the latest, in line with the Union's commitments under the Paris Agreement. CO2 remains the dominant cause of maritime transport's climate impact when calculated on a global warming-potential 100-year basis, accounting for 98 %, or, if black carbon is included, 91 %, of total international greenhouse gas emissions in CO2 equivalents. However, according to a report entitled 'Fourth IMO Greenhouse Gas Study' of the International Maritime Organization (IMO), published in 2020, there was an 87 % increase of methane (CH4) over the period from 2012 to 2018. Therefore, and in line with the amendments adopted by the European Parliament on 16 September 2020 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU)</u></p>		
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		<p><u>2015/757, in order to take appropriate account of the global data collection system for ship fuel oil consumption data, both CO₂ and CH₄ emissions, as well as nitrous oxides (N₂O), should be included in the extension of the EU ETS to maritime transport activities. Consequently, an administering authority should ensure that shipping companies monitor and report aggregated emissions data including the release of CO₂, CH₄ and N₂O to ensure consistency with Regulation (EU) .../.... [FuelEU Maritime]. Furthermore, the Commission should by 31 December 2024 assess, and report to the European Parliament and to the Council on, the impact on the global climate of greenhouse gas emissions other than CO₂, N₂O and CH₄ and of particles with a global warming potential, and, where appropriate, submit a legislative proposal on the inclusion of those emissions and particles from maritime transport activities in the scope of the EU ETS.</u></p>		
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Recital 15				
25	<p>(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council¹, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council², action by the International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given</p>	<p>(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council¹, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council², action by the International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given</p>	<p>(15) In 2013, the Commission adopted a strategy for progressively integrating maritime emissions into the Union's policy for reducing greenhouse gas emissions. As a first step in this approach, the Union established a system to monitor, report and verify emissions from maritime transport in Regulation (EU) 2015/757 of the European Parliament and of the Council¹, to be followed by the laying down of reduction targets for the maritime sector and the application of a market based measure. In line with the commitment of the co-legislators expressed in Directive (EU) 2018/410 of the European Parliament and of the Council², action by the International Maritime Organization (IMO) or the Union should start from 2023, including preparatory work on adoption and implementation of a measure ensuring that the sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement and due consideration being given</p>	

	<p>by all stakeholders.</p> <hr/> <p>1. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).</p> <p>2. Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).</p>	<p>by all stakeholders. <u><i>In order to increase the environmental effectiveness of Union measures and avoid unfair competition and incentives for circumvention, the scope of Regulation (EU) 2015/757 should be amended to cover ships of 400 gross tonnage and above from 1 January 2024. In order to ensure there is a proportionate administrative burden, for ships of less than 5 000 gross tonnage, operators should only be required to report the information which is relevant for inclusion from 1 January 2027 of such ships within the scope of the EU ETS, in particular the type of fuel, its carbon factor and energy density.</i></u></p> <hr/> <p>1. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).</p> <p>2. Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814</p>	<p>by all stakeholders.</p> <hr/> <p>1. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).</p> <p>2. Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 (OJ L 76, 19.3.2018, p. 3).</p>	
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		(OJ L 76, 19.3.2018, p. 3).		
Recital 16				
26	<p>(16) Pursuant to Directive (EU) 2018/410, the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, while the recent progress achieved through the IMO is welcome, these measures will not be sufficient to achieve the objectives of the Paris Agreement.</p>	<p>(16) Pursuant to Directive (EU) 2018/410, the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged. However, while the recent progress achieved through the IMO is welcome, these measures will not be <u>framework are not</u> sufficient to achieve the objectives of the Paris Agreement. <u>Given the international character of shipping, the Commission in collaboration with Member States should further step up diplomatic efforts to make progress on the</u></p>	<p>(16) Pursuant to Directive (EU) 2018/410, the Commission should report to the European Parliament and to the Council on the progress achieved in the IMO towards an ambitious emission reduction objective, and on accompanying measures to ensure that the maritime transport sector duly contributes to the efforts needed to achieve the objectives agreed under the Paris Agreement. Efforts to limit global maritime emissions through the IMO are under way and should be encouraged, including the rapid implementation of the IMO Initial Strategy on Reduction of Greenhouse Gas Emissions from Ships, adopted in 2018, that also refers to possible market-based measures to incentivise GHG emission reductions from international shipping. However, while the recent progress achieved through the IMO is welcome,</p>	

		<u>development of a global market-based measure at the IMO level.</u>	these so far measures will not behave not been sufficient to achieve the objectives of the Paris Agreement.	
Recital 16a				
26a		<u>(16a) Evasive port calls in neighbouring non-EU countries could seriously jeopardise the effectiveness of the EU ETS in relation to maritime transport, as it would not reduce total shipping emissions. Such evasive port calls could even increase overall emissions, in particular where such evasion leads to longer voyages to and from third countries with lower environmental standards. Therefore, the Commission should monitor, and report biennially from ... [the year following the entry into force of this amending Directive] on, the implementation of the Chapter on maritime transport and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive and</u>		

		<u>should present, where applicable, a legislative proposal to address any evidence of evasive port calls.</u>		
Recital 17				
27	<p>(17) In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets.¹ Considering that emissions from</p>	<p>(17) <u>Greenhouse gas emissions from the maritime sector account for around 2,5 % of Union emissions. The lack of decisive action within the IMO framework has delayed innovation and introduction of necessary measures to reduce emissions in the sector.</u> In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes <u>its fair share</u> to the increased climate objectives of the Union as well as to the objectives of the Paris</p>	<p>(17) In the European Green Deal, the Commission stated its intention to take additional measures to address greenhouse gas emissions from the maritime transport sector through a basket of measures to enable the Union to reach its emissions reduction targets. In this context, Directive 2003/87/EC should be amended to include the maritime transport sector in the EU ETS in order to ensure this sector contributes to the increased climate objectives of the Union as well as to the objectives of the Paris Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets.¹ Considering that emissions from</p>	

	<p>international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. The extension of the EU ETS to the maritime transport sector should thus include half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port under the jurisdiction of a Member State, and emissions at berth in a port under the jurisdiction of a Member State.</p>	<p>Agreement, which requires developed countries to take the lead by undertaking economy-wide emission reduction targets, while developing countries are encouraged to move over time towards economy-wide emission reduction or limitation targets.¹ <u><i>The surrendering of allowances by shipping companies should be fully implemented from 2024 and shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.</i></u> Considering that emissions from international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers <u><i>such emissions, while providing for derogations under strict conditions if third countries take responsibility for such emissions or an IMO market-based measure is in place to cover</i></u> a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on</p>	<p>international aviation outside Europe should be capped from January 2021 by global market-based action while there is no action in place that caps or prices maritime transport emissions, it is appropriate that the EU ETS covers a share of the emissions from voyages between a port under the jurisdiction of a Member State and port under the jurisdiction of a third country, with the third country being able to decide on appropriate action in respect of the other share of emissions. The extension of the EU ETS to the maritime transport sector should thus include half of the emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port under the jurisdiction of a Member State, and emissions at berth in a port under the jurisdiction of a Member State.</p>	
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	<p>This approach has been noted as a practical way to solve the issue of Common but Differentiated Responsibilities and Capabilities, which has been a longstanding challenge in the UNFCCC context. The coverage of a share of the emissions from both incoming and outgoing voyages between the Union and third countries ensures the effectiveness of the EU ETS, notably by increasing the environmental impact of the measure compared to a geographical scope limited to voyages within the EU, while limiting the risk of evasive port calls and the risk of delocalisation of transshipment activities outside the Union. To ensure a smooth inclusion of the sector in the EU ETS, the surrendering of allowances by shipping companies should be gradually increased with respect to verified emissions reported for the period 2023 to 2025. To protect the environmental integrity of the system, to the extent that fewer allowances are surrendered in respect of verified emissions for maritime transport during those years, once the difference between verified emissions and allowances surrendered has been established</p>	<p>appropriate action in respect of the other share of emissions. <u>From 2027 onwards</u>, the extension of the EU ETS to the maritime transport sector should thus include half of the emissions from voyages to and from third countries, while providing for derogations in relation to emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State from a port outside the jurisdiction of a Member State, half of the emissions from ships performing voyages departing from<u>arriving at</u> a port under the jurisdiction of a Member State and arriving at<u>from</u> a port outside the jurisdiction of a Member State, <u>half of the</u> emissions from ships performing voyages arriving at a port under the jurisdiction of a Member State<u>departing</u> from a port under the jurisdiction of a Member State, and emissions at berth in <u>and arriving at</u> a port under<u>outside</u> the jurisdiction of a Member State. This approach has been noted as a practical way to solve the issue of Common but Differentiated Responsibilities and Capabilities, which has been a longstanding challenge in the UNFCCC context. The coverage of a share of the emissions from both incoming and</p>	<p>This approach has been noted as a practical way to solve the issue of Common but Differentiated Responsibilities and Capabilities, which has been a longstanding challenge in the UNFCCC context. The coverage of a share of the emissions from both incoming and outgoing voyages between the Union and third countries ensures the effectiveness of the EU ETS, notably by increasing the environmental impact of the measure compared to a geographical scope limited to voyages within the EU, while limiting the risk of evasive port calls and the risk of delocalisation of transshipment activities outside the Union. To ensure a smooth inclusion of the sector in the EU ETS, the surrendering of allowances by shipping companies should be gradually increased with respect to verified emissions reported for the period 2023 to <u>2024 to 2026</u>. To protect the environmental integrity of the system, to the extent that fewer allowances are surrendered in respect of verified emissions for maritime transport during those years, once the difference between verified emissions and allowances surrendered has been established</p>	
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	<p>each year, a corresponding a number of allowances should be cancelled. As from 2026, shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.</p> <hr/> <p>1. Paris Agreement, Article 4(4).</p>	<p>outgoing voyages between the Union and third countries ensures the effectiveness of <u>under strict conditions, in particular where a third country has a carbon pricing mechanism in place, or has established through a bilateral or multilateral agreement between the Union and one or more third countries a carbon pricing mechanism linked to the EU ETS, pursuant to Article 25 of Directive 2003/87/EC, to cap and reduce emissions to a level at least equivalent to the EU ETS, meaning a binding mechanism to cap, reduce and price maritime greenhouse gas emissions, resulting in an absolute emissions reduction at least equivalent to the case where 100 % of those emissions would be subject to the EU ETS or where a third country is a Least Developed Country or Small Island Developing State that has a GDP per capita not equalling or exceeding the Union average and includes such emissions under its nationally determined contributions under the Paris Agreement.</u> the EU ETS, notably by increasing the environmental impact of the measure compared to a geographical scope limited to</p>	<p>each year, a corresponding a number of allowances should be cancelled. As from 20262027, shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.</p> <hr/> <p>1. Paris Agreement, Article 4(4).</p>	
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		<p>voyages within the EU, while limiting the risk of evasive port calls and the risk of delocalisation of transshipment activities outside the Union. To ensure a smooth inclusion of the sector in the EU ETS, the surrendering of allowances by shipping companies should be gradually increased with respect to verified emissions reported for the period 2023 to 2025. To protect the environmental integrity of the system, to the extent that fewer allowances are surrendered in respect of verified emissions for maritime transport during those years, once the difference between verified emissions and allowances surrendered has been established each year, a corresponding number of allowances should be cancelled. As from 2026, shipping companies should surrender the number of allowances corresponding to all of their verified emissions reported in the preceding year.</p> <p>_____</p> <p>1. Paris Agreement, Article 4(4).</p>		
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Recital 17a				
27a		<p><u>(17a) The adverse impacts of climate change affect the respect of human rights, including the right to food, water, sanitation, health, decent housing and life. The Paris Agreement positioned as the third pillar of climate action the damage and loss that disproportionately affect people living in conditions of vulnerability, indigenous peoples, women, children, and people with disabilities. The low-income, lower-middle income and least developed countries are the most vulnerable to the impact of climate change. Although their contributions to the greenhouse gases in the atmosphere are very small or even negligible, they tend to be more heavily exposed to impacts of climate change, notably in view of the state of their infrastructure and their populations' living conditions. Those countries are now in a calamitous situation because of the combination of the global failure to curb greenhouse gas emissions, which increases their</u></p>	<p>(17a) The extension of the scope of Directive 2003/87/EC to maritime transport will lead to changes in the cost of shipping. All parts of the Union will be affected by this as the goods transported to and from ports within the Union by maritime transport have their origin or destination in the different Member States, including in landlocked Member States. The allocation of allowances to be auctioned by the Member States should therefore, in principle, not change as a consequence of the inclusion of maritime activities and include all Member States. However, Member States will be affected to different extents. Notably Member States with a high reliance on shipping will be most exposed to the effect of the extension. Member States with a large maritime sector compared to their relative size will be more affected by the extension of the EU ETS to maritime transport. It is therefore appropriate to provide</p>	

		<u><i>adaptation needs and costs ever higher, and the public finance crises caused by the COVID-19 pandemic and the associated 'debt pandemic'.</i></u>	<p>additional assistance to those Member States in the form of additional allowances to support decarbonisation of maritime activities and for the administrative costs incurred. The assistance should be gradually introduced in parallel with the introduction of surrender obligations and thus with the increased effect on those Member States. Within the context of the review of Directive 2003/87/EC, the Commission should consider the relevance of this additional assistance in light, notably, of the development in the shipping companies under the responsibility of different Member States.</p>	
Recital 17aa				
27b			<p>(17aa) The EU ETS should contribute significantly to reducing greenhouse gas emissions from maritime activities and to increasing efficiency. The use of EU ETS revenues pursuant to Article</p>	

			10(3) of the Directive should include, inter alia, the promotion of low-emission transport and public transport in all sectors.	
Recital 17b				
27c		<u>(17b) The Commission, the Council and the European Parliament should work with third countries in order to facilitate acceptance of the provisions of Directive 2003/87/EC as regards maritime transport activities and to strengthen international cooperation in this area. At the same time, the Commission, the Council and the European Parliament should work to strengthen global measures through the IMO.</u>	(17b) Renewing fleets of ice-class ships and developing innovative technology that reduces the emissions of such ships will take time and require financial support. Currently, the design enabling ice-class ships to sail in ice conditions, leads to such ships consuming more fuel and producing more emissions than ships of similar size designed for sailing only in open water. Therefore, a flag-neutral method should be implemented under this Directive allowing for a reduction of allowances to be surrendered by shipping companies on the basis of their ships' ice class until 31 December 2030.	

Recital 17c				
27d		<p><u>(17c) Significant financial resources are needed to implement the Paris Agreement and the Union remains committed to contributing to the developed countries' goal of jointly mobilising from different sources USD 100 billion per year, starting from 2020, to support developing countries. The decision taken at COP24 on having a more ambitious target from 2025 onwards, beyond the current commitment, is a step in the right direction, but the actual pledges by developed countries still fall a long way short of the collective goal, and the resulting gap should be filled. The Union and its Member States should step up their efforts to mobilise international climate finance for developing countries and develop an international roadmap outlining each developed country's fair share of the USD 100 billion financial pledge and the mechanisms to ensure that pledges are turned into deeds. Emerging economies should make</u></p>	<p>(17c) Islands are more dependent on maritime transport than the other regions and depend on maritime links for their connectivity. In order to assist islands with a smaller population to remain connected following the inclusion of maritime activities in the scope of Directive 2003/87/EC it is appropriate to provide for the possibility to provide for a temporary derogation from the surrender obligation under that Directive for maritime transport activities with islands with a population lower than 200.000 inhabitants.</p>	

		<u><i>a contribution, from 2025 onwards, to the increased amount of international climate financing in the future.</i></u>		
Recital 17d				
27e		<u><i>(17d) The Commission should assist developing countries and step up its support for such countries, including through the EU ETS, in order to strengthen their ability to adapt and their resilience in relation to climate change. Collective pledging of support for climate action in developing countries by the Union would increase its influence in the UNFCCC negotiations, while contributing through the Green Climate Fund would also encourage other countries to contribute a portion of the revenues from their own carbon pricing schemes to that fund. The Commission should submit a report to the European Parliament and to the Council in which it examines the decarbonisation needs in developing countries by</i></u>	(17d) It should be possible for Member States to request that transnational public service contract or a transnational public service obligation between two Member States should be temporarily exempted from certain obligations under Directive 2003/87/EC. The possibility should be limited to connections between a Member State without a land-border with another Member State and the geographically closest Member State, such as the maritime connection between Cyprus and Greece, which has been absent for over two decades. This temporary derogation contributes to the compelling need to provide a service of general interest and ensure connectivity as well as economic,	

		<u>assessing greenhouse gas emissions in sectors corresponding to the sectors covered under the EU ETS and CBAM.</u>	social and territorial cohesion.	
Recital 17e				
27f		<u>(17e) The Union and its Member States are the largest providers of public climate finance. Financing climate action is essential, as many developing countries have conditional nationally determined contributions, the achievement of which depends on financial support. The Commission should support developing countries with decarbonisation of their industries, in particular in those sectors corresponding to the sectors covered under the EU ETS and CBAM, in order to facilitate their achievement of economy-wide emission reduction targets in line with the Paris Agreement. Particular priority should be given to addressing the needs of least developed countries through the use of EU ETS allowances to fund</u>	(17e) Taking into account the special characteristics and permanent constraints of the outermost regions of the Union as recognised in Article 349 of the Treaty, and given their heavy dependence on maritime transport, special consideration should be given to preserving their accessibility and efficient connectivity by maritime transport. Therefore, a temporary derogation from certain obligations in pursuant to Directive 2003/87EC should be provided for emissions from maritime transport activities between a port located in an outermost region of a Member State and a port located in the same Member State, including ports located in the same	

		<u>climate action, in particular adaptation to the impacts of climate change.</u>	outermost region and in another outermost region of the same Member State.	
Recital 17f				
27g		<u>(17f) Renewing fleets of ice-class ships and developing innovative technology that reduces the emissions of such ships while sailing in winter conditions will take time and require financial support. Currently, the design enabling ice-class ships to sail in ice conditions, leads to such ships producing more emissions both in open water and when navigating in ice conditions than ships of similar size designed for sailing only in open water. On average, ice-class ships, when sailing in open water, consume about 2 to 5 % more fuel than ships of similar size designed for sailing in open water only. Therefore, a flag-neutral method to take into account ice conditions in northern parts of the Union should be implemented under this Directive allowing for a reduction of</u>		

		<p><u>allowances to be surrendered by shipping companies on the basis of their ships' ice class or navigation in ice conditions, or both, until 31 December 2029. As a result, from 2030 onwards, shipping companies should be liable to surrender allowances corresponding to one hundred percent (100 %) of verified emissions reported for each respective year notwithstanding their ships' ice class and navigation in ice conditions. There should also be specific support for innovation regarding the decarbonisation of ice-class ships through an Ocean Fund.</u></p>		
Recital 18				
28	<p>(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and subsequent</p>	<p>(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and subsequent</p>	<p>(18) The provisions of Directive 2003/87/EC as regards maritime transport activities should be kept under review in light of future international developments and efforts undertaken to achieve the objectives of the Paris Agreement, including the second global stocktake in 2028, and</p>	

	<p>global stocktakes every five years thereafter, intended to inform successive nationally determined contributions. In particular, the Commission should report any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 - to the European Parliament and to the Council on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission should analyse the International Maritime Organization instruments and, assess, as relevant, how to implement those instruments in Union law through a revision of Directive 2003/87/EC. In its report, the Commission should include proposals as appropriate.</p>	<p>global stocktakes every five years thereafter, intended to inform successive nationally determined contributions. In particular, the Commission should report any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 - to the European Parliament and to the Council on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission should analyse the International Maritime Organization instruments and, assess, as relevant, how to implement those instruments in Union law through a revision of Directive 2003/87/EC. In <u><i>the event that a global market-based measure has been adopted at IMO level leading to greenhouse gas emission reductions which are in line with the Paris Agreement and at least comparable to those resulting from the Union measures, the Commission should consider a proportionate reduction of the scope of application of the Union measures to avoid the creation of a double burden, while maintaining in the scope of the EU ETS at least fifty percent (50 %) of the emissions from ships performing voyages</i></u></p>	<p>subsequent in the event of the adoption by the International Maritime Organization of a global stocktake every five years thereafter, intended to inform successive nationally determined contributions. market-based measure to reduce greenhouse gas emissions from maritime transport to take such progress into account, in particular if the measure is sufficiently ambitious and robust. To this end, the Commission should report without delay any time before the second global stocktake in 2028 - and therefore no later than by 30 September 2028 — present a report to the European Parliament and to the Council. The Commission should in that report examine that measure as regards its ambition in light of the objectives of the Paris Agreement and its overall environmental integrity. It should also examine any issue related to the possible co-existence or alignment of this Directive with that on progress in the IMO negotiations concerning a global market-based measure. In its report, the Commission Where appropriate, the report should analyse the International Maritime</p>	
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		<p><u>departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and fifty percent (50 %) percent of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, while recognising the Union's sovereignty to regulate its share of emissions from international shipping voyages in line with the obligations of the Paris Agreement. However, in the event that there has been insufficient progress at IMO level or that global measures have been adopted at IMO level which are not in line with the Paris Agreement and at least comparable to those resulting from the Union measures, the Commission should keep the Union measures to cover one hundred percent (100 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State and one hundred percent (100 %) of the emissions</u></p>	<p>Organization instruments and, assess, as relevant, how to implement those instruments in be accompanied by a legislative proposal to amend this Directive, consistent with the Union economy-wide greenhouse gas emission commitments, and with the aim of preserving the environmental integrity and effectiveness of the Union law through a revision of Directive 2003/87/EC. In its report, the Commission should include proposals as appropriate climate action, ensuring appropriate implementation of the global market-based measure adopted by the International Maritime Organization, while taking into account the need for coherence between the EU ETS and the global market-based measure and avoidance of any resulting significant double burden.</p>	
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		<p><u>from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, through an amendment of Directive 2003/87/EC.</u>its report, the Commission should include proposals as appropriate.</p>		
Recital 18a				
28a			<p>(18a) With the increased costs of shipping which the extension of Directive 2003/87/EC to maritime shipping activities entails, there is in the absence of a global measure a risk of circumvention. Evasive port calls to ports outside of the Union will not only diminish the environmental benefits of internalising the cost of emissions from maritime activities but may lead to additional emissions due to the extra distance travelled to evade application of Directive 2003/87/EC. It is therefore appropriate to exclude from the concept of port of call certain</p>	

			<p>stops at non-Union ports. That exclusion should be targeted to ports in the Union's vicinity where the risk of evasion is the largest. A limit of 300 nautical miles constitutes a proportionate response to evasive behaviour, balancing the additional burden and the risk of evasion.</p> <p>Moreover, the exclusion from the concept of port of call should only target containerships and ports whose main activity is the transshipment of containers. For such shipments the risk of evasion, in the absence of mitigating measures, also consists in a shift of port hub to ports outside the Union aggravating the effects of the evasion. To ensure the proportionality and equal treatment of the measure account should be taken to measures in third countries that have an effect equivalent to Directive 2003/87/EC.</p>	
Recital 19				
29				

	<p>(19) The Commission should review the functioning of Directive 2003/87/EC in relation to maritime transport activities in the light of experience of its application, including in relation to possible evasive practices, and should then propose measures to ensure its effectiveness.</p>	<p>(19) The Commission should review the functioning of Directive 2003/87/EC in relation to maritime transport activities in the light of experience of its application, including in relation to possible evasive practices, and should then propose measures to ensure its effectiveness <u>aligned with the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119 and the objectives of the Paris Agreement.</u></p>	<p>(19) The Commission should review the functioning of Directive 2003/87/EC in relation to maritime transport activities in the light of experience of its application, including detecting evasive behaviour in order to prevent them at an early stagein relation to possible evasive practices, and should then propose measures to ensure its effectiveness.</p>	
Recital 19a				
29a			<p>(19a) CO₂ emissions represent the large majority of shipping emissions. The inclusion of additional greenhouse gas emissions from maritime transport from the start of the inclusion of shipping in the ETS is too early for reasons of administrative practicability, but emissions from greenhouse gases other than CO₂ will likely grow</p>	

			<p>over time with the development of vessels powered by liquefied natural gases or other energy sources, so their inclusion in the future in the ETS would be beneficial for environmental integrity and incentivizing good practices. Therefore, emissions from methane and nitrous oxide should be included in the MRV Regulation. No later than 31 December 2026, the Commission should present a report to the European Parliament and to the Council in which it should examine the feasibility and cost-effectiveness of the inclusion in this Directive of additional greenhouse gas emissions from maritime transport.</p>	
Recital 19b				
29b			<p>(19b) Shipping emissions from vessels below 5000 gross tonnage represent a minority of shipping emissions but concern a large number of ships. The inclusion of these vessels from the start of the inclusion of shipping in the ETS</p>	

			<p>is too early for reasons of administrative practicability, but their inclusion in the future would improve the effectiveness of the ETS and potentially reduce evasive behaviours with the use of vessels below the 5000 gross tonnage threshold. Therefore, no later than 31 December 2026, the Commission should present a report to the European Parliament and to the Council in which it should examine the feasibility and cost-effectiveness of the inclusion in this Directive of emissions from ships below 5000 gross tonnage.</p>	
Recital 20				
30	<p>(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on</p>	<p>(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on</p>	<p>(20) The person or organisation responsible for the compliance with the EU ETS should be the shipping company, defined as the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on</p>	

	<p>assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. In line with the polluter pays principle, the shipping company could, by means of a contractual arrangement, hold the entity that is directly responsible for the decisions affecting the CO₂ emissions of the ship accountable for the compliance costs under this Directive. This entity would normally be the entity that is responsible for the choice of fuel, route and speed of the ship.</p>	<p>assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. <u>However, the shipping company is not always responsible for purchasing the fuel or taking operational decisions that affect the greenhouse gas emissions of the ship. Those responsibilities can be assumed by an entity other than the shipping company under a contractual arrangement. In that case, in order to ensure that</u>In line with the polluter pays principle, the shipping company could, by means of a contractual arrangement, hold<u>is fully respected and to encourage the adoption of efficiency measures and cleaner fuels, a binding clause should be included in such arrangements for the purpose of passing on the costs so that</u> the entity that is directly<u>ultimately</u> responsible for the decisions affecting the CO₂<u>greenhouse gas</u> emissions of</p>	<p>assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention. This definition is based on the definition of ‘company’ in Article 3, point (d) of Regulation (EU) 2015/757, and in line with the global data collection system established in 2016 by the IMO. In line with the polluter pays principle, the shipping company could, by means of a contractual arrangement, hold the entity that is directly responsible for the decisions affecting the CO₂ emissions of the ship accountable for the compliance costs under this Directive. This entity would normally be the entity that is responsible for the choice of fuel, route and speed of the ship.</p>
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		<p>the ship <u>is held</u> accountable for <u>covering</u> the compliance costs <u>paid by the shipping company</u> under this Directive. This <u>That</u> entity would normally be the entity that is responsible for the choice <u>and purchase of the fuel used by the ship, or for the operation of the ship, as regards, for example, the choice of the cargo carried by, or the of fuel, route and speed of,</u> the ship.</p>		
Recital 20a				
30a		<p><u>(20a) The successful transition to zero emission shipping requires an integrated approach and the appropriate enabling environment to stimulate innovation, both as regards ships and in ports. That enabling environment involves public and private investment in research and innovation, technological and operational measures to improve the energy efficiency of ships and ports, and the deployment of sustainable alternative fuels, such as hydrogen and ammonia, that are</u></p>	<p>(20a) The emissions from a ship depend <i>inter alia</i> on the vessel energy efficiency measures taken by the ship-owner and the fuel, the cargo carried, the route and the speed of the ship which may be under the control of a different entity than the ship-owner. At the point of contract negotiation mainly the latter aspects would not be known and thus the ultimate emissions from the ship covered by Directive 2003/87/EC would be uncertain. However, without a pass through</p>	

		<p><u>produced from renewable energy sources, including through carbon contracts for difference ('CCDs'), and of zero emission propulsion technologies, including the necessary refuelling and recharging infrastructure in ports. An Ocean Fund should be established from revenues generated from the auctioning of allowances in respect of maritime transport activities under the EU ETS, in order to improve the energy efficiency of ships and support investment aimed at facilitating the decarbonisation of maritime transport, including as regards short sea shipping and ports, and training and re-training of the workforce. In addition, the revenues generated from penalties imposed under Regulation (EU) ... /... [FuelEU Maritime] should be allocated to the Ocean Fund as external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council^{1a} 1a and Article 3gab(1) of Directive 2003/87/EC. The Commission should ensure that due consideration is given to supporting innovative projects contributing to the deployment</u></p>	<p>of carbon costs to the entity operating the ship, the incentives to implement operational measures for fuel efficiency would be limited. In line with the polluter pays principle, the shipping company should therefore be entitled, under national law, to claim reimbursement for the costs arising from the surrender of allowances from the entity that is directly responsible for the decisions affecting the CO₂ emissions of the ship. While such a mechanism of reimbursement could be subject to a contractual arrangement, Member States should, to reduce administrative costs, not be obliged to ensure or control the existence of such contracts but should instead provide, in national law, a statutory entitlement for the shipping company to be reimbursed and the corresponding access to justice to enforce that entitlement. For the same reasons, this entitlement, including any possible conflict relating to the reimbursement between the shipping company and the entity operating the ship, should not affect the obligations of the shipping company vis-à-vis</p>	
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		<p><u>and implementation of Regulation (EU) .../... [FuelEU Maritime] as well as projects that have a positive effect on biodiversity and help reduce the risk of noise, air and maritime pollution.</u></p> <p>_____</p> <p><u>1a. Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).</u></p>	<p>the administering authority nor the enforcement measures that might be necessary against such a company to ensure the full compliance with Directive 2003/87EC.</p>	
Recital 21				
31	<p>(21) In order to reduce the administrative burden on shipping companies, one Member State should be responsible for each shipping company. The Commission should publish an initial list of shipping companies that performed a maritime activity</p>	<p>(21) In order to reduce the administrative burden on shipping companies, one Member State should be responsible for each shipping company. The Commission should publish an initial list of shipping companies that performed a maritime activity</p>	<p>(21) In order to reduce the administrative burden on shipping companies, one Member State should be responsible for each shipping company. The Commission should publish an initial list of shipping companies that performed a maritime activity</p>	

<p>falling within the scope of the EU ETS, which specifies the administering authority in respect of each shipping company. The list should be updated at least every two years to reattribute shipping companies to another administering authority as relevant. For shipping companies registered in a Member State, the administering authority should be that Member State. For shipping companies registered in a third country, the administering authority should be the Member State in which the shipping company had the greatest estimated number of port calls from voyages falling within the scope of Directive 2003/87/EC in the last two monitoring years. For shipping companies registered in a third country and which did not perform any voyage falling within the scope of Directive 2003/87/EC in the last two monitoring years, the administering authority should be the Member State from where the shipping company started its first voyage falling within the scope of that Directive. The Commission should publish and update on a biennial basis a list of shipping companies falling within the scope of Directive 2003/87/EC</p>	<p>falling within the scope of the EU ETS, which specifies the administering authority in respect of each shipping company. The list should be updated <u>regularly and</u> at least every two years<u>year</u> to reattribute shipping companies to another administering authority as relevant. For shipping companies registered in a Member State, the administering authority should be that Member State. For shipping companies registered in a third country, the administering authority should be the Member State in which the shipping company had the greatest estimated number of port calls from voyages falling within the scope of Directive 2003/87/EC in the last two monitoring years. For shipping companies registered in a third country and which did not perform any voyage falling within the scope of Directive 2003/87/EC in the last two monitoring years, the administering authority should be the Member State from where the shipping company started its first voyage falling within the scope of that Directive. The Commission should publish and update on a biennial<u>yearly</u> basis a list of shipping companies falling within the scope of Directive 2003/87/EC</p>	<p>falling within the scope of the EU ETS, which specifies the administering authority in respect of each shipping company. The list should be updated at least every two years to reattribute shipping companies to another administering authority as relevant. For shipping companies registered in a Member State, the administering authority should be that Member State. For shipping companies registered in a third country, the administering authority should be the Member State in which the shipping company had the greatest estimated number of port calls from voyages falling within the scope of Directive 2003/87/EC in the last twofour monitoring years. For shipping companies registered in a third country and which did not perform any voyage falling within the scope of Directive 2003/87/EC in the last twofour monitoring years, the administering authority should be the Member State from where a ship of the shipping company arrived or started its first voyage falling within the scope of that Directive. The Commission should publish and update on a biennial basis a list of shipping companies falling within the scope</p>	
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	specifying the administering authority for each shipping company. In order to ensure equal treatment of shipping companies, Member States should follow harmonised rules for the administration of shipping companies for which they have responsibility, in accordance with detailed rules to be established by the Commission.	specifying the administering authority for each shipping company. In order to ensure equal treatment of shipping companies, Member States should follow harmonised rules for the administration of shipping companies for which they have responsibility, in accordance with detailed rules to be established by the Commission.	of Directive 2003/87/EC, as relevant , specifying the administering authority for each shipping company. In order to ensure equal treatment of shipping companies, Member States should follow harmonised rules for the administration of shipping companies for which they have responsibility, in accordance with detailed rules to be established by the Commission.	
Recital 22				
32	(22) Member States should ensure that the shipping companies that they administer comply with the requirements of Directive 2003/87/EC. In the event that a shipping company fails to comply with those requirements and any enforcement measures taken by the administering authority have failed to ensure compliance, Member States should act in solidarity. As a last resort measure, Member States should be able to refuse entry to the ships under the responsibility of the shipping company	(22) Member States should ensure that the shipping companies that they administer comply with the requirements of Directive 2003/87/EC. In the event that a shipping company fails to comply with those requirements and any enforcement measures taken by the administering authority have failed to ensure compliance, Member States should act in solidarity. As a last resort measure, Member States should be able to refuse entry to the ships under the responsibility of the shipping company	(22) Member States should ensure that the shipping companies that they administer comply with the requirements of Directive 2003/87/EC. In the event that a shipping company fails to comply with those requirements and any enforcement measures taken by the administering authority have failed to ensure compliance, Member States should act in solidarity. As a last resort measure, Member States should be able to refuse entry to the ships under the responsibility of the shipping company	

	concerned, except for the Member State whose flag the ship is flying, which should be able to detain that ship.	concerned, except for the Member State whose flag the ship is flying, which should be able to detain that ship.	concerned, except for the Member State whose flag the ship is flying, which should be able to detain that ship.	
Recital 23				
33	(23) Shipping companies should monitor and report their aggregated emissions data from maritime transport activities at company level in accordance with the rules laid down in Regulation (EU) 2015/757. The reports on aggregated emissions data at company level should be verified in accordance with the rules laid down in that Regulation. When performing the verifications at company level, the verifier should not verify the emissions report at ship level and the report referred to in Article 11(2) of that Regulation, as those reports at ship level would have been already verified.	(23) Shipping companies should monitor and report their aggregated emissions data from maritime transport activities at company level in accordance with the rules laid down in Regulation (EU) 2015/757. The reports on aggregated emissions data at company level should be verified in accordance with the rules laid down in that Regulation. When performing the verifications at company level, the verifier should not verify the emissions report at ship level and the report referred to in Article 11(2) of that Regulation, as those reports at ship level would have been already verified.	(23) Shipping companies should monitor and report their aggregated emissions data from maritime transport activities at company level in accordance with the rules laid down in Regulation (EU) 2015/757. The reports on aggregated emissions data at company level should be verified in accordance with the rules laid down in that Regulation. When performing the verifications at company level, the verifier should not verify the emissions report at ship level and the report referred to in Article 11(2) of that Regulation, as those reports at ship level would have been already verified.	
Recital 24				

34	<p>(24) Based on experience from similar tasks related to environmental protection, the European Maritime Safety Agency (EMSA) or another relevant organisation should, as appropriate and in accordance with its mandate, assist the Commission and the administering authorities in respect of the implementation of Directive 2003/87/EC. Owing to its experience with the implementation of Regulation (EU) 2015/757 and its IT tools, EMSA could assist the administering authorities notably as regards the monitoring, reporting and verification of emissions generated by maritime activities under the scope of this Directive by facilitating the exchange of information or developing guidelines and criteria.</p>	<p>(24) Based on experience from similar tasks related to environmental protection, the European Maritime Safety Agency (EMSA) or another relevant organisation should, as appropriate and in accordance with its mandate, assist the Commission and the administering authorities in respect of the implementation of Directive 2003/87/EC. Owing to its experience with the implementation of Regulation (EU) 2015/757 and its IT tools, EMSA could<u>should</u> assist the administering authorities notably as regards the monitoring, reporting and verification of emissions generated by maritime activities under the scope of this Directive by facilitating the exchange of information or developing guidelines and criteria.</p>	<p>(24) Based on experience from similar tasks related to environmental protection, the European Maritime Safety Agency (EMSA) or another relevant organisation should, as appropriate and in accordance with its mandate, assist the Commission and the administering authorities in respect of the implementation of Directive 2003/87/EC. Owing to its experience with the implementation of Regulation (EU) 2015/757 and its IT tools, EMSA could assist the administering authorities notably as regards the monitoring, reporting and verification of emissions generated by maritime activities under the scope of this Directive by facilitating the exchange of information or developing guidelines and criteria. The Commission, assisted by the European Maritime Safety Agency, should endeavour to develop appropriate monitoring tools, as well as guidance to facilitate and coordinate verification and enforcement activities related to the application of this Directive to maritime transport. As far as</p>	
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			practicable, such tools should be made available to the Member State and the verifiers in order to better ensure robust enforcement of this Directive.	
Recital 25				
35	<p>(25) Regulation (EU) 2017/2392 of the European Parliament and of the Council¹ amended Article 12(3) of Directive 2003/87/EC to allow all operators to use all allowances that are issued. The requirement for greenhouse gas emissions permits to contain an obligation to surrender allowances, pursuant to Article 6(2), point (e), of that Directive, should be aligned accordingly.</p> <p>_____</p> <p>1. Regulation (EU) 2017/2392 of the European Parliament and of the Council of 13 December 2017 amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021 (OJ L 350, 29.12.2017, p. 7).</p>	<p>(25) Regulation (EU) 2017/2392 of the European Parliament and of the Council¹ amended Article 12(3) of Directive 2003/87/EC to allow all operators to use all allowances that are issued. The requirement for greenhouse gas emissions permits to contain an obligation to surrender allowances, pursuant to Article 6(2), point (e), of that Directive, should be aligned accordingly.</p> <p>_____</p> <p>1. Regulation (EU) 2017/2392 of the European Parliament and of the Council of 13 December 2017 amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021 (OJ L 350, 29.12.2017, p. 7).</p>	<p>(25) Regulation (EU) 2017/2392 of the European Parliament and of the Council¹ amended Article 12(3) of Directive 2003/87/EC to allow all operators to use all allowances that are issued. The requirement for greenhouse gas emissions permits to contain an obligation to surrender allowances, pursuant to Article 6(2), point (e), of that Directive, should be aligned accordingly.</p> <p>_____</p> <p>1. Regulation (EU) 2017/2392 of the European Parliament and of the Council of 13 December 2017 amending Directive 2003/87/EC to continue current limitations of scope for aviation activities and to prepare to implement a global market-based measure from 2021 (OJ L 350, 29.12.2017, p. 7).</p>	

Recital 26				
36	<p>(26) Achieving the Union's emissions reduction target for 2030 will require a reduction in the emissions of the sectors covered by the EU ETS of 61 % compared to 2005. The Union-wide quantity of allowances of the EU ETS needs to be reduced to create the necessary long-term carbon price signal and drive for this degree of decarbonisation. To this end, the linear reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.</p>	<p>(26) Achieving the Union's emissions reduction target for 2030, <u>while at the same time pursuing the goal of the Paris Agreement to limit global warming to 1,5 °C</u>, will require a <u>significant</u> reduction in the emissions of the sectors covered by the EU ETS of 61 % compared to 2005. The Union-wide quantity of allowances of the EU ETS needs to be reduced <u>progressively</u> to create the necessary long-term carbon price signal and drive for this degree of decarbonisation. To this end, the linear<u>annual</u> reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.</p>	<p>(26) Achieving the Union's emissions reduction target for 2030 will require a reduction in the emissions of the sectors covered by the EU ETS of 61 % compared to 2005. The Union-wide quantity of allowances of the EU ETS needs to be reduced to create the necessary long-term carbon price signal and drive for this degree of decarbonisation. To this end, the linear reduction factor should be increased, also taking into account the inclusion of emissions from maritime transport. The latter should be derived from the emissions from maritime transport activities reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 in the Union, adjusted, from year 2021, by the linear reduction factor.</p>	

Recital 27				
37	<p>(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper linear reduction pathway of the EU ETS should be a straight line from 2021 to 2030, such as to achieve emission reductions in the EU ETS of 61 % by 2030, as the appropriate intermediate step towards Union economy-wide climate neutrality in 2050. As the increased linear reduction factor can only apply from the year following the entry into force of this Directive, a one-off reduction of the quantity of allowances should reduce the total quantity of allowances so that it is in line with this level of annual reduction having been made from 2021 onwards.</p>	<p>(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper linear reduction pathway of the EU ETS should be a straight line from 2021 to 2030, such as to achieve emission reductions in the EU ETS of 61 % by 2030, as the appropriate intermediate step <u>towards provide a clear direction towards achieving the goal of the Paris Agreement and</u> Union economy-wide climate neutrality in 2050 <u>at the latest</u>. As the increased linear reduction factor can only apply from the year following the entry into force of this Directive, a one-off reduction of the quantity of allowances should reduce the total quantity of allowances so that it is in line with this level of annual reduction having been made from</p>	<p>(27) Bearing in mind that this Directive amends Directive 2003/87/EC in respect of a period of implementation that has already started on 1 January 2021, for reasons of predictability, environmental effectiveness and simplicity, the steeper linear reduction pathway of the EU ETS should be a straight line from 2021 to 2030, such as to achieve emission reductions in the EU ETS of 61 % by 2030, as the appropriate intermediate step towards Union economy-wide climate neutrality in 2050. As the increased linear reduction factor can only apply from the year following the entry into force of this Directive, a one-off reduction of the quantity of allowances should reduce the total quantity of allowances so that it is in line with this level of annual reduction having been made from 2021 onwards.</p>	

		2021 onwards.		
Recital 28				
38	<p>(28) Achieving the increased climate ambition will require substantial public resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget should be used for climate-related purposes. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in low-income Member States, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65</p>	<p>(28) Achieving the increased climate ambition will require substantial public <u>and private</u> resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget <u>in the form of own resources</u> should be used for climate-related purposes, <u>while ensuring a just transition and environmental integrity of action taken</u>. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. <u>To ensure compliance and public scrutiny, the Member States should adopt ex-ante plans on how they intend to use EU ETS revenues in accordance with their respective climate and energy</u></p>	<p>(28) Achieving the increased climate ambition will require substantial public resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget with the exception of the revenues used for the compensation of indirect carbon costs should be used for climate-related purposes. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in low-income Member States, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the</p>	

	<p>% of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.</p>	<p><u>targets, and they should annually report on the use of auctioning revenues in accordance with Article 19 of Regulation (EU) 2018/1999 of the European Parliament and of the Council^{1a}.</u></p> <p>Further, to address distributional and social effects of the transition in low-income Member States<u>the most affected territories</u>, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.</p> <p>_____</p> <p><u>1a. 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)</u></p>	<p>energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.</p> <p>Deleted part moved to new separate recital 28a</p>	
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		<u>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).</u>		
Recital 28a				
38a		<u>(28a) Since 2013, electricity producers have been obliged to purchase all the allowances they need to generate electricity. However, some Member States have retained the option of being able to continue to provide transitional free allocation for the modernisation of the energy sector in the periods from 2013 to 2020 and from 2021 to 2030. For the period from 2021 to 2030, only three Member States would continue to have that option. However, in its Special Report 18/2020 entitled ‘The EU’s Emissions Trading System: free allocation of allowances needed better targeting’, the European Court of Auditors found that that transitional free allocation did not contribute to the reduction of carbon intensity in the energy sector for countries eligible for</u>	(28a) Further, to address distributional and social effects of the transition in low-income Member States, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 75 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.	

		<p><u>such free allocation of allowances in the period from 2013 to 2020. Given the need for rapid decarbonisation, especially in the energy sector, and the limited effectiveness of that transitional free allocation, the option of transitional free allocation for the modernisation of the energy sector no longer seems fit for purpose. Therefore, that option should cease to be available and any allowances resulting from the exercise of that option which have not been allocated to operators in the Member States concerned by 31 December 2023 should be added to the total quantity of allowances that the Member State concerned receives for auctioning, or should be used to support investments within the framework of the Modernisation Fund.</u></p>		
Recital 28b				
38b		<p><u>(28b) A well-defined share of the auctioning revenue of the reformed and extended EU ETS should be used as an own</u></p>		

		<p><u>resource to finance the Union budget as general income, in accordance with the legally binding Interinstitutional Agreement of 16 December 2020 on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources,^{1a} which contains a roadmap towards the introduction of a basket of new own resources, including, inter alia, own resources based on the EU ETS and based on the Carbon Border Adjustment Mechanism (CBAM) and Pillar One of the OECD/G20 Agreement. Under that Agreement, such new own resources are envisaged to be introduced by 1 January 2023. New own resources would link the Union budget with the Union's policy priorities such as the European Green Deal and the Union's contribution to fair taxation, thus adding value and contributing to the climate mainstreaming objectives, the repayment of Next Generation EU debts and the resilience of the Union budget as a tool for investments and guarantees that respect the 'do no significant</u></p>		
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		<p><u>harm' criteria and the fundamental values enshrined in Article 2 of the Treaty on European Union.</u></p> <p>_____</p> <p><u>1a. OJ L 433I, 22.12.2020, p. 28.</u></p>		
Recital 28c				
38c		<p><u>(28c) In accordance with Council Decision (EU, Euratom) 2020/2053 of the European Parliament and of the Council^{1a}, the Union is legally bound to repay all liabilities incurred by the exceptional and temporary empowerment to borrow funds under Next Generation EU by 31 December 2058 at the latest. Therefore, in order to respect the legally binding Interinstitutional Agreement and its roadmap for the introduction of a basket of new own resources destined to repay the Union's debt, a share of the EU ETS revenues should accrue to the Union budget to help cover the borrowing costs as</u></p>		

		<p><u>enshrined in [Council Decision (EU, Euratom) .../... amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union] and prevent substantial decreases that would jeopardize Union programmes in future Multiannual Financial Frameworks.</u></p> <p>_____</p> <p><u>Ia. Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).</u></p>		
Recital 28d				
38d		<p><u>(28d) The substantial amounts of revenue generated by the reinforced EU ETS, which Member States, apart from the share attributed to the Union budget, retain, should be used for purposes of the climate transition. However, the broader scope of application and the more diverse</u></p>		

		<u>array of interventions should not be to the detriment of the unity, effectiveness, integrity and democratic control of the Union budget.</u>		
Recital 29				
39	<p>(29) Further incentives to reduce greenhouse gas emissions by using cost-efficient techniques should be provided. To that end, the free allocation of emission allowances to stationary installations from 2026 onwards should be conditional on investments in techniques to increase energy efficiency and reduce emissions. Ensuring that this is focused on larger energy users would result in a substantial reduction in burden for businesses with lower energy use, which may be owned by small and medium sized enterprises or micro-enterprises. [Reference to be confirmed with the revised EED]. The relevant delegated acts should be adjusted accordingly.</p>	<p>(29) Further incentives to reduce greenhouse gas emissions by using cost-efficient techniques should be provided. To that end, the free allocation of emission allowances to stationary installations from 2026 onwards should be conditional on investments in techniques to increase energy efficiency and reduce emissions. Ensuring that this is focused on larger energy users would result in a substantial reduction in burden for businesses with lower energy use, which may be owned by small and medium sized enterprises or micro-enterprises. [Reference to be confirmed with the revised EED]. The relevant delegated acts should be adjusted accordingly <u>a bonus-malus system should be introduced for determining the</u></p>	deleted	

		<p><u>share of free allocation. For installations whose greenhouse gas emissions are above the relevant benchmark values, the amount of free allocation of emission allowances from 2026 onwards should vary in line with the implementation of a duly established decarbonisation plan. Conversely, installations whose greenhouse gas emissions are below the relevant benchmark values should receive an incentive in the form of an additional free allocation.</u></p>		
Recital 30				
40	<p>(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [.../..] of the European Parliament and of the Council¹, is an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free</p>	<p>(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [.../..] of the European Parliament and of the Council¹, is<u>intends to gradually offer</u> an alternative to free allocation to address the risk of carbon leakage <u>without undermining the Union's competitiveness</u>. To the extent that sectors and subsectors are covered by that measure, they should not</p>	<p>(30) The Carbon Border Adjustment Mechanism (CBAM), established under Regulation (EU) [.../..] of the European Parliament and of the Council¹, is an alternative to free allocation to address the risk of carbon leakage. To the extent that sectors and subsectors are covered by that measure, they should not receive free allocation. However, a transitional phasing-out of free</p>	

	<p>allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and 2025, 90 % in 2026 and should be reduced by 10 percentage points each year to reach 0 % and thereby eliminate free allocation by the tenth year. The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To</p>	<p>receive free allocation. However, a transitional phasing-out of free allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and 2025, 90 % in 2026 and <u>the end of 2026, and, contingent upon the application of Article 36(3), point (d), of Regulation (EU) .../... [CBAM Regulation],</u> should be reduced by 107 percentage points each year to reach 0 % and in 2027, 9 <u>percentage points in 2028, 15 percentage points in 2029, 19 percentage points in 2030, 25 percentage points in 2031 and 25 percentage points in 2032,</u> thereby eliminate <u>eliminating</u> free allocation by <u>2032. In order to protect the competitiveness of Union exports, the production in the Union of products listed in Annex I to Regulation [CBAM] should continue to receive free allocation, provided such products are produced for export to third</u></p>	<p>allowances is needed to allow producers, importers and traders to adjust to the new regime. The reduction of free allocation should be implemented by applying a factor to free allocation for CBAM sectors, while the CBAM is phased in. This percentage (CBAM factor) should be equal to 100 % during the transitional period between the entry into force of [CBAM Regulation] and 2025, 90 % in 2026 and should be reduced and should be reduced by 5 percentage points each year from 2026 to 2028, by 7.5 percentage points each year from 2029 to 2030, by 10 percentage points each year from 2031 to 2032, by 15 percentage points each year from 2033 to 2034 and by 20 percentage points in 2035 to reach 0 % and thereby eliminate free allocation by the tenth year. The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM. The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon</p>	
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	<p>respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.</p> <p>_____</p> <p>1. [please insert full OJ reference]</p>	<p><u><i>countries without carbon pricing mechanisms similar to the EU ETS. By [one year before the end of the transitional period as set out in Regulation [CBAM]], the Commission should present a report with an assessment of the effects of the EU ETS and CBAM on the production in the Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries and on the development of global emissions, as well as an assessment of the WTO compatibility of the derogation for exports, assessing in particular potential export adjustment mechanisms for installations belonging to the 10% most efficient installations in the light of WTO compatibility or any other proposals the Commission deems appropriate, and should, where appropriate, submit a proposal for any appropriate and WTO-compliant legislation and measures that equalize the costs of CO2 with the different pricing schemes of those third countries</i></u><i>the tenth year</i>. The relevant delegated acts on free allocation should be adjusted accordingly for the sectors and subsectors covered by the CBAM.</p>	<p>technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.</p> <p>_____</p> <p>1. [please insert full OJ reference]</p>	
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		<p>The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation<u>Climate Investment</u> Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.</p> <p>_____</p> <p>1. [please insert full OJ reference]</p>		
Recital 30a				

40a		<p><u>(30a) The Carbon Border Adjustment Mechanism (CBAM) is a mechanism that addresses the risk of carbon leakage through the application of a uniform price on emissions embedded in goods imported into the customs territory of the Union. It is important to monitor, prevent and address the risk of goods produced in the Union intended for export to third countries being replaced on the global market by more carbon-intensive goods. Hence, the Commission should continuously monitor and assess the effectiveness of the CBAM in light of the carbon leakage risk on export markets, including the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where a risk of carbon leakage is detected, the Commission should, where appropriate, present a legislative proposal to address that carbon leakage risk on export markets in a manner that is compliant with WTO rules. In addition, the Union should actively pursue the</u></p>		
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		<u><i>establishment of an international 'carbon club' and continuously engage in international cooperation with regard to the introduction of carbon pricing mechanisms. The success of the European carbon market is critical from a global perspective and will encourage more countries to introduce market driven carbon pricing. The Commission should further analyse how linkages with other carbon markets could be established while ensuring that the Union's own economy-wide climate target is achieved.</i></u>		
Recital 31				
41	(31) In order to better reflect technological progress and adjust the corresponding benchmark values to the relevant period of allocation while ensuring emission reduction incentives and properly rewarding innovation, the maximum adjustment of the benchmark values should be increased from 1,6 % to 2,5 % per	(31) In order to better reflect technological progress and adjust the corresponding benchmark values to the relevant period of allocation while ensuring emission reduction incentives and properly rewarding innovation, the maximum adjustment of the benchmark values should be increased from 1,6 % to 2,5 % per	(31) In order to better reflect technological progress and adjust the corresponding benchmark values to the relevant period of allocation while ensuring emission reduction incentives and properly rewarding innovation, the maximum adjustment of the benchmark values should be increased from 1,6 % to 2,5 % per	

	year. For the period from 2026 to 2030, the benchmark values should thus be adjusted within a range of 4 % to 50 % compared to the value applicable in the period from 2013 to 2020.	year. For the period from 2026 to 2030, the benchmark values should thus be adjusted within a range of 4 <u>8</u> % to 50 % compared to the value applicable in the period from 2013 to 2020. <u>The adjusted benchmark values should be published as soon as the necessary information becomes available, and no later than ... [six months after the date of entry into force of this amending Directive] in order for those benchmark values to apply from 2026.</u>	year. For the period from 2026 to 2030, the benchmark values should thus be adjusted within a range of 4 % to 50 % compared to the value applicable in the period from 2013 to 2020.	
Recital 31a				
41a		<u>(31a) The significant indirect costs that are incurred from greenhouse gas emission costs passed on in electricity prices cause a risk of carbon leakage to certain sectors. To mitigate that risk, Member States should adopt financial measures for indirect cost compensation. The measures should be in accordance with State aid rules, and should not cause undue distortions of competition in the internal</u>		

		<u>market.</u>		
Recital 32				
42	<p>(32) A comprehensive approach to innovation is essential for achieving the European Green Deal objectives. At EU level, the necessary research and innovation efforts are supported, among others, through Horizon Europe which include significant funding and new instruments for the sectors coming under the ETS. Member States should ensure that the national transposition provisions do not hamper innovations and are technologically neutral.</p>	<p>(32) A comprehensive approach to innovation is essential for achieving the European Green Deal objectives. At EU level, the necessary research and innovation efforts are supported, among others, through Horizon Europe which include significant funding and new instruments for the sectors coming under the ETS.</p> <p><u>Consequently, the Climate Investment Fund should seek synergies with Horizon Europe and, where relevant, with other Union funding programmes.</u></p> <p>Member States should ensure that the national transposition provisions do not hamper innovations, <u>facilitate the putting of innovative scientific results into practice</u> -and are technologically neutral, <u>while the Commission should ensure the availability and efficiency of the necessary technical and advisory assistance.</u></p>	<p>(32) A comprehensive approach to innovation is essential for achieving the European Green Deal objectives. At EU level, the necessary research and innovation efforts are supported, among others, through Horizon Europe which include significant funding and new instruments for the sectors coming under the ETS. Member States should ensure that the national transposition provisions do not hamper innovations and are technologically neutral.</p>	

Recital 32a				
42a		<p><u>(32a) In order to achieve climate neutrality by 2050 at the latest, as laid down in Regulation (EU) 2021/1119, the Union needs to close a significant investment gap as provided for in the communication of the Commission of 6 July 2021 entitled 'Strategy for Financing the Transition to a Sustainable Economy'. To reach our decarbonisation objective, breakthrough innovation, upscaling of already existing relevant technologies and certified natural carbon removals are needed. To support the in-depth and economy-wide decarbonisation in the Union each of these three pillars should be addressed by the Innovation Fund, which should be renamed as the Climate Investment Fund.</u></p>		
Recital 33				

43	<p>(33) The scope of the Innovation Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime]¹ are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21(1) of</p>	<p>(33) The scope of the Innovation<u>Climate Investment</u> Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables,<u>installation of non-breakthrough technologies in industrial processes that have a large greenhouse gas-saving potential but are not market-ready as well as innovation in low-carbon as well as zero-emission propulsion technologies like wind technologies.</u>Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime]¹ are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission<u>and processes that concern the</u></p>	<p>(33) The scope of the Innovation Fund referred to in Article 10a(8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime]¹ are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21(1) of</p>	
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	<p>Regulation xxxx/xxxx [FuelEU Maritime]. To ensure sufficient funding is available for innovation within this extended scope, the Innovation Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the Innovation Fund.</p> <p>_____</p> <p>1. [add ref to the FuelEU Maritime Regulation].</p>	<p><u>consumption of fuels in the sectors of buildings and road transport, including collective forms of transport. It should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels</u> also be possible to use the <u>Climate Investment Fund to support break-through innovative technologies</u> in the maritime waste sector, as specified in Article 21(1) of Regulation xxxx/xxxx [FuelEU Maritime]. To ensure sufficient funding is available for innovation within this extended scope, the Innovation <u>Climate Investment Fund</u> should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the <u>Climate Investment Fund. To foster innovation in breakthrough technologies as soon as possible, the Commission should ensure that a share of the financing made available through the Climate Investment Fund is ‘frontloaded’</u></p>	<p>Regulation xxxx/xxxx [FuelEU Maritime]. To ensure sufficient funding is available for innovation within this extended scope, the Innovation Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the Innovation Fund.</p> <p>_____</p> <p>1. [add ref to the FuelEU Maritime Regulation].</p>	
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		<p><u>during the first years of implementation of this Directive</u>innovation Fund.</p> <p>_____</p> <p>1. [add ref to the FuelEU Maritime Regulation].</p>		
Recital 33a				
43a		<p><u>(33a) The acceleration of the roll out of domestic sustainable renewable energy sources plays a major role in the Union's plan to become independent from Russian fossil fuels well before 2030. In addition, the availability of large quantities of sustainable renewable energy is necessary to ensure the reduction of greenhouse gas emissions in industrial processes and in the overall economy. A substantial increase of the Union renewable energy target for 2030 and of the relative national contributions is necessary. At least 12 % of the allowances made available to the Climate Investment Fund should therefore be used for the further</u></p>		

		<u>development and deployment of sustainable renewable energy sources in the Union, in line with the energy efficiency-first principle. Priority should be given to develop local self-production, storage and sharing, in particular through renewable energy communities.</u>		
Recital 33b				
43b		<u>(33b) By supporting projects through public financing, the Climate Investment Fund would provide companies with substantial advantages to develop their products or services. Consequently, projects funded by the Climate Investment Fund should share knowledge with other relevant projects as well as with Union-based researchers having a legitimate interest.</u>		
Recital 34				

44	<p>(34) Pursuant to Article 10 of Commission Regulation (EU) No 2019/1122¹, where aircraft operators no longer operate flights covered by the EU ETS, their accounts are set to excluded status, and processes may no longer be initiated from those accounts. To preserve the environmental integrity of the system, allowances which are not issued to aircraft operators due to their closure should be used to cover any shortfall in surrenders by those operators, and any leftover allowances should be used to accelerate action to tackle climate change by being placed in the Innovation Fund.</p> <p>_____</p> <p>1. Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry (OJ L 177, 2.7.2019, p. 3).</p>		<p>(34) Pursuant to Article 10 of Commission Regulation (EU) No 2019/1122¹, where aircraft operators no longer operate flights covered by the EU ETS, their accounts are set to excluded status, and processes may no longer be initiated from those accounts. To preserve the environmental integrity of the system, allowances which are not issued to aircraft operators due to their closure should be used to cover any shortfall in surrenders by those operators, and any leftover allowances should be used to accelerate action to tackle climate change by being placed in the Innovation Fund.</p> <p>_____</p> <p>1. Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry (OJ L 177, 2.7.2019, p. 3).</p>	
Recital 34a				

44a			<p>(34a) Technical assistance from the Commission focused on Member States from which few or no projects have been submitted so far would contribute to achieving a high number of project applications for funding by the Innovation Fund across all Member States. This assistance should among others support activities aimed at improving the quality of proposals for projects located in the Member States mentioned, for example through sharing information, lessons learned and best practice and at boosting the activities of National Contact Points. Other measures serving the same aim would be raising awareness of funding options and increasing the capacity of those Member States to identify and support potential project applicants. Project partnerships across Member States and matchmaking between potential applicants, in particular for large-scale projects, should also be promoted.</p>	
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Recital 34b				
44b			<p>(34b) In order to improve the role of Member States in the governance of the Innovation Fund and increase transparency, the Commission should report to the Climate Change Committee on the implementation of the Innovation Fund, providing an analysis of the expected impact of awarded projects by sector and by Member State. This report should include information on progress towards effective, quality-based geographical coverage across the Union and be accompanied by analysis of possible corrective measures, if necessary. Subject to the agreement of applicants, the Commission should inform Member States of the applications for funding from the Innovation Fund for projects in their respective territories and should provide them with detailed information on those applications in order to facilitate the Member States in their coordination of the support to projects.</p>	

Recital 35				
45	<p>(35) Carbon Contracts for Difference (CCDs) are an important element to trigger emission reductions in industry, offering the opportunity to guarantee investors in innovative climate-friendly technologies a price that rewards CO₂ emission reductions above those induced by the current price levels in the EU ETS. The range of measures that the Innovation Fund can support should be extended to provide support to projects through price-competitive tendering, such as CCDs. The Commission should be empowered to adopt delegated acts on the precise rules for this type of support.</p>	<p>(35) Carbon Contracts for Difference (CCDs) <u>CCDs</u> are an important element to trigger emission reductions in industry <u>by up-scaling new technologies</u>, offering the opportunity to guarantee investors in innovative climate-friendly technologies a price that rewards CO₂ <u>CO₂</u> emission reductions above those induced by the current price levels in the EU ETS. The range of measures that the Innovation <u>Climate Investment</u> Fund can support should be extended to provide support to projects through <u>technology-neutral</u>, price-competitive tendering, such as CCDs, <u>and should respect the principle of geographical balance. CCDs would be an important mechanism for supporting the development of decarbonisation technologies, such as CCS and CCU, and optimising the use of available resources. CCDs would also offer certainty to investors in</u></p>	<p>(35) Carbon Contracts for Difference (CCDs) are an important element to trigger emission reductions in industry, offering the opportunity to guarantee investors in innovative climate-friendly technologies a price that rewards CO₂ emission reductions above those induced by the current price levels in the EU ETS. The range of measures that the Innovation Fund can support should be extended to provide support to projects through price-competitive tendering, such as CCDs. The Commission should be empowered to adopt delegated acts on the precise rules for this type of support.</p>	

		<p><u>technologies, such as carbon capture technologies.</u> –The Commission should <u>conduct an impact assessment focusing in particular on the options for the provision of support through competitive bidding, including on the levels of funding provided.</u> <u>Based on the results of that assessment, the Commission should</u> be empowered to adopt delegated acts on the precise rules for this type of support.</p>		
Recital 36				
46	<p>(36) Where an installation’s activity is temporarily suspended, free allocation is adjusted to the activity levels which are mandatorily reported annually. In addition, competent authorities can suspend the issuance of emission allowances to installations that have suspended operations as long as there is no evidence that they will resume operations. Therefore, operators should no longer be required to demonstrate to the competent authority that their</p>		<p>(36) Where an installation’s activity is temporarily suspended, free allocation is adjusted to the activity levels which are mandatorily reported annually. In addition, competent authorities can suspend the issuance of emission allowances to installations that have suspended operations as long as there is no evidence that they will resume operations. Therefore, operators should no longer be required to demonstrate to the competent authority that their</p>	

	installation will resume production within a specified and reasonable time in case of a temporary suspension of the activities.		installation will resume production within a specified and reasonable time in case of a temporary suspension of the activities.	
Recital 37				
47	(37) Corrections of free allocation granted to stationary installations pursuant to Article 11(2) of Directive 2003/87/EC can require granting additional free allowances or transferring back surplus allowances. The allowances set aside for new entrants under Article 10a(7) of Directive 2003/87/EC should be used for those purposes.		(37) Corrections of free allocation granted to stationary installations pursuant to Article 11(2) of Directive 2003/87/EC can require granting additional free allowances or transferring back surplus allowances. The allowances set aside for new entrants under Article 10a(7) of Directive 2003/87/EC should be used for those purposes.	
Recital 38				
48	(38) The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by	(38) The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by	(38) The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by	

	<p>requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments should be increased to 80 %; energy efficiency should be targeted as a priority area at the demand side; and support of households to address energy poverty, including in rural and remote areas, should be included within the scope of the priority investments.</p>	<p>requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. <u><i>Support from the Modernisation Fund should only be granted to Member States that have adopted legally binding targets for achieving climate neutrality by 2050 at the latest, as well as measures for the phasing out of all fossil fuels in a timeframe consistent with the targets set out in Regulation (EU) 2021/1119. In order to guarantee the efficient use of Union funds, access to the Modernisation Fund should also be conditional on respect for the rule of law.</i></u> In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments should be increased to 80–100 %; energy efficiency should be targeted as a priority area at the demand side; and support of households to address energy poverty, including in rural and remote areas, should be included within the scope of the priority investments.</p>	<p>requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels except as regards the allowances voluntarily transferred to the Modernisation Fund in accordance with Article 10d (4). In addition, support to fossil fuels should continue to be possible with revenue from the allocations referred to in the third subparagraph of Article 10(1), under certain conditions, in particular where the activity qualifies as environmentally sustainable under Regulation (EU) 2020/852 and as regards the allowances auctioned until 2029, so as to ensure consistency with that Regulation and measures adopted pursuant to it. In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments should be increased to 80– %; energy efficiency should be targeted as a priority area at the demand side including in industry, transport, buildings, agriculture and waste; and heating and cooling from renewable sources, as well as ÷</p>	
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			<p>and support of households to address energy poverty, including in rural and remote areas, should be included within the scope of the priority investments. In order to increase transparency and better assess the impact of the Modernisation Fund, the Investment Committee should report annually to the Climate Change Committee on experience with the evaluation of investments, notably in terms of emissions reduction and abatement costs.</p>	
Recital 38a				
48a		<p><u>(38a) With the increase of EU ETS prices, revenues from the EU ETS for Member States and the Union have increased substantially. To acknowledge the contribution of EU ETS revenues to the transition of Union industry as well as to provide support to vulnerable people in the Union to enable them to switch to environmentally friendly alternatives, an EU ETS label</u></p>		

		<u><i>should be introduced. Member States and the Commission should ensure that funding is clearly indicated as coming from EU ETS revenues by displaying an appropriate label for all projects and activities supported at national level or through Union funds.</i></u>		
Recital 39				
49	(39) Commission Implementing Regulation (EU) 2018/2066 ¹ lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council ² , the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the	(39) Commission Implementing Regulation (EU) 2018/2066 ¹ lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council ² , the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the	(39) Commission Implementing Regulation (EU) 2018/2066 ¹ lays down rules on the monitoring of emissions from biomass which are consistent with the rules on the use of biomass laid down in the Union legislation on renewable energy. As the legislation becomes more elaborate on the sustainability criteria for biomass with the latest rules established in Directive (EU) 2018/2001 of the European Parliament and of the Council ² , the conferral of implementing powers in Article 14(1) of Directive 2003/87/EC should be explicitly extended to the adoption of the necessary adjustments for the	

	<p>application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt implementing acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.</p> <p>_____</p> <p>1. Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1).</p> <p>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).</p>	<p>application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt implementing<u>delegated</u> acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.</p> <p>_____</p> <p>1. Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1).</p> <p>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).</p>	<p>application in the EU ETS of sustainability criteria for biomass, including biofuels, bioliquids and biomass fuels. In addition, the Commission should be empowered to adopt implementing acts to specify how to account for the storage of emissions from mixes of zero-rated biomass and biomass that is not from zero-rated sources.</p> <p>_____</p> <p>1. Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council and amending Commission Regulation (EU) No 601/2012 (OJ L 334, 31.12.2018, p. 1).</p> <p>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).</p>	
Recital 40				
50	(40) Renewable liquid and gaseous fuels of non-biological	(40) Renewable liquid and gaseous fuels of non-biological	(40) Renewable liquid and gaseous fuels of non-biological	

	<p>origin and recycled carbon fuels can be important to reduce greenhouse gas emissions in sectors that are hard to decarbonise. Where recycled carbon fuels and renewable liquid and gaseous fuels of non-biological origin are produced from captured carbon dioxide under an activity covered by this Directive, the emissions should be accounted under that activity. To ensure that renewable fuels of non-biological origin and recycled carbon fuels contribute to greenhouse gas emission reductions and to avoid double counting for fuels that do so, it is appropriate to explicitly extend the empowerment in Article 14(1) to the adoption by the Commission of implementing acts laying down the necessary adjustments for how to account for the eventual release of carbon dioxide and how to avoid double counting to ensure appropriate incentives are in place, taking also into account the treatment of these fuels under Directive (EU) 2018/2001.</p>	<p>origin and recycled carbon fuels can be important to reduce greenhouse gas emissions in sectors that are hard to decarbonise. Where recycled carbon fuels and renewable liquid and gaseous fuels of non-biological origin are produced from captured carbon dioxide under an activity covered by this Directive, the emissions should be accounted under that activity. To ensure that renewable fuels of non-biological origin and recycled carbon fuels contribute to greenhouse gas emission reductions and to avoid double counting for fuels that do so, it is appropriate to explicitly extend the empowerment in Article 14(1) to the adoption by the Commission of implementing <u>delegated</u> acts laying down the necessary adjustments for how to account for the eventual release of carbon dioxide and how to avoid, <u>in a way that ensures that all emissions are accounted for, including where such fuels are produced from captured carbon dioxide outside the Union and are used in an activity covered by this Directive, while avoiding double counting and ensuring</u> counting to ensure appropriate incentives are in place</p>	<p>origin and recycled carbon fuels can be important to reduce greenhouse gas emissions in sectors that are hard to decarbonise. Where recycled carbon fuels and renewable liquid and gaseous fuels of non-biological origin are produced from captured carbon dioxide under an activity covered by this Directive, the emissions should be accounted under that activity. To ensure that renewable fuels of non-biological origin and recycled carbon fuels contribute to greenhouse gas emission reductions and to avoid double counting for fuels that do so, it is appropriate to explicitly extend the empowerment in Article 14(1) to the adoption by the Commission of implementing acts laying down the necessary adjustments for how to account for the eventual release of carbon dioxide and how to avoid double counting to ensure appropriate incentives are in place, taking also into account the treatment of these fuels under Directive (EU) 2018/2001.</p>	
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		<u>for capturing emissions</u> , taking also into account the treatment of these fuels under Directive (EU) 2018/2001.		
Recital 41				
51	(41) As carbon dioxide is also expected to be transported by means other than pipelines, such as by ship and by truck, the current coverage in Annex I to Directive 2003/87/EC for transport of greenhouse gases for the purpose of storage should be extended to all means of transport for reasons of equal treatment and irrespective of whether the means of transport are covered by the EU ETS. Where the emissions from the transport are also covered by another activity under Directive 2003/87/EC, the emissions should be accounted for under that other activity to prevent double counting.		(41) As carbon dioxide is also expected to be transported by means other than pipelines, such as by ship and by truck, the current coverage in Annex I to Directive 2003/87/EC for transport of greenhouse gases for the purpose of storage should be extended to all means of transport for reasons of equal treatment and irrespective of whether the means of transport are covered by the EU ETS. Where the emissions from the transport are also covered by another activity under Directive 2003/87/EC, the emissions should be accounted for under that other activity to prevent double counting.	
Recital 42				

52	<p>(42) The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331¹.</p> <hr/> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	<p>(42) The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331¹.deleted</p> <hr/> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	<p>(42) The exclusion of installations using exclusively biomass from the EU ETS has led to situations where installations combusting a high share of biomass have obtained windfall profits by receiving free allowances greatly exceeding actual emissions. Therefore, a threshold value for zero-rated biomass combustion should be introduced above which installations are excluded from the EU ETS. The introduction of a threshold value of 95 % is in line with the uncertainty parameter set out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331¹ will provide more certainty as to which installations are under the ETS scope and will enable free allowances to be more evenly distributed to sectors more at risk of carbon leakage in particular. The threshold should be set at a 95% level to balance the advantages and disadvantages for installations to remain under the scope of the EU ETS. Therefore, installations that have retained the physical capacity to burn fossil fuels, should not be incentivised to revert to the use of such fuels. A threshold at 95% ensures that if an installation uses fossil fuels with the uncertainty parameter set</p>	
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			<p>out in Article 2(16) of Commission Delegated Regulation (EU) 2019/331¹ purpose of remaining within the scope of the ETS to benefit from free allocation allowances, the carbon costs related to the use of those fossil fuels will be sufficiently important to act as a disincentive. That threshold will also ensure that installations using a sizeable quantity of fossil fuels will remain within the monitoring obligations of the EU ETS, thus avoiding potential circumvention of existing monitoring, reporting and verification obligations. At the same time such installations which combust a lower share of zero-rated biomass should continue to be encouraged, through a flexible mechanism, to reduce fossil fuels combustion further while remaining under the scope of the ETS until their use of sustainable biomass is so substantial that the inclusion under the ETS is no longer justified. In addition, past experience has shown that the exclusion of installations exclusively using biomass, effectively being a 100% threshold except for the</p>	
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			<p>combustion of fossil fuels during start-up and shut-down phases, requires a reassessment and more precise definition. The 95% threshold allows for the combustion of fossil fuels during start-up and shut-down phases.</p> <p>1. Commission Delegated Regulation (EU) 2019/331 of 19 December 2018 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 59, 27.2.2019, p. 8).</p>	
Recital 42a				
52a		<p><u>(42a) Increasing energy prices are a major concern for citizens, especially low-income families, and businesses, especially small and medium-sized enterprises ('SMEs'). The main cause of rising energy prices is our dependency on fossil fuels. The 'Fit for 55' package should address and seek to reduce such dependencies, including by</u></p>	<p>(42a) In order to incentivize the uptake of low carbon technologies, Member States shall provide operators the option to remain in the scope of the EU ETS until the end of the relevant five year period referred to in Article 11(1) if the installation changed its production process to reduce its greenhouse gas emissions and no</p>	

		<u>improving the design of the EU ETS. Strengthening market integrity and transparency can also play a role in limiting volatility of the EU ETS market prices.</u>	longer meets the threshold of 20 MW of total rated thermal input.	
Recital 42b				
52b		<u>(42b) The European Securities and Markets Authority (ESMA) published its final report on emission allowances and associated derivatives on 28 March 2022. The Commission should, where appropriate and as soon as possible, present a legislative proposal to follow up on the recommendations in that report in order to improve the level of transparency, monitoring and reporting on the European emission allowance markets as well as related derivative markets. However, to continuously monitor market integrity and transparency, avoid misinformation and guide any potential rapid action, ESMA should on a regular basis publish a report on the integrity and</u>	(42b) Dynamic allocation introduced in Directive 2018/410 and operationalized in Commission Implementing Regulation (EU) 2019/1842 improved the efficiency and incentives provided by free allocation, but increased the administrative work and made the historic date of issuance of free allocation of 28 February not operational. In order to better take into account dynamic allocation, it is relevant to make adjustments to the compliance cycle.	

		<p><u>transparency of those markets and, where relevant, issue further recommendations for targeted improvements. ESMA should in particular examine the functioning of the markets in light of any volatility and price evolution, the operation of the auctions and trading operations on the markets, liquidity and the volumes traded, and the categories and trading behaviour of market participants. Targeted improvements could, for example, include measures to enhance the information available to market participants and the public at large on the functioning of the emission allowance markets and related derivative markets, improve regulatory reporting and market monitoring in emission allowance markets and related derivative markets, including by making individual transactions publicly available, require each market participant to publicly disclose their holdings and positions broken down by motive and horizon, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivative markets, for example</u></p>		
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		<u>through a fluctuating penalty based on the previous year's average auction price, the withholding of allowances, adjustment of the quantity of subsequent auctions, or a combination thereof. The Commission should assess ESMA's recommendations within six months following the publication of ESMA's report and should, where appropriate, present a legislative proposal to address those recommendations.</u>		
Recital 42c				
52c		<u>(42c) Unexpected or sudden market volatility or excessive price shocks on the Union carbon market, for example, as a result of sudden changes in market behaviour or excessive speculation, negatively affect market predictability and the stable investment climate which is essential for the planning of decarbonisation and innovation investments. Therefore, the measures that apply in the event</u>	(42c) In order to further incentivise investments required for the decarbonisation of district heating and to address social aspects related to high energy prices and the high greenhouse gas emission intensity of district heating installations in Member States with a very high share of emissions from district heating in comparison with the size of the economy, additional transitional	

		<i><u>of excessive price fluctuations should be strengthened in a careful manner to improve the assessment of and reaction to unwarranted price evolutions. Such targeted improvements should ensure the continued proper functioning of the carbon market, including the role of intermediaries and financial actors in providing liquidity to the market and market access for compliance actors, in particular SMEs, while addressing unexpected or sudden volatility or price shocks not related to market fundamentals.</u></i>	free allocation should be granted to district heating installations in such Member States and the additional value of the free allocation be invested to significantly reduce emissions before 2030. To ensure these reductions take place, the additional transitional free allocation should be conditional to investments made and to emissions reductions achieved laid down in climate neutrality plans to be drawn up by operators for their installations.	
Recital 43				
53	(43) The Communication of the Commission on Stepping up Europe's 2030 climate ambition ¹ , underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions		(43) The Communication of the Commission on Stepping up Europe's 2030 climate ambition ¹ , underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions	

	<p>from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. The new system is accompanied by complementary policies and measures safeguarding against undue price impacts, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC.</p> <p>_____</p> <p>1. COM(2020)562 final.</p>		<p>from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. The new system is accompanied by complementary policies and measures safeguarding against undue price impacts, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC.</p> <p>_____</p> <p>1. COM(2020)562 final.</p>	
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Recital 43a				
53a		<p><u>(43a) In order to ensure that a level playing field exists and to close any remaining gaps between the existing EU ETS and the new emissions trading system, the new emissions trading system should also cover other fuels released for consumption, such as those used for process heating in activities not covered under Annex I to Directive 2003/87/EC, while avoiding or addressing any double counting. Moreover, such an approach would simplify the implementation, monitoring, reporting and verification of the new emissions trading system for regulated entities.</u></p>		
Recital 44				
54	<p>(44) In order to establish the necessary implementation framework and to provide a reasonable timeframe for reaching the 2030 target, emissions trading</p>	<p>(44) In order to establish the necessary implementation framework and to provide a reasonable timeframe for reaching the 2030 target, emissions trading</p>	<p>(44) In order to establish the necessary implementation framework and to provide a reasonable timeframe for reaching the 2030 target, emissions trading</p>	

	<p>in the two new sectors should start in 2025. During the first year, the regulated entities should be required to hold a greenhouse gas emissions permit and to report their emissions for the years 2024 and 2025. The issuance of allowances and compliance obligations for these entities should be applicable as from 2026. This sequencing will allow starting emissions trading in the sectors in an orderly and efficient manner. It would also allow the EU funding and Member State measures to be in place to ensure a socially fair introduction of the EU emissions trading into the two sectors so as to mitigate the impact of the carbon price on vulnerable households and transport users.</p>	<p>in the two new sectors should start in 2025. During the first year, the regulated entities should be required to hold a greenhouse gas emissions permit and to report their emissions for the years 2024 and 2025<u>2023 and 2024</u>. The issuance of allowances and compliance obligations for these entities should be applicable as from <u>2025 in respect of fuels released for consumption in commercial applications and other fuels, such as for process heating not covered by the existing EU ETS. Subject to an assessment by 1 January 2026 and if the conditions are right, the Commission should aim to extend this to fuels released for consumption in private road transport and private heating and cooling of residential buildings from 1 January 2029 and should, where appropriate, present a targeted review to this effect.</u>2026. This sequencing will allow starting emissions trading in the sectors in an orderly and efficient manner. It would also allow the EU funding and Member State measures to be in place to ensure a socially fair introduction of the EU emissions trading into the two sectors so as to mitigate the impact of the carbon price on vulnerable households and</p>	<p>in the two new sectors should start in 2025. During the first year<u>years</u>, the regulated entities should be required to hold a greenhouse gas emissions permit and to report their emissions for the years 2024 and 2025<u>to 2026</u>. The issuance of allowances and compliance obligations for these entities should be applicable as from 2026<u>2027</u>. This sequencing will allow starting emissions trading in the sectors in an orderly and efficient manner. It would also allow the EU funding and Member State measures to be in place to ensure a socially fair introduction of the EU emissions trading into the two sectors so as to mitigate the impact of the carbon price on vulnerable households and transport users.</p>	
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		transport users.		
Recital 45				
55	<p>(45) Due to the very large number of small emitters in the sectors of buildings and road transport, it is not possible to establish the point of regulation at the level of entities directly emitting greenhouse gases, as is the case for stationary installations and aviation. Therefore, for reasons of technical feasibility and administrative efficiency, it is more appropriate to establish the point of regulation further upstream in the supply chain. The act that triggers the compliance obligation under the new emissions trading should be the release for consumption of fuels which are used for combustion in the sectors of buildings and road transport, including for combustion in road transport of greenhouse gases for geological storage. To avoid double coverage, the release for consumption of fuels which are used in other activities under</p>		<p>(45) Due to the very large number of small emitters in the sectors of buildings and road transport, it is not possible to establish the point of regulation at the level of entities directly emitting greenhouse gases, as is the case for stationary installations and aviation. Therefore, for reasons of technical feasibility and administrative efficiency, it is more appropriate to establish the point of regulation further upstream in the supply chain. The act that triggers the compliance obligation under the new emissions trading should be the release for consumption of fuels which are used for combustion in the sectors of buildings and road transport, including for combustion in road transport of greenhouse gases for geological storage. To avoid double coverage, the release for consumption of fuels which are used in other activities under</p>	

	Annex I to Directive 2003/87/EC should not be covered.		Annex I to Directive 2003/87/EC should not be covered.	
Recital 46				
56	<p>(46) The regulated entities in the two new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262¹, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.</p> <p>_____</p> <p>1. Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 58 27.2.2020, p. 4).</p>	<p>(46) The regulated entities in the two new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262¹, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.</p> <p>_____</p> <p>1. Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 58 27.2.2020, p. 4).</p>	<p>(46) The regulated entities in the two new sectors and the point of regulation should be defined in line with the system of excise duty established by Council Directive (EU) 2020/262¹, with the necessary adaptations, as that Directive already sets a robust control system for all quantities of fuels released for consumption for the purposes of paying excise duties. End-users of fuels in those sectors should not be subject to obligations under Directive 2003/87/EC.</p> <p>_____</p> <p>1. Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 58 27.2.2020, p. 4).</p>	
Recital 47				

57	(47) The regulated entities falling within the scope of the emissions trading in the sectors of buildings and road transport should be subject to similar greenhouse gas emissions permit requirements as the operators of stationary installations. It is necessary to establish rules on permit applications, conditions for permit issuance, content, and review, and any changes related to the regulated entity. In order for the new system to start in an orderly manner, Member States should ensure that regulated entities falling within the scope of the new emissions trading have a valid permit as of the start of the system in 2025.	(47) The regulated entities falling within the scope of the emissions trading in the sectors of buildings and road transport <u>new sectors</u> should be subject to similar greenhouse gas emissions permit requirements as the operators of stationary installations. It is necessary to establish rules on permit applications, conditions for permit issuance, content, and review, and any changes related to the regulated entity. In order for the new system to start in an orderly manner, Member States should ensure that regulated entities falling within the scope of the new emissions trading have a valid permit as of the start of the system in 2025 <u>2024</u> .	(47) The regulated entities falling within the scope of the emissions trading in the sectors of buildings and road transport should be subject to similar greenhouse gas emissions permit requirements as the operators of stationary installations. It is necessary to establish rules on permit applications, conditions for permit issuance, content, and review, and any changes related to the regulated entity. In order for the new system to start in an orderly manner, Member States should ensure that regulated entities falling within the scope of the new emissions trading have a valid permit as of the start of the system in 2025.	
Recital 48				
58	(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking	(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking	(48) The total quantity of allowances for the new emissions trading should follow a linear trajectory to reach the 2030 emissions reduction target, taking	

	<p>into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in 2026, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO₂t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council¹ on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported emissions for the years 2024, 2025 and 2026, and should decrease by the same absolute annual reduction as set from 2024, which corresponds to a 5,43 % linear reduction factor compared to the comparable 2025 value of the above defined trajectory. If those emissions are significantly higher than this trajectory value and if this divergence is not due to small-scale differences in emission measurement methodologies, the linear reduction factor should be</p>	<p>into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in 2026²⁰²⁵, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO₂t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council¹ on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported emissions for the years 2024, 2025 and 2026, and should decrease by the same absolute annual reduction as set from 2024, which corresponds to a 5,43 % linear reduction factor compared to the comparable 2025 value of the above defined trajectory. If those emissions are significantly higher than this trajectory value and if this divergence is not due to small-scale differences in emission measurement methodologies, the linear reduction factor should be</p>	<p>into account the cost-efficient contribution of buildings and road transport of 43 % emission reductions by 2030 compared to 2005. The total quantity of allowances should be established for the first time in 2026²⁰²⁷, to follow a trajectory starting in 2024 from the value of the 2024 emissions limits (1 109 304 000 CO₂t), calculated in accordance with Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council¹ on the basis of the reference emissions for these sectors for the period from 2016 to 2018. Accordingly, the linear reduction factor should be set at 5,15 %. From 2028, the total quantity of allowances should be set on the basis of the average reported emissions for the years 2024, 2025 and 2026, and should decrease by the same absolute annual reduction as set from 2024, which corresponds to a 5,43 % linear reduction factor compared to the comparable 2025 value of the above defined trajectory. If those emissions are significantly higher than this trajectory value and if this divergence is not due to small-scale differences in emission measurement methodologies, the linear reduction factor should be</p>	
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	<p>adjusted to reach the required emissions reduction in 2030.</p> <p>_____</p> <p>1. 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).</p>	<p>adjusted to reach the required emissions reduction in 2030.</p> <p>_____</p> <p>1. 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).</p>	<p>adjusted to reach the required emissions reduction in 2030.</p> <p>_____</p> <p>1. 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).</p>	
Recital 49				
59	<p>(49) The auctioning of allowances is the simplest and the most economically efficient method for allocating emission allowances, which also avoids windfall profits. Both the buildings and road transport sectors are under relatively small or non-existent competitive pressure from outside the Union and are not exposed to a risk of carbon leakage. Therefore, allowances for buildings and road transport should only be allocated via auctioning without there being</p>		<p>(49) The auctioning of allowances is the simplest and the most economically efficient method for allocating emission allowances, which also avoids windfall profits. Both the buildings and road transport sectors are under relatively small or non-existent competitive pressure from outside the Union and are not exposed to a risk of carbon leakage. Therefore, allowances for buildings and road transport should only be allocated via auctioning without there being</p>	

	any free allocation.		any free allocation.	
Recital 50				
60	<p>(50) In order to ensure a smooth start to emissions trading in the buildings and road transport sectors and taking into account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In 2026, the auction volumes should therefore be 30 % higher than the total quantity of allowances for 2026. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.</p>	<p>(50) In order to ensure a smooth start to emissions trading in the buildings and road transport<u>new</u> sectors and taking into account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In 2026<u>2025</u>, the auction volumes should therefore be 30 % higher than the total quantity of allowances for 2026<u>2025</u>. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.</p>	<p>(50) In order to ensure a smooth start to emissions trading in the buildings and road transport sectors and taking into account the need of the regulated entities to hedge or buy ahead allowances to mitigate their price and liquidity risk, a higher amount of allowances should be auctioned early on. In 2026<u>2027</u>, the auction volumes should therefore be 30 % higher than the total quantity of allowances for 2026<u>2027</u>. This amount would be sufficient to provide liquidity, both if emissions decrease in line with reduction needs, and in the event emission reductions only materialise progressively. The detailed rules for this front-loading of auction volume are to be established in a delegated act related to auctioning, adopted pursuant to Article 10(4) of Directive 2003/87/EC.</p>	

Recital 51				
61	(51) The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018.		(51) The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018.	
Recital 52				
62	(52) The introduction of the	(52) The introduction of the	(52) The introduction of the	

	<p>carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey¹. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council². Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to</p>	<p>carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey¹. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council². Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to</p>	<p>carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they— cannot afford to heat their home sufficiently in a 2019 EU-wide survey¹. To achieve an effective social and distributional compensation, Member States be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, including expenses for managing emissions trading under Directive 2003/87, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council². In the small number of cases where double counting between emissions in the existing ETS and the new system for the road transport and buildings sectors cannot be excluded, Member</p>	
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	<p>support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20.../nn of the European Parliament and the Council³. In addition, each Member State should use their auction revenues inter alia to finance a part of the costs of their Social Climate Plans.</p> <p>_____</p> <p>1. Data from 2018. Eurostat, SILC [ile_mdes01].</p> <p>2. 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,</p>	<p>support the European citizens most affected or at risk of energy or mobility poverty. <u>The Social Climate Fund should be an integral part of the Union budget in order to preserve the unity of the budget and coherence with Union policies and to ensure effective control by the budgetary authority, composed of the European Parliament and the Council.</u> This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will in principle correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20.../nn of the European Parliament and the Council³. <u>The programmed baseline allocation in the Union budget should be increased annually by a supplementary reinforcement in the event of an increase of carbon price to a level higher than the</u></p>	<p>States should use such revenue to compensate for the unavoidable double counting in accordance with Union law and implementing powers should therefore be conferred on the Commission to ensure uniform conditions. Auction revenues should also be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and transport users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. Revenue generated from the auctioning of allowances concerning the buildings and road transport sectors by the Commission, up to EUR 59 000 000 000, should be used for the financing of the Social Climate FundThe resources of the new Fund will in principle correspond</p>	
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	<p>14.11.2012, p. 1–56).</p> <p>3. [Add ref to the Regulation establishing the Social Climate Fund].</p>	<p><u><i>initial assumption, as it would raise the burden on vulnerable households and traffic users. To ensure that the impact of carbon price increases on the most vulnerable is adequately and fairly mitigated, such annual reinforcements should be accommodated within the Multiannual Financial Framework by means of an automatic ‘carbon price fluctuation adjustment’ of the ceiling of Heading 3 and the payment ceiling, the mechanism for which is to be provided for in the Multiannual Financial Framework Regulation in accordance with Article 312 TFEU.</i></u> In addition, each Member State should use their auction revenues inter alia to finance a part of the costs of their Social Climate Plans.</p> <hr/> <p>1. Data from 2018. Eurostat, SILC [ilc_mdcs01].</p> <p>2. 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,</p>	<p>to 25 % of the expected revenues from new emission trading in the period 2026–2032, and will be implemented form of external assigned revenue on a temporary basis, pending the discussions and deliberations on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20.../nn of the European Parliament and the Council³. In addition, each Member State should use their auction revenues inter alia to finance a part of the costs of their Social Climate Plans Commission’s proposal of XX/December/2021 concerning the establishment of a new own resource based on ETS in accordance with Article 311(3) TFEU. In case a decision is adopted in accordance with Article 311(3) TFEU establishing that new own resource, it is necessary to provide that the same revenue ceases to be externally assigned when such a decision enters into force. This is without prejudice to the outcome of the post 2027 Multiannual Financial Framework negotiations.</p> <hr/>	
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		<p>14.11.2012, p. 1–56).</p> <p>3. [Add ref to the Regulation establishing the Social Climate Fund].</p>	<p>1. Data from 2018. Eurostat, SILC [ilc_mdcs01].</p> <p>2. 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. 1–56).</p> <p>3. [Add ref to the Regulation establishing the Social Climate Fund].</p>	
Recital 52a				
62a		<p><u>(52a) Since the transport sector is currently the only sector that has failed to deliver any reductions of greenhouse gas emissions, a significant level of investment in sustainable transport options is required to achieve the Union climate goals and support a modal shift to environmentally friendly forms of transport. Therefore, at least 10 % of the expected revenues from the increased trading of emissions to arise as a result of the extension of the scope of the EU ETS and the introduction of a new EU ETS for</u></p>		

		<u>heating, transport and other fuels pursuant to this Directive, including 10 % of the national revenues to be allocated by Member States as well as 10 % of the revenues under the Climate Investment Fund, should be allocated to the further development of public transport, in particular climate friendly railway and bus systems.</u>		
Recital 52b				
62b		<u>(52b) In order to achieve greater coherence and efficiency in the management and use of Union funds and resources, the Commission should carry out an assessment and, where appropriate, present a legislative proposal for the integration of the Climate Investment Fund and the Modernisation Fund in the Union budget, that could be submitted in the context of the proposals for the next Multiannual Financial Framework.</u>		

Recital 53				
63	<p>(53) Reporting on the use of auctioning revenues should be aligned with the current reporting established by Regulation (EU) 2018/1999 of the European Parliament and of the Council¹.</p> <p>_____</p> <p>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. 1–77).</p>		<p>(53) Reporting on the use of auctioning revenues should be aligned with the current reporting established by Regulation (EU) 2018/1999 of the European Parliament and of the Council¹.</p> <p>_____</p> <p>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. 1–77).</p>	
Recital 54				
64	<p>(54) Innovation and development of new low-carbon technologies in</p>	<p>(54) Innovation and development of new low-carbon technologies in</p>		

	the sectors of buildings and road transport are crucial for ensuring the cost-efficient contribution of these sectors to the expected emission reductions. Therefore, 150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the Innovation Fund to stimulate the cost-efficient emission reductions.	the sectors of buildings and road transport are crucial for ensuring the cost-efficient contribution of these sectors to the expected emission reductions. Therefore, 150 million allowances from emissions trading in the buildings and road transport sectors should also be made available to the <u>Social Climate Innovation</u> Fund to stimulate the cost-efficient emission reductions <u>support social climate measures.</u>	<i>deleted</i>	
<i>Recital 55</i>				
65	(55) Regulated entities covered by the buildings and road transport emissions trading should surrender allowances for their verified emissions corresponding to the quantities of fuels they have released for consumption. They should surrender allowances for the first time for their verified emissions in 2026. In order to minimise the administrative burden, a number of rules applicable to the existing emissions trading system for stationary	(55) Regulated entities covered by the buildings and road transport <u>new</u> emissions trading should surrender allowances for their verified emissions corresponding to the quantities of fuels they have released for consumption. They should surrender allowances for the first time for their verified emissions in 2026 <u>2025</u> . In order to minimise the administrative burden, a number of rules applicable to the existing emissions trading system for	(55) Regulated entities covered by the buildings and road transport emissions trading should surrender allowances for their verified emissions corresponding to the quantities of fuels they have released for consumption. They should surrender allowances for the first time for their verified emissions in 2026 <u>2027</u> . In order to minimise the administrative burden, a number of rules applicable to the existing emissions trading system for stationary	

	installations and aviation should be made applicable to emissions trading for buildings and road transport, with the necessary adaptations. This includes, in particular, rules on transfer, surrender and cancellation of allowances, as well as the rules on the validity of allowances, penalties, competent authorities and reporting obligations of Member States.	stationary installations and aviation should be made applicable to emissions trading for buildings and road transport <u>the new emissions trading</u> , with the necessary adaptations. This includes, in particular, rules on transfer, surrender and cancellation of allowances, as well as the rules on the validity of allowances, penalties, competent authorities and reporting obligations of Member States.	installations and aviation should be made applicable to emissions trading for buildings and road transport, with the necessary adaptations. This includes, in particular, rules on transfer, surrender and cancellation of allowances, as well as the rules on the validity of allowances, penalties, competent authorities and reporting obligations of Member States.	
Recital 55a				
65a			<p>(55a) Certain Member States already have national carbon taxes that apply to the road transport and buildings sectors. Therefore a temporary derogation should be introduced until the end of 2030. To ensure the objectives of Directive 2003/87/EC and the coherence of the new emissions trading system, the option to apply that derogation should only be available where the national tax rate is higher than the average</p>	

			<p>auctioning price for the relevant year and only apply to the surrender obligation of the regulated entities paying such a tax. To ensure stability and transparency of the system, the national tax, including the relevant tax rates, should be notified to the Commission at the end of the transposition period of this Directive. The derogation should not affect the externally assigned revenue for the Social Climate Fund or, if established in accordance with Article 311(3) TFEU, an own resource based on the auctioning revenue from the ETS in the road transport and buildings sectors.</p>	
Recital 56				
66	<p>(56) For emissions trading in the buildings and road transport sectors to be effective, it should be possible to monitor emissions with high certainty and at reasonable cost. Emissions should be attributed to regulated entities on the basis of fuel quantities released</p>		<p>(56) For emissions trading in the buildings and road transport sectors to be effective, it should be possible to monitor emissions with high certainty and at reasonable cost. Emissions should be attributed to regulated entities on the basis of fuel quantities released</p>	

	for consumption and combined with an emission factor. Regulated entities should be able to reliably and accurately identify and differentiate the sectors in which the fuels are released for consumption, as well as the final users of the fuels, in order to avoid undesirable effects, such as double burden. To have sufficient data to establish the total number of allowances for the period from 2028 to 2030, the regulated entities holding a permit at the start of the system in 2025 should report their associated historical emissions for 2024.		for consumption and combined with an emission factor. Regulated entities should be able to reliably and accurately identify and differentiate the sectors in which the fuels are released for consumption, as well as the final users of the fuels, in order to avoid undesirable effects, such as double burden. To have sufficient data to establish the total number of allowances for the period from 2028 to 2030, the regulated entities holding a permit at the start of the system in 2025 should report their associated historical emissions for 2024.	
Recital 57				
67	(57) It is appropriate to introduce measures to address the potential risk of excessive price increases, which, if particularly high at the start of the buildings and road transport emissions trading, may undermine the readiness of households and individuals to invest in reducing their greenhouse gas emissions. These measures		(57) It is appropriate to introduce measures to address the potential risk of excessive price increases, which, if particularly high at the start of the buildings and road transport emissions trading, may undermine the readiness of households and individuals to invest in reducing their greenhouse gas emissions. These measures	

	<p>should complement the safeguards provided by the Market Stability Reserve established by Decision (EU) 2015/1814 of the European Parliament and of the Council¹ and that became operational in 2019. While the market will continue to determine the carbon price, safeguard measures will be triggered by rules-based automatism, whereby allowances will be released from the Market Stability Reserve only if concrete triggering conditions based on the increase in the average allowance price are met. This additional mechanism should also be highly reactive, in order to address excessive volatility due to factors other than changed market fundamentals. The measures should be adapted to different levels of excessive price increase, which will result in different degrees of the intervention. The triggering conditions should be closely monitored by the Commission and the measures should be adopted by the Commission as a matter of urgency when the conditions are met. This is without prejudice to any accompanying measures that Member States may adopt to</p>		<p>should complement the safeguards provided by the Market Stability Reserve established by Decision (EU) 2015/1814 of the European Parliament and of the Council¹ and that became operational in 2019. While the market will continue to determine the carbon price, safeguard measures will be triggered by rules-based automatism, whereby allowances will be released from the Market Stability Reserve only if concrete triggering conditions based on the increase in the average allowance price are met. This additional mechanism should also be highly reactive, in order to address excessive volatility due to factors other than changed market fundamentals. The measures should be adapted to different levels of excessive price increase, which will result in different degrees of the intervention. The triggering conditions should be closely monitored by the Commission and the measures should be adopted by the Commission as a matter of urgency when the conditions are met. This is without prejudice to any accompanying measures that Member States may adopt to</p>	
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	<p>address adverse social impacts.</p> <p>_____</p> <p>1. Decision (EU) 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L 264, 9.10.2015, p. 1).</p>		<p>address adverse social impacts.</p> <p>_____</p> <p>1. Decision (EU) 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC (OJ L 264, 9.10.2015, p. 1).</p>	
Recital 58				
68	<p>(58) The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those</p>		<p>(58) The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those</p>	

	matters by 1 January 2028.		matters by 1 January 2028.	
Recital 59				
69	<p>(59) In order to ensure uniform conditions for the implementation of Articles 3gd(3), 12(3b) and 14(1) of Directive 2003/87/EC, implementing powers should be conferred on the Commission. To ensure synergies with the existing regulatory framework, the conferral of implementing powers in Articles 14 and 15 of that Directive should be extended to cover the sectors of road transport and buildings. Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹.</p> <p>_____</p> <p>1. Regulation (EU) No 182/2011 of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.02.2011, p. 13).</p>		<p>(59) In order to ensure uniform conditions for the implementation of Articles 3gd(3), 12(3b) and 14(1) of Directive 2003/87/EC, implementing powers should be conferred on the Commission. To ensure synergies with the existing regulatory framework, the conferral of implementing powers in Articles 14 and 15 of that Directive should be extended to cover the sectors of road transport and buildings. Those implementing powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹.</p> <p>_____</p> <p>1. Regulation (EU) No 182/2011 of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.02.2011, p. 13).</p>	

Recital 59a				
69a		<p><u>(59a) In order to achieve the objectives laid down in this Directive and other Union legislation, particularly those in Regulation (EU) 2021/1119, the Union and its Member States should make use of the latest scientific evidence while implementing policies. Therefore, the advice of the European Scientific Advisory Board on Climate Change should be considered when implementing this Directive. Furthermore, the European Scientific Advisory Board on Climate Change should be able, on its own initiative, to provide scientific advice in relation to this Directive to ensure that policies are aligned with the objectives of Regulation (EU) 2021/1119 and the Paris Agreement.</u></p>		
Recital 59b				
69b				

		<p><u>(59b) In order to set a long-term vision, the Commission, supported by the European Scientific Advisory Board on Climate Change, should prepare indicative roadmaps for the activities covered by Annex I to this Directive for the achievement of the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter, as laid down in Article 2(1) of Regulation (EU) 2021/1119. The roadmaps should be prepared in a transparent manner with close engagement of the stakeholders such as individuals, civil society, social partners, academia, industry and policy makers. The roadmaps are an essential tool for providing long-term insight and stability for stakeholders and for identifying common interests, possible inconsistencies and conflicts in policy development. The roadmaps should be updated every five years in order to take into account the latest scientific developments, in close engagement with the stakeholders.</u></p>		
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Recital 60				
70	<p>(60) In order to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Articles 10(4) and 10a(8) of that Directive. Moreover, to ensure synergies with the existing regulatory framework, the delegation in Articles 10(4) and 10a(8) of Directive 2003/87/EC should be extended to cover the sectors of road transport and buildings. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the</p>		<p>(60) In order to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of a legislative act, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of Articles 10(4) and 10a(8) of that Directive. Moreover, to ensure synergies with the existing regulatory framework, the delegation in Articles 10(4) and 10a(8) of Directive 2003/87/EC should be extended to cover the sectors of road transport and buildings. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the</p>	

	<p>Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents¹, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified</p> <p>_____</p> <p>1. OJ C 369, 17.12.2011, p. 14.</p>		<p>Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. In accordance with the Joint Political Declaration of 28 September 2011 of Member States and the Commission on explanatory documents¹, Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified</p> <p>_____</p> <p>1. OJ C 369, 17.12.2011, p. 14.</p>	
Recital 61				
71				

	<p>(61) A well-functioning, reformed EU ETS comprising an instrument to stabilise the market is a key means for the Union to reach its agreed target for 2030 and the commitments under the Paris Agreement. The Market Stability Reserve seeks to address the imbalance between supply and demand of allowances in the market. Article 3 of Decision (EU) 2015/1814 provides that the reserve is to be reviewed three years after it becomes operational, paying particular attention to the percentage figure for the determination of the number of allowances to be placed in the Market Stability Reserve, the threshold for the total number of allowances in circulation (TNAC) that determines the intake of allowances, and the number of allowances to be released from the reserve.</p>	<p>(61) A well-functioning, reformed EU ETS comprising an instrument to stabilise the market is a key means for the Union to reach its agreed target for 2030, <u>its climate-neutrality objective by 2050 at the latest, and fulfil the aim of achieving negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119</u> and the commitments under the Paris Agreement. The Market Stability Reserve seeks to address the imbalance between supply and demand of allowances in the market. Article 3 of Decision (EU) 2015/1814 provides that the reserve is to be reviewed three years after it becomes operational, paying particular attention to the percentage figure for the determination of the number of allowances to be placed in the Market Stability Reserve, the threshold for the total number of allowances in circulation (TNAC) that determines the intake of allowances, and the number of allowances to be released from the reserve.</p>	<p>(61) A well-functioning, reformed EU ETS comprising an instrument to stabilise the market is a key means for the Union to reach its agreed target for 2030 and the commitments under the Paris Agreement. The Market Stability Reserve seeks to address the imbalance between supply and demand of allowances in the market. Article 3 of Decision (EU) 2015/1814 provides that the reserve is to be reviewed three years after it becomes operational, paying particular attention to the percentage figure for the determination of the number of allowances to be placed in the Market Stability Reserve, the threshold for the total number of allowances in circulation (TNAC) that determines the intake of allowances, and the number of allowances to be released from the reserve.</p>	
Recital 62				

72	<p>(62) Considering the need to deliver a stronger investment signal to reduce emissions in a cost-efficient manner and with a view to strengthening the EU ETS, Decision (EU) 2015/1814 should be amended so as to increase the percentage rate for determining the number of allowances to be placed each year in the Market Stability Reserve. In addition, for lower levels of the TNAC, the intake should be equal to the difference between the TNAC and the threshold that determines the intake of allowances. This would prevent the considerable uncertainty in the auction volumes that results when the TNAC is close to the threshold, and at the same time ensure that the surplus reaches the volume bandwidth within which the carbon market is deemed to operate in a balanced manner.</p>	<p>(62) Considering the need to deliver a stronger investment signal to reduce emissions in a cost-efficient manner and with a view to strengthening the EU ETS, Decision (EU) 2015/1814 should be amended so as to increase the percentage rate for determining the number of allowances to be placed each year in the Market Stability Reserve. In addition, for lower levels of the TNAC, the intake should be equal to the difference between the TNAC and the threshold that determines the intake of allowances. This would prevent the considerable uncertainty in the auction volumes that results when the TNAC is close to the threshold, and at the same time ensure that the surplus reaches the volume bandwidth within which the carbon market is deemed to operate in a balanced manner. <u>Such adjustment should be made without resulting in any reduced ambition compared to the current market stability reserve.</u></p>	<p>(62) Considering the need to deliver a stronger investment signal to reduce emissions in a cost-efficient manner and with a view to strengthening the EU ETS, Decision (EU) 2015/1814 should be amended so as to increase the percentage rate for determining the number of allowances to be placed each year in the Market Stability Reserve. In addition, for lower levels of the TNAC, the intake should be equal to the difference between the TNAC and the threshold that determines the intake of allowances. This would prevent the considerable uncertainty in the auction volumes that results when the TNAC is close to the threshold, and at the same time ensure that the surplus reaches the volume bandwidth within which the carbon market is deemed to operate in a balanced manner.</p>	
Recital 63				

73	(63) Furthermore, in order to ensure that the level of allowances that remains in the Market Stability Reserve after the invalidation is predictable, the invalidation of allowances in the reserve should no longer depend on the auction volumes of the previous year. The number of allowances in the reserve should, therefore, be fixed at a level of 400 million allowances, which corresponds to the lower threshold for the value of the TNAC.		(63) Furthermore, in order to ensure that the level of allowances that remains in the Market Stability Reserve after the invalidation is predictable, the invalidation of allowances in the reserve should no longer depend on the auction volumes of the previous year. The number of allowances in the reserve should, therefore, be fixed at a level of 400 million allowances, which corresponds to the lower threshold for the value of the TNAC.	
Recital 64				
74	(64) The analysis of the impact assessment accompanying the proposal for this Directive has also shown that net demand from aviation should be included in the total number of allowances in circulation. In addition, since aviation allowances can be used in the same way as general allowances, including aviation in the reserve would make it a more		(64) The analysis of the impact assessment accompanying the proposal for this Directive has also shown that net demand from aviation should be included in the total number of allowances in circulation. In addition, since aviation allowances can be used in the same way as general allowances, including aviation in the reserve would make it a more	

	accurate, and thus a better tool to ensure the stability of the market. The calculation of the total number of allowances in circulation should include aviation emissions and allowances issued in respect of aviation as of the year following the entry into force of this Directive.		accurate, and thus a better tool to ensure the stability of the market. The calculation of the total number of allowances in circulation should include aviation emissions and allowances issued in respect of aviation as of the year following the entry into force of this Directive.	
Recital 65				
75	(65) To clarify the calculation of the total number of allowances in circulation (TNAC), Decision (EU) 2015/1814 should specify that only allowances issued and not put in the Market Stability Reserve are included in the supply of allowances. Moreover, the formula should no longer subtract the number of allowances in the Market Stability Reserve from the supply of allowances. This change would have no material impact on the result of the calculation of the TNAC, including on the past calculations of the TNAC or on the reserve.		(65) To clarify the calculation of the total number of allowances in circulation (TNAC), Decision (EU) 2015/1814 should specify that only allowances issued and not put in the Market Stability Reserve are included in the supply of allowances. Moreover, the formula should no longer subtract the number of allowances in the Market Stability Reserve from the supply of allowances. This change would have no material impact on the result of the calculation of the TNAC, including on the past calculations of the TNAC or on the reserve.	

Recital 66				
76	<p>(66) In order to mitigate the risk of supply and demand imbalances associated with the start of emissions trading for the buildings and road transport sectors, as well as to render it more resistant to market shocks, the rule-based mechanism of the Market Stability Reserve should be applied to those new sectors. For that reserve to be operational from the start of the system, it should be established with an initial endowment of 600 million allowances for emissions trading in the road transport and buildings sectors. The initial lower and upper thresholds, which trigger the release or intake of allowances from the reserve, should be subject to a general review clause. Other elements such as the publication of the total number of allowances in circulation or the quantity of allowances released or placed in the reserve should follow the rules of the reserve for other sectors.</p>		<p>(66) In order to mitigate the risk of supply and demand imbalances associated with the start of emissions trading for the buildings and road transport sectors, as well as to render it more resistant to market shocks, the rule-based mechanism of the Market Stability Reserve should be applied to those new sectors. For that reserve to be operational from the start of the system, it should be established with an initial endowment of 600 million allowances for emissions trading in the road transport and buildings sectors. The initial lower and upper thresholds, which trigger the release or intake of allowances from the reserve, should be subject to a general review clause. Other elements such as the publication of the total number of allowances in circulation or the quantity of allowances released or placed in the reserve should follow the rules of the reserve for other sectors.</p>	

Recital 66a				
76a		<p><u>(66a) To ensure that there is predictability for operators and avoid disincentivising best performers and innovation as a result of additional and unforeseen costs, it is crucial to avoid the application of the cross-sectoral correction factor for frontrunners.</u></p>		
Recital 67				
77	<p>(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at</p>	<p>(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at</p>	<p>(67) It is necessary to amend Regulation (EU) 2015/757 to take into account the inclusion of the maritime transport sector in the EU ETS. Regulation (EU) 2015/757 should be amended to oblige companies to report aggregated emissions data at company level and to submit for approval their verified monitoring plans and aggregated emissions data at</p>	

	<p>company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO₂ emissions and the rules on monitoring, as well as any other relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.</p>	<p>company level to the responsible administering authority. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO₂ <u>CO₂, CH₄ and N₂O</u> emissions and the rules on monitoring, as well as any other relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757 might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.</p>	<p>company level to the responsible administering authority. To ensure coherence in administration and enforcement, the entity responsible for compliance with this Regulation should be the same as the entity responsible for compliance with Directive 2003/87/EC. In addition, the Commission should be empowered to adopt delegated acts to amend the methods for monitoring CO₂ emissions and the rules on monitoring, as well as any other relevant information set out in Regulation (EU) 2015/757, to ensure the effective functioning of the EU ETS at administrative level and to supplement Regulation (EU) 2015/757 with the rules for the approval of monitoring plans and changes thereof by administering authorities, with the rules for the monitoring, reporting and submission of the aggregated emissions data at company level and with the rules for the verification of the aggregated emissions data at company level and for the issuance of a verification report in respect of the aggregated emissions data at company level. The data monitored, reported and verified under Regulation (EU) 2015/757</p>	
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			might also be used for the purpose of compliance with other Union law requiring the monitoring, reporting and verification of the same ship information.	
Recital 67a				
77a		<u>(67a) In addition to effective carbon pricing based on a well-functioning EU ETS, market transparency is of key importance for enabling swift and cost-efficient emission reductions in all sectors of the economy. To allow consumers and all actors along the supply chain to make informed choices concerning the emissions embedded in products, a European system for robust carbon footprint labelling of products should be developed.</u>	(67a) Since the objectives of this Directive to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient way in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030 through an extended and amended Union wide market based mechanism cannot be sufficiently achieved by the Member States but can rather, by reason of its 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	

			<p>Article, this Directive does not go beyond what is necessary in order to achieve those objectives¹,</p> <p>_____</p> <p>1. Standard recital on subsidiarity and proportionality.</p>	
Recital 68				
78	(68) Directive 2003/87/EC, Decision (EU) 2015/1814 and Regulation (EU) 2015/757 should therefore be amended accordingly,		(68) Directive 2003/87/EC, Decision (EU) 2015/1814 and Regulation (EU) 2015/757 should therefore be amended accordingly,	
Formula				
79	HAVE ADOPTED THIS DIRECTIVE:		HAVE ADOPTED THIS DIRECTIVE:	
Article 1				

80	Article 1 Amendments to Directive 2003/87/EC		Article 1 Amendments to Directive 2003/87/EC	
Article 1, first paragraph, introductory part				
81	Directive 2003/87/EC is amended as follows:		Directive 2003/87/EC is amended as follows:	
Article 1, first paragraph, point (-1) , (Directive 2003/87/EC: ARTICLE 1)				
81a		<p><u><i>(-1) in Article 1, the second paragraph is replaced by the following:</i></u></p> <p><u><i>"This Directive also provides for the reductions of greenhouse gas emissions to be increased so as to contribute to the levels of reductions that are considered scientifically necessary to avoid dangerous climate change, to</i></u></p>		

		<u>reach the Union's climate-neutrality objective by 2050 at the latest and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119 of the European Parliament and of the Council(*), and to achieve the commitments of the Union and its Member States under the Paris Agreement, while reflecting the principles of equity and of common but differentiated responsibilities and respective capabilities of nations.</u>		
Article 1, first paragraph, point (-1a)				
81b		<u></u>		
Article 1, first paragraph, point (-1b)				
81c		<u>(*) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021</u>		

		<i>establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).";</i>		
Article 1, first paragraph, point (1), introductory part, (Directive 2003/87/EC: ARTICLE 2)				
82	(1) In Article 2, paragraphs 1 and 2 are replaced by the following:		(1) In Article 2, paragraphs 1 and 2 are replaced by the following:	
Article 1, first paragraph, point (1), introductory part, amending provision, numbered paragraph (1)				
83	“ 1. This Directive shall apply to the activities listed in Annexes I and III, and to the of greenhouse gases listed in Annex II. Where an installation that is included in the scope of the EU ETS due to the operation of combustion units with	“ 1. This Directive shall apply to the activities listed in Annexes I and III, and to the of greenhouse gases listed in Annex II. Where an installation that is included in the scope of the EU ETS due to the operation of combustion units with	“ 1. This Directive shall apply to the activities listed in Annexes I and III, and to the of greenhouse gases listed in Annex II. Where an installation that is included in the scope of the EU ETS due to the operation of combustion units with	

	<p>a total rated thermal input exceeding 20 MW changes its production processes to reduce its greenhouse gas emissions and no longer meets that threshold, it shall remain in the scope of the EU ETS until the end of the relevant five year period referred to in Article 11(1), second subparagraph, following the change to its production process.</p>	<p>a total rated thermal input exceeding 20 MW changes its production processes to reduce its greenhouse gas emissions and no longer meets that threshold <u>or no longer emits greenhouse gases, the operator of that installation may decide that the installation is to, it shall</u> remain in the scope of the EU ETS until the end of the relevant<u>next</u> five year period referred to in Article 11(1), second subparagraph, following the change to its production process.</p> <p><u>By 31 December 2025, the Commission shall assess, and submit a report to the European Parliament and to the Council on, the inclusion of installations with a total rated thermal input below 20 MW in the scope of the EU ETS in the next period. That report shall be accompanied, where appropriate, by a legislative proposal to include such installations.</u></p> <p style="text-align: right;">”</p>	<p>a total rated thermal input exceeding 20 MW changes its production processes to reduce its greenhouse gas emissions and no longer meets that threshold, the Member State shall provide the operator with the option to remain in the scope of the EU ETS until the end of the relevant five year period referred to in Article 11(1), second subparagraph, following the change to its production process. The Member State concerned shall notify to the Commission changes compared to the list submitted to the Commission pursuant to Article 11(1).</p>	
Article 1, first paragraph, point (1), introductory part, amending provision,				

numbered paragraph (2), introductory part				
84	2. This Directive shall apply without prejudice to any requirements pursuant to Directive 2010/75/EU of the European Parliament and of the Council(*).		2. This Directive shall apply without prejudice to any requirements pursuant to Directive 2010/75/EU of the European Parliament and of the Council(*).	
Article 1, first paragraph, point (1), introductory part, amending provision, numbered paragraph (2), first paragraph				
85	_____		_____	
Article 1, first paragraph, point (1), introductory part, amending provision, numbered paragraph (2), second paragraph				
86	(*) Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.;		(*) Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.;	

	”		”	
Article 1, first paragraph, point (2), introductory part, (Directive 2003/87/EC: ARTICLE 3)				
87	(2) Article 3 is amended as follows:		(2) Article 3 is amended as follows:	
Article 1, first paragraph, point (2), introductory part, point (a), introductory part				
88	(a) point (b) is replaced by the following:		(a) point (b) is replaced by the following:	
Article 1, first paragraph, point (2), introductory part, point (a), amending provision, first paragraph				
89	“ (b) ‘emissions’ means the release of greenhouse gases from sources		“ (b) ‘emissions’ means the release of greenhouse gases from sources	

	in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;;	”	in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;;	”
Article 1, first paragraph, point (2), introductory part, point (b), introductory part				
90	(b) point (d) is replaced by the following:		(b) point (d) is replaced by the following:	
Article 1, first paragraph, point (2), introductory part, amending provision, first paragraph				
91	“ (d) ‘greenhouse gas emissions permit’ means the permit issued in accordance with Articles 5, 6 and		“ (d) ‘greenhouse gas emissions permit’ means the permit issued in accordance with Articles 5, 6 and	

	30b;; ”		30b;; ”	
Article 1, first paragraph, point (2), introductory part, point (c)				
92	(c) point (u) is deleted;		(c) point (u) is deleted;	
Article 1, first paragraph, point (2), introductory part, point (d), introductory part				
93	(d) the following points (v) to (z) are added:		(d) the following points (v) to (z) are added:	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, first paragraph, introductory part				
94	“ (v) ‘shipping company’ means the shipowner or any other organisation or person, such as the		“ (v) ‘shipping company’ means the shipowner or any other organisation or person, such as the	

	manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(*);		manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(*);	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, first paragraph, first paragraph				
95	_____		_____	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, first paragraph, second paragraph				
96	(*) Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006		(*) Regulation (EC) No 336/2006 of the European Parliament and of the Council of 15 February 2006	

	on the implementation of the International Safety Management Code within the Community and repealing Council Regulation (EC) No 3051/95 (OJ L 64, 4.3.2006, p. 1).		on the implementation of the International Safety Management Code within the Community and repealing Council Regulation (EC) No 3051/95 (OJ L 64, 4.3.2006, p. 1).	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, first paragraph a				
96a		“ <u>(va) ‘voyage’ means a voyage as defined in Article 3, point (c), of Regulation (EU) 2015/757 of the European Parliament and of the Council(*);</u>		
Article 1, first paragraph, point (2), point (d), amending provision, first paragraph b				
96b		<u></u>		

Article 1, first paragraph, point (2), introductory part, point (d), amending provision, first paragraph c				
96c		<p><i><u>(*) Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).</u></i></p>		
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, second paragraph w				
97	(w) ‘administering authority in respect of a shipping company’ means the authority responsible for administering the EU ETS in respect of a shipping company in accordance with Article 3gd;	(w) ‘administering authority in respect of a shipping company’ means the authority responsible for administering the EU ETS in respect of a shipping company in accordance with Article 3gd;	(w) ‘administering authority in respect of a shipping company’ means the authority responsible for administering the EU ETS in respect of a shipping company in accordance with Article 3gd;	

Article 1, first paragraph, point (2), introductory part, point (d), amending provision, second paragraph wa				
97a		<p><u>(wa) "non-EU transhipment port" means a transhipment port in a non-EU neighbouring country at a distance of less than 300 nautical miles from a port under the jurisdiction of a Member State, where the movement of one type of cargo by way of transhipment operations exceeds 60 % of the total traffic of that port;</u></p>	<p>(wa) ‘port of call’ means the port where a ship stops to load or unload cargo or to embark or disembark passengers, considering that stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship and/or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities, and stops of containerships in a neighbouring container transhipment port listed in the implementing act adopted pursuant to Article 3g(1) are excluded.;</p>	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, second paragraph b				

97b		<u>(wb) 'transhipment operation' means an operation in which any cargo, container or good is unloaded from a ship to the port for the sole purpose of loading it onto another ship;</u>	(wb) 'cruise passenger ship' means a passenger ship not having a cargo deck, designed exclusively for commercial transportation of passengers in overnight accommodation on a sea voyage;	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, second paragraph c				
97c		<u>(wc) "port of call" means the port where a ship stops to load or unload cargo or to embark or disembark passengers; consequently, stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, stops in a non-EU transhipment port and stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue</u>		

		<u><i>activities are excluded from this definition;</i></u>		
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph, introductory part				
98	(x) ‘regulated entity’ for the purposes of Chapter IVa shall mean any natural or legal person, except for any final consumer of the fuels, that engages in the activity referred to in Annex III and that falls within one of the following categories:		(x) ‘regulated entity’ for the purposes of Chapter IVa shall mean any natural or legal person, except for any final consumer of the fuels, that engages in the activity referred to in Annex III and that falls within one of the following categories:	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(i)				
99	(i) where the fuel passes through a tax warehouse as defined in Article 3(11) of Council Directive (EU) 2020/262(*), the authorised warehouse keeper as defined in Article 3(1) of that Directive, liable to pay the excise duty which has		(i) where the fuel passes through a tax warehouse as defined in Article 3(11) of Council Directive (EU) 2020/262(*), the authorised warehouse keeper as defined in Article 3(1) of that Directive, liable to pay the excise duty which has	

	become chargeable pursuant to Article 7 of that Directive;		become chargeable pursuant to Article 7 of that Directive;	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(ii)				
100	(ii) if point (i) is not applicable, any other person liable to pay the excise duty which has become chargeable pursuant to Article 7 of Directive (EU) 2020/262 in respect of the fuels covered by this Chapter;		(ii) if point (i) is not applicable, any other person liable to pay the excise duty which has become chargeable pursuant to Article 7 of Directive (EU) 2020/262 in respect of the fuels covered by this Chapter;	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(iii)				
101	(iii) if points (i) and (ii) are not applicable, any other person which has to be registered by the relevant competent authorities of the Member State for the purpose of being liable to pay the excise duty, including any person exempt from paying the excise duty, as referred		(iii) if points (i) and (ii) are not applicable, any other person which has to be registered by the relevant competent authorities of the Member State for the purpose of being liable to pay the excise duty, including any person exempt from paying the excise duty, as referred	

	to in Article 21(5), fourth sub-paragraph, of Council Directive 2003/96/EC(**);		to in Article 21(5), fourth sub-paragraph, of Council Directive 2003/96/EC(**);	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(iv)				
102	(iv) if points (i), (ii) and (iii) are not applicable, or if several persons are jointly and severally liable for payment of the same excise duty, any other person designated by a Member State .		(iv) if points (i), (ii) and (iii) are not applicable, or if several persons are jointly and severally liable for payment of the same excise duty, any other person designated by a Member State .	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(iv), first paragraph				
103	_____		_____	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(iv), second paragraph				

104	(*) Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 058 27.2.2020, p. 4).		(*) Council Directive (EU) 2020/262 of 19 December 2019 laying down the general arrangements for excise duty (OJ L 058 27.2.2020, p. 4).	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, third paragraph(iv), third paragraph				
105	(**) Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283 31.10.2003, p. 51).		(**) Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283 31.10.2003, p. 51).	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, fourth paragraph y				
106	(y) ‘fuel’ for the purposes of Chapter IVa shall mean any fuel listed in Table-A and Table-C of Annex I to Directive 2003/96/EC,	(y) ‘fuel’ for the purposes of Chapter IVa shall mean any fuel listed in Table-A and Table-C of Annex I to Directive 2003/96/EC,	(y) ‘fuel’ for the purposes of Chapter IVa shall mean any fuel listed in Table-A and Table-C of Annex I to Directive 2003/96/EC,	

	as well as any other product offered for sale as motor fuel or heating fuel as specified in Article 2(3) of that Directive;	as well as any other product <u>intended for use, or used</u> as motor fuel or heating fuel as specified in Article 2(3) of that Directive;	as well as any other product offered for sale as motor fuel or heating fuel as specified in Article 2(3) of that Directive;	
Article 1, first paragraph, point (2), introductory part, point (d), amending provision, fifth paragraph z				
107	(z) ‘release for consumption’ for the purposes of Chapter IVa shall have the same meaning as in Article 6(3) of Directive (EU) 2020/262.”;		(z) ‘release for consumption’ for the purposes of Chapter IVa shall have the same meaning as in Article 6(3) of Directive (EU) 2020/262.”;	
Article 1, first paragraph, point (2a), (Directive 2003/87/EC: ARTICLE -3a)				
107a		<u>(2a) the following article is inserted:</u>		

Article 1, first paragraph, point (2a)				
107b		<u>'Article -3a</u>		
Article 1, first paragraph, point (2a)				
107c		<u>The Commission shall, together with the Executive Committee of the Warsaw International Mechanism for Loss and Damage and other international organisations, assess potential compensation measures that the Union as a whole could implement for vulnerable and developing countries and report on that assessment to the European Parliament and the Council by the end of 2022.'</u>		
Article 1, first paragraph, point (3), introductory part				
108	(3) the title of Chapter II is		(3) the title of Chapter II is	

	replaced by the following:		replaced by the following:	
Article 1, first paragraph, point (3), amending provision, first paragraph				
109	“ AVIATION AND MARITIME TRANSPORT ”		“ AVIATION AND MARITIME TRANSPORT ”	
Article 1, first paragraph, point (4), introductory part, (Directive 2003/87/EC: ARTICLE 3a)				
110	(4) Article 3a is replaced by the following:		(4) Article 3a is replaced by the following:	
Article 1, first paragraph, point (4), introductory part, amending provision, first paragraph				
111				

	“ Article 3a		“ Article 3a	
Article 1, first paragraph, point (4), introductory part, amending provision, second paragraph				
112	Scope		Scope	
Article 1, first paragraph, point (4), introductory part, amending provision, third paragraph				
113	Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to 3ge shall apply in respect of the maritime transport activities listed in Annex I.	“ Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to 3ge <u>3geb</u> shall apply <u>to the allocation and issue of allowances</u> in respect of the maritime transport activities listed in Annex I <u>carried out by ships of 5 000 gross tonnage and above</u> . ”	Articles 3b to 3f shall apply to the allocation and issue of allowances in respect of the aviation activities listed in Annex I. Articles 3g to 3ge shall apply in respect of the maritime transport activities listed in Annex I. ”	

Article 1, first paragraph, point (4), amending provision, third paragraph				
113a		<p><u>From 1 January 2027, Articles 3g to 3geb shall apply to the allocation and issue of allowances in respect of the maritime transport activities listed in Annex I carried out by ships of 400 gross tonnage and above. By that date, the Commission shall carry out an assessment of the level playing field for all ships and the avoidance of possible unwanted adverse effects on greenhouse gas emissions resulting from the possible replacement of ships of 5 000 gross tonnage and above by several ships of a gross tonnage below that threshold in the absence of lowering the threshold. The Commission shall, where appropriate, accompany that assessment with a legislative proposal to amend this Directive.</u></p>		
Article 1, first paragraph, point (4), amending provision, third paragraph				

113b		<p><u>By 31 December 2024, the Commission, supported by the European Scientific Advisory Board on Climate Change referred to in Article 3 of Regulation (EU) 2021/1119, shall assess, and report to the European Parliament and to the Council on, the impact on the global climate of greenhouse gas emissions other than CO₂, CH₄ and N₂O and of particles with a global warming potential, from ships arriving at, within or departing from ports under the jurisdiction of a Member State. That report shall be accompanied, where appropriate, by a legislative proposal to address the question of how to deal with such emissions and particles.</u></p> <p>”</p>		
Article 1, first paragraph, point (5), introductory part, (Directive 2003/87/EC: ARTICLE 3f and 3g)				
114	(5) Articles 3f and 3g are replaced		(5) Articles 3f and 3g are replaced	

	by the following:		by the following:	
Article 1, first paragraph, point (5), introductory part, amending provision, first para - Directive 2003/87/EC ART 3f				
115	“ Article 3f		“ Article 3f	
Article 1, first paragraph, point (5), introductory part, amending provision, second paragraph				
116	Monitoring and reporting plans		Monitoring and reporting plans	
Article 1, first paragraph, point (5), introductory part, amending provision, third paragraph				
117	The administering Member State shall ensure that each aircraft operator submits to the competent authority in that Member State a		The administering Member State shall ensure that each aircraft operator submits to the competent authority in that Member State a	

	monitoring plan setting out measures to monitor and report emissions and tonne-kilometre data for the purpose of an application under Article 3e and that such plans are approved by the competent authority in accordance with the acts referred to in Article 14.		monitoring plan setting out measures to monitor and report emissions and tonne-kilometre data for the purpose of an application under Article 3e and that such plans are approved by the competent authority in accordance with the acts referred to in Article 14.	
Article 1, first paragraph, point (5), introductory part, amending provision, fourth para - Directive 2003/87/EC ART 3g				
118	Article 3g		Article 3g	
Article 1, first paragraph, point (5), introductory part, amending provision, fifth paragraph				
119	Scope of application to maritime transport activities		Scope of application to maritime transport activities	
Article 1, first paragraph, point (5), introductory part, amending provision, numbered paragraph (1)				

120	<p>1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, fifty percent (50 %) of the emissions from ships performing voyage departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, one hundred percent (100 %) of emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships at berth in a port under the jurisdiction of a Member State.</p>	<p>“</p> <p>1. <u><i>The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of one hundred percent (100 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of the emissions from ships at berth in a port under the jurisdiction of a Member State.</i></u></p> <p><u><i>Until 31 December 2026, the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State</i></u> <i>the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the</i></p>	<p>1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port of call under the jurisdiction of a Member State and arriving at a port of call outside the jurisdiction of a Member State, fifty percent (50 %) of the emissions from ships performing voyage departing from a port of call outside the jurisdiction of a Member State and arriving at a port of call under the jurisdiction of a Member State, one hundred percent (100 %) of emissions from ships performing voyages departing from a port of call under the jurisdiction of a Member State and arriving at a port of call under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships at berth in a port of call under the jurisdiction of a Member State.</p> <p>The Commission shall by 31 December 2023 by means of implementing acts establish a list</p>	
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		<p>emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and fifty percent (50 %) of the (50 %) of the emissions from ships performing voyage <u>voyages</u> departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State.</p> <p><u>From 1 January 2027 and subject to the derogations set out in Article 3gaa, the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of</u> one hundred percent (100 %) of <u>the</u> emissions from ships <u>performing voyages departing from</u> performing voyages departing from a port under the jurisdiction of a Member State <u>and arriving at a port outside the jurisdiction of a Member State, and one hundred percent (100 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State.</u></p>	<p>of the neighbouring container transshipment ports and update this list before 31 December every two years thereafter.</p> <p>Those implementing acts shall list neighbouring container transshipment ports located outside the Union but less than 300 nautical miles of the Union territory, where the share of transshipment of containers, measured in twenty-foot equivalent unit, exceeds 65% of the total container traffic of that port during the most recent twelve-month period for which relevant data are available. For the purpose of this paragraph containers shall be considered as transhipped when they are unloaded from a ship to the port for the sole purpose of loading them on another ship. The list shall not include ports located in a third country that effectively apply measures equivalent to this Directive.</p> <p>Those implementing acts shall be adopted in accordance with the</p>	
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		<p><i>and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships at berth in a port under the jurisdiction of a Member State.</i></p> <p>”</p>	<p>examination procedure referred to in Article 22a(2).</p>	
Article 1, first paragraph, point (5), introductory part, amending provision, numbered paragraph (2)				
121	<p>2. Articles 9, 9a and 10 shall apply to maritime transport activities in the same manner as they apply to other activities covered by the EU ETS.</p> <p>”</p>		<p>2. Articles 9, 9a and 10 shall apply to maritime transport activities in the same manner as they apply to other activities covered by the EU ETS with the following exception with regard to the application of Article 10.</p> <p>Until 31 December 2030, a share of allowances shall be attributed to Member States with a ratio of shipping companies that would have been under their responsibility according to Article 3gd compared to population in 2020 and based on</p>	

			<p>data available for the period 2018-2020, above 15 shipping companies per million inhabitants. The quantity of allowances shall correspond to 3.5% of the additional quantity of allowances due to the increase in the cap for maritime transport referred to in Article 9, third sub-paragraph in the relevant year. For the years 2024 to 2027, the quantity of allowances shall in addition be multiplied by the percentages applicable to the relevant year pursuant to Article 3ga, points (a) to (d). The revenue from the auctioning of this share of allowances should be used for the purposes referred to in Article 10(3) point (g), with regard to the maritime sector, and points (f) and (i). 50% of the quantity of allowances shall be distributed among the relevant Member States based on the share of shipping companies under their responsibility and the remainder distributed in equal shares between them.</p> <p>”</p>	
Article 1, first paragraph, point (6), introductory part, (Directive 2003/87/EC:				

ARTICLES 3ga to 3ge)				
122	(6) the following Articles 3ga to 3ge are added:		(6) the following Articles 3ga to 3ge are added:	
Article 1, first paragraph, point (6), introductory part, amending provision, first paragraph, (Directive 2003/87/EC ART 3ga)				
123	“ Article 3ga		“ Article 3ga	
Article 1, first paragraph, point (6), introductory part, amending provision, second paragraph				
124	Phase-in of requirements for maritime transport	“ Phase-in of Requirements for maritime transport	Phase-in of requirements for maritime transport	
Article 1, first paragraph, point (6), introductory part, amending provision, third				

paragraph, introductory part				
125	Shipping companies shall be liable to surrender allowances according to the following schedule:	<u>From 1 January 2024 and each year thereafter,</u> shipping companies shall be liable to surrender allowances according to the following schedule: <u>corresponding to one hundred percent (100 %) of verified emissions reported for each respective year.</u>	Shipping companies shall be liable to surrender allowances according to the following schedule:	
Article 1, first paragraph, point (6), introductory part, amending provision, third paragraph, point (a)				
126	(a) 20 % of verified emissions reported for 2023;	(a) 20 % of verified emissions reported for 2023; <u>deleted</u>	(a) 20 % of verified emissions reported for 2023; [the first full year after the deadline of transposition of this amending Directive]	
Article 1, first paragraph, point (6), introductory part, amending provision, third paragraph, point (b)				
127				

	(b) 45 % of verified emissions reported for 2024;	(b) 45 % of verified emissions reported for 2024; <u>deleted</u>	(b) 45 % of verified emissions reported for 2024; [the second full year after the deadline of transposition of this amending Directive]	
Article 1, first paragraph, point (6), introductory part, amending provision, third paragraph, point (c)				
128	(c) 70 % of verified emissions reported for 2025;	(c) 70 % of verified emissions reported for 2025; <u>deleted</u>	(c) 70 % of verified emissions reported for 2025; [the third full year after the deadline of transposition of this amending Directive]	
Article 1, first paragraph, point (6), introductory part, amending provision, third paragraph, point (d)				
129	(d) 100 % of verified emissions reported for 2026 and each year thereafter.	(d) 100 % of verified emissions reported for 2026 and each year thereafter. <u>deleted</u>	(d) 100 % of verified emissions reported for 2026 [the fourth full year after the deadline of transposition of this amending Directive] and each year thereafter.	

Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph				
130	To the extent that fewer allowances are surrendered compared to the verified emissions from maritime transport for the years 2023, 2024 and 2025, once the difference between verified emissions and allowances surrendered has been established in respect of each year, a corresponding quantity of allowances shall be cancelled rather than auctioned pursuant to Article 10.	To the extent that fewer allowances are surrendered compared to the verified emissions from maritime transport for the years 2023, 2024 and 2025, once the difference between verified emissions and allowances surrendered has been established in respect of each year, a corresponding quantity of allowances shall be cancelled rather than auctioned pursuant to Article 10. <u>deleted</u>	To the extent that fewer allowances are surrendered compared to the verified emissions from maritime transport for the years 2023, 2024 and 2025 [the first three years after the deadline of transposition of this amending Directive] , once the difference between verified emissions and allowances surrendered has been established in respect of each year, a corresponding quantity of allowances shall be cancelled rather than auctioned pursuant to Article 10.	
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph-Directive 2003/87/EC ART 3gaa				
130a		<u>Article 3gaa</u>	Article 3gaa	

Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph b				
130b		<u>Derogations conditional on the taking of measures by third countries and international organisations to address the climate impact of maritime transport</u>	Provisions for transfer of the costs of the ETS from the shipping company to another entity	
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph c				
130c		<u>1. The Commission shall engage with third countries with the aim of establishing bilateral or multilateral agreements on actions and measures to reduce greenhouse gas emissions from maritime transport in line with the goal of keeping the global temperature rise within 1,5 °C above pre-industrial levels, in line with the Paris Agreement. The Commission shall keep the</u>	Member States shall take the necessary measure to ensure that when the ultimate responsibility for the purchase of the fuel and/or the operation of the ship is assumed by a different entity than the shipping company, the shipping company is entitled to reimbursement from that entity for the costs arising from the surrender of allowances. Operation of the ship for the	

		<i>European Parliament and the Council informed of any developments in this regard.</i>	<p>purposes of this Article means determining the cargo carried, the route and the speed of the ship. The shipping company remains the responsible entity for surrendering allowances as required under Article 3ga and Article 12 of this Directive and for overall compliance with the provisions of national law transposing this Directive.</p> <p>Member States shall ensure that shipping companies under their responsibility comply with their obligations to surrender allowances, notwithstanding their entitlement to be reimbursed by the commercial operators for the costs arising from the surrender.</p>	
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph d				
130d		<i>2. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by introducing a proportionate reduction of the scope of</i>		

		<u>application of the Union measures while maintaining in the scope of the EU ETS at least fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, and fifty percent (50 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, where:</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph e				
130e		<u>(a) a third country has a carbon pricing mechanism in place to cap and reduce emissions that is at least equivalent to that of the EU ETS;</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph f				

130f		<u>(b) a carbon pricing mechanism to cap and reduce emissions that is at least equivalent to that of the EU ETS has been established through a bilateral or multilateral agreement between the Union and one or more third countries and it has been decided to link it to the EU ETS pursuant to Article 25; or</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph g				
130g		<u>(c) a third country is a Least Developed Country or Small Island Developing State that has a GDP per capita not equalling or exceeding the Union average and includes emissions under its nationally determined contributions under the Paris Agreement.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph -Directive 2003/87/EC ART 3gab				

130h		<u>Article 3gab</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph i				
130i		<u>Ocean Fund</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph j				
130j		<u>1. A fund ('the Ocean Fund') shall be established to support projects and investments referred to in paragraph 4. 75 % of the revenues generated from the auctioning of allowances referred to in Article 3g shall be used through the Ocean Fund. Furthermore, any external assigned revenues referred to in Article 21(2) of Regulation (EU) .../... [FuelEU Maritime] shall be allocated to the Ocean Fund and</u>		

		<u><i>used in accordance with paragraph 4.</i></u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph k				
130k		<u><i>2. Shipping companies may pay an annual membership contribution to the Ocean Fund in accordance with their total emissions reported for the preceding calendar year under Regulation (EU) 2015/757 to limit the administrative burden for shipping companies, including small and medium-sized companies and companies that are not frequently active within the scope of this Directive. The Ocean Fund shall surrender allowances collectively on behalf of shipping transport companies that are members of the Ocean Fund. The membership contribution per tonne of emissions shall be set by the Ocean Fund by 28 February each year, but shall be at least equal to the highest recorded primary or secondary market settlement price for allowances in</i></u>		

		<u>the preceding year.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph I				
1301		<u>3. The Ocean Fund shall be managed centrally through a Union body. The governance structure of the Ocean Fund shall be similar to and ensure synergy with the governance structure of the Climate Investment Fund established under Article 10a(8), applying, where relevant, the rules for governance and support as laid down in that Article. The Ocean Fund's governance structure and decision-making process shall be transparent and inclusive, in particular in relation to the setting of priority areas, criteria and grant allocation procedures. Relevant stakeholders shall have an appropriate consultative role. All information on the projects and investments supported by the Ocean Fund and all other relevant information on the functioning of the Ocean Fund shall be made available to</u>		

		<u>the public.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph m				
130m		<u>4. Funds provided under the Ocean Fund shall support the transition to an energy efficient and climate resilient Union maritime sector and be used to support projects and investments in relation to the following:</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph n				
130n		<u>(a) improvement of the energy efficiency of ships and ports;</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph o				

130o		<u><i>(b) innovative technologies and infrastructure for decarbonising the maritime transport sector, including as regards short sea shipping and ports, including connections to electricity grids in ports;</i></u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph p				
130p		<u><i>(c) deployment of sustainable alternative fuels, such as hydrogen, e-fuels and ammonia, that are produced from renewable energy, including through carbon contracts for difference (CCDs);</i></u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph q				
130q		<u><i>(d) zero-emission propulsion technologies, including wind</i></u>		

		<u>technologies;</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph r				
130r		<u>(e) research and development and the first industrial application of technologies and designs reducing greenhouse gas emissions, including innovative technologies and fuels for ice-class ships and winter navigation in frozen areas;</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph s				
130s		<u>(f) priority shall be given to projects that promote innovation in the sector, such as technologies that not only lead to decarbonisation but, inter alia, also reduce the risk of noise, air and maritime pollution;</u>		

Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph t				
130t		<u>(g) contributing to a just transition in the maritime sector through training, upskilling and reskilling of the existing workforce and preparation of the next generation maritime workforce.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph u				
130u		<u>15 % of the Ocean Fund shall be used to contribute to the protection, restoration and better management of marine ecosystems impacted by global warming, such as marine protected areas, and to promote a crosscutting sustainable blue economy, such as renewable marine energy.</u>		

Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph v				
130v		<u>All investment supported by the Ocean Fund shall be made public and shall be consistent with the aims of this Directive.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph w				
130w		<u>5. All funding provided under the Ocean Fund shall be carried out in accordance with:</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph x				
130x		<u>(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the</u>		

		<u>Council*</u> ,		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph y				
130y		<u>(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph z				
130z		<u>6. The Commission shall engage with third countries with regard to exploring options as to how they could also make use of the Ocean Fund. A corresponding share of the Ocean Fund shall be made available for those countries outside the Union, in particular Least Developed Countries and Small Island Developing States, whose voyages from or to a port outside the jurisdiction of a Member State are covered one</u>		

		<u><i>hundred percent (100 %) by measures aiming at adapting to climate change and decreasing their emissions in the maritime sector.</i></u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fourth paragraph aa				
130aa		<u><i>7. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the implementation of this Article. When implementing the Ocean Fund, the Commission shall take all the appropriate measures in accordance with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council** to ensure the protection of funds in relation to measures and investments supported by the Ocean Fund, in the event of failure to respect the rule of law in the Member States. To that end, the Commission shall provide an effective and efficient internal control system and shall seek</i></u>		

130ad		<u>** Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, fifth paragraph - Directive 2003/87/EC ART 3gb				
131	Article 3gb		Article 3gb	
Article 1, first paragraph, point (6), introductory part, amending provision, sixth paragraph				
132	Monitoring and reporting of emissions from maritime transport		Monitoring and reporting of emissions from maritime transport	
Article 1, first paragraph, point (6), introductory part, amending provision,				

seventh paragraph				
133	In respect of emissions from maritime transport activities listed in Annex I, the administering authority shall ensure that a shipping company under its responsibility monitors and reports the relevant parameters during a reporting period, and submits aggregated emissions data at company level to the administering authority in line with Chapter II of Regulation (EU) 2015/757 of the European Parliament and of the Council (*).		In respect of emissions from maritime transport activities listed in Annex I, the administering authority in the respect of a shipping company shall ensure that a shipping company under its responsibility monitors and reports the relevant parameters during a reporting period, and submits aggregated emissions data at company level to the administering authority in line with Chapter II of Regulation (EU) 2015/757 of the European Parliament and of the Council (*).	
Article 1, first paragraph, point (6), introductory part, amending provision, eighth paragraph				
134	_____		_____	
Article 1, first paragraph, point (6), introductory part, amending provision, ninth paragraph				

135	(*) Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).		(*) Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).	
Article 1, first paragraph, point (6), introductory part, amending provision, tenth paragraph - Directive 2003/87/EC ART 3gc				
136	Article 3gc		Article 3gc	
Article 1, first paragraph, point (6), introductory part, amending provision, eleventh paragraph				
137	Verification and accreditation of emissions from maritime transport		Verification and accreditation of emissions from maritime transport	

Article 1, first paragraph, point (6), introductory part, amending provision, twelfth paragraph				
138	The administering authority in respect of a shipping company shall ensure that the reporting of aggregated emissions data at shipping company level submitted by a shipping company pursuant to Article 3gb is verified in accordance with the verification and accreditation rules set out in Chapter III of Regulation (EU) 2015/757 (*).		The administering authority in respect of a shipping company shall ensure that the reporting of aggregated emissions data at shipping company level submitted by a shipping company pursuant to Article 3gb is verified in accordance with the verification and accreditation rules set out in Chapter III of Regulation (EU) 2015/757 (*).	
Article 1, first paragraph, point (6), introductory part, amending provision, thirteenth paragraph				
139	_____		_____	
Article 1, first paragraph, point (6), introductory part, amending provision, fourteenth paragraph				
140				

	(*) Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).		(*) Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC (OJ L 123, 19.5.2015, p. 55).	
Article 1, first paragraph, point (6), introductory part, amending provision, fifteenth para - Directive 2003/87/EC ART 3gd				
141	Article 3gd		Article 3gd	
Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth paragraph				
142	Administering authority in respect of a shipping company		Administering authority in respect of a shipping company	
Article 1, first paragraph, point (6), introductory part, amending provision,				

numbered paragraph (1), introductory part				
143	1. The administering authority in respect of a shipping company shall be:		1. The administering authority in respect of a shipping company shall be:	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (1), point (a)				
144	(a) in the case of a shipping company registered in a Member State, the Member State in which the shipping company is registered;		(a) in the case of a shipping company registered in a Member State, the Member State in which the shipping company is registered;	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (1), point (b)				
145	(b) in the case of a shipping company that is not registered in a Member State, the Member State with the greatest estimated number of port calls from voyages performed by that shipping		(b) in the case of a shipping company that is not registered in a Member State, the Member State with the greatest estimated number of port calls from voyages performed by that shipping	

	company in the last two monitoring years and falling within the scope set out in Article 3g;		company in the last two four monitoring years and falling within the scope set out in Article 3g;	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (1), point (c)				
146	(c) in the case of a shipping company that is not registered in a Member State and that did not carry out any voyage falling within the scope set out in Article 3g in the preceding two monitoring years, the administering authority shall be the Member State from where the shipping company has started its first voyage falling within the scope set out in Article 3g.		(c) in the case of a shipping company that is not registered in a Member State and that did not carry out any voyage falling within the scope set out in Article 3g in the preceding two four monitoring years, the administering authority shall be the Member State from where where a ship of the shipping company has arrived or started its first voyage falling within the scope set out in Article 3g.	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (1), point (c), first paragraph				
147	Where appropriate, the responsible administering authority in respect			

	of a shipping company shall be updated biennially.		<i>deleted</i>	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (2), introductory part				
148	2. Based on the best available information, the Commission shall:		2. Based on the best available information, the Commission shall establish by means of implementing acts :	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (2), point (a)				
149	(a) before 1 February 2024, publish a list of shipping companies which performed a maritime activity listed in Annex I that fell within the scope defined in Article 3g on or with effect from 1 January 2023, specifying the administering authority for each shipping company in accordance with paragraph 1; and		(a) before 1 February 2024 [2024/the year after the deadline for transposing this amending Directive] , publish a list of shipping companies which performed a maritime activity listed in Annex I that fell within the scope defined in Article 3g on or with effect from 1 January 2023 [2024/the year after the deadline for transposing this	

			amending Directive], specifying the administering authority for each shipping company in accordance with paragraph 1; and	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (2), point (b)				
150	(b) at least every two years thereafter, update the list to reattribute shipping companies to another administering authority where appropriate or to include shipping companies which have subsequently performed a maritime activity listed in Annex I that fell within the scope defined in Article 3g.		(b) at least before 1 February every two years thereafter, update the an updated list to reattribute shipping companies registered in a Member State to another administering authority where appropriate if they changed the Member State of registration within the Union in accordance with paragraph 1 (a) of this Article or to include shipping companies which have subsequently performed a maritime activity listed in Annex I that fell within the scope defined in Article 3g: in accordance with paragraph 1 (c) of this Article; and	
Article 1, first paragraph, point (6), amending provision, numbered paragraph				

(2)(c)				
150a			<p>(c) before 1 February every four years thereafter, an updated list to reattribute shipping companies that are not registered in a Member State to another administering authority in accordance with paragraph 1 (b) of this Article.</p>	
Article 1, first paragraph, point (6), amending provision, numbered paragraph (2a)				
150b			<p>2a. The administering authority that according to the list established pursuant to paragraph 2 is responsible for a shipping company shall retain that responsibility regardless of subsequent changes in the shipping company's activities or registration until those changes are reflected in an updated list.</p>	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (3)				

151	3. The Commission shall adopt implementing acts to establish detailed rules relating to the administration of shipping companies by administering authorities under this Directive. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).		3. The Commission shall adopt implementing acts to establish detailed rules relating to the administration of shipping companies by administering authorities under this Directive. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).	
Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth para - Directive 2003/87/EC ART 3gda				
151a		<u>Article 3gda</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth paragraph b				
151b		<u>Contractual arrangements</u>		

Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth paragraph c				
151c		<u>Where the ultimate responsibility for the purchase of the fuel or the operation of the ship is assumed, pursuant to a contractual arrangement, by an entity other than the shipping company, that entity shall be responsible under the contractual arrangement for covering the costs arising from compliance with the obligations under this Directive.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth paragraph d				
151d		<u>For the purposes of this Article, 'operation of the ship' means determining the cargo carried by, or the route and speed of, the ship.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, sixteenth paragraph e				

151e		<u><i>Member States shall take the necessary measures to ensure that the shipping company has appropriate and effective means of recovering the costs referred to in the first paragraph of this Article in accordance with Article 16.</i></u>		
Article 1, first paragraph, point (6), introductory part, amending provision, twentieth para - Directive 2003/87/EC ART 3ge				
152	Article 3ge		Article 3ge	
Article 1, first paragraph, point (6), introductory part, amending provision, twenty-first paragraph				
153	Reporting and review		Reporting and review	
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (1)				

154	<p>1. The Commission shall consider possible amendments in relation to the adoption by the International Maritime Organization of a global market-based measure to reduce greenhouse gas emissions from maritime transport. In the event of the adoption of such a measure, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission shall present a report to the European Parliament and to the Council in which it shall examine any such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Directive as appropriate.</p>	<p>1. The Commission shall consider possible amendments in relation to the adoption by the International Maritime Organization (<i>IMO</i>) of a global market-based measure to reduce greenhouse gas emissions from maritime transport. In the event of the adoption of such a measure, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission shall present a report to the European Parliament and to the Council in which it shall examine any such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Directive as appropriate.</p> <p><u>Within 12 months of the adoption of such a measure and before that measure becomes operational, and in any event before the 2028 global stocktake and no later than 30 September 2028, the Commission, supported by the European Scientific Advisory Board on Climate Change, shall</u></p>	<p>1. The Commission shall consider possible amendments in relation toIn the event of the adoption by the International Maritime Organization of a global market-based measure to reduce greenhouse gas emissions from maritime transport.In the event of the adoption of such a measure, theCommission shall review this Directive to take such progress into account. To this end, it shall without delay and in any event before the 2028 global stocktake and no later than 30 September 2028,the Commission shall present a report to the European Parliament and to the Council. The Commission shall in that report examine that measure as regards its ambition in light of the objectives of the Paris Agreement and its overall environmental integrity.in which It shall also examine any issue related to the possible co-existence or alignment of this Directive with that any such measure. Where appropriate, the Commission may follow to the report with a legislative proposal to the European Parliament and to the Council to amend this Directive as</p>	
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		<p><u>present a report to the European Parliament and to the Council in which it shall examine any such measure.</u></p> <p><u>That report shall examine the ambition and overall environmental integrity of the measures decided upon by the IMO, including their general ambition in relation to the Paris Agreement objective of limiting the temperature increase in the global average temperature to 1,5oC above pre-industrial levels, to the Union economy-wide greenhouse gas emissions reduction target for 2030 and to the climate-neutrality objective as set out in Regulation (EU) 2021/1119, and shall compare the overall environmental integrity of those measures to the overall environmental integrity involved in applying the EU ETS in accordance with the rules set out in this Directive.</u></p> <p><u>The report shall take into account the level of participation in those global measures, their</u></p>	<p>appropriate report shall be accompanied by a legislative proposal to amend this Directive, consistent with the Union economy-wide greenhouse gas emission commitments, and with the aim of preserving the environmental integrity and effectiveness of the Union climate action, ensuring appropriate implementation of a global market-based measure adopted by the International Maritime Organization, while taking into account the need for coherence between the EU ETS and the global market-based measure and avoidance of any resulting significant double burden.</p>	
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		<p><u>enforceability, transparency, penalties for non-compliance, the processes for public input, monitoring, reporting and verification of emissions, registries and accountability.</u></p> <p><u>The Commission shall also monitor adverse impacts as regards, inter alia, possible transport cost increases, market distortions and changes in port traffic, such as port evasion and shifts of transshipment hubs, the overall competitiveness of the maritime sector in the Member States, and in particular the adverse impacts on those shipping services that provide essential services of ‘territorial continuity’.</u></p> <p><u>In the event of the adoption of such a global market-based measure to reduce greenhouse gas emissions from maritime transport in line with the Paris Agreement and to at least a level comparable to that resulting from the Union measures taken under this Directive, the Commission may, where appropriate, accompany the</u></p>		
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		<u>report with a legislative proposal to amend this Directive and align it with measures taken on the global level while recognising the Union's sovereignty to regulate its share of emissions from international shipping voyages in line with the obligations of the Paris Agreement.</u>		
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (2)				
155	2. The Commission shall monitor the implementation of this Chapter and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. If appropriate, the Commission shall propose measures to prevent such avoidance.;	2. The Commission shall monitor, <u>and report biennially from ... [the year following the entry into force of this amending Directive], on</u> the implementation of this Chapter and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. <u>The Commission shall also monitor adverse impacts as regards, inter alia, possible transport cost increases, market distortions and changes in port traffic such as port evasion and shifts of transshipment hubs, the overall competitiveness of the maritime sector in the Member</u>	2. The Commission shall monitor the implementation of this Chapter in relation to maritime transport, in particular to detect evasive behaviours in order to prevent this at an early stage, and report on and possible trends as regards companies seeking to avoid being bound by the requirements of this Directive. If appropriate, the Commission shall propose measures to prevent such avoidance address these trends.;"	

		<p><u>States, and in particular the adverse impacts on those shipping services that provide essential services of territorial continuity.</u> If appropriate, the Commission shall propose measures to prevent such avoidance <u>possible adverse impacts or circumvention of the requirements of this Directive.</u>÷</p> <p>”</p>		
Article 1, first paragraph, point (6), introductory part, amending provision, numbered paragraph (2a)				
155a			<p>2a. No later than 30 September 2028, the Commission shall assess the appropriateness of extending the application of the second subparagraph of Article 3g(2) beyond 31 December 2030 and, if appropriate, submit a legislative proposal to that effect.</p>	
Article 1, first paragraph, point (6), amending provision, numbered paragraph (3)				
155b				

			3. No later than 31 December 2026, the Commission shall present a report to the European Parliament and to the Council in which it shall examine the feasibility and cost-effectiveness of the inclusion in this Directive:	
Article 1, first paragraph, point (6), amending provision, numbered paragraph (3)(a)				
155c			(a) of additional greenhouse gas emissions from maritime transport,	
Article 1, first paragraph, point (6), amending provision, numbered paragraph (3)(b)				
155d			(b) of emissions from ships below 5000 gross tonnage but not below 400 gross tonnage building notably on the analysis accompanying the review of Regulation (EU) 2015/757 due by	

			end of 2024.	
Article 1, first paragraph, point (6), amending provision, numbered paragraph (3), second paragraph				
155e			<p>That report shall also consider the interlinkages between this Directive and Regulation (EU) 2015/757 and draw on experiences from the application thereof. In that report, the Commission shall also examine how this Directive can best promote the uptake of renewable and low-carbon maritime fuels on a lifecycle basis. If appropriate, the report may be accompanied by legislative proposals.”</p>	
Article 1, first paragraph, point (6), amending provision, twenty-first para - Directive 2003/87/EC ART 3gea				
155f		<u>Article 3gea</u>		

Article 1, first paragraph, point (6), amending provision, twenty-first paragraph b

155g		<p><u>By way of derogation from Article 3g(1), where the distance between a port under the jurisdiction of a Member State and a port outside the jurisdiction of a Member State is less than 300 nautical miles, the allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of one hundred percent (100 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, including transshipment ports, and one hundred percent (100 %) of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State, including transshipment ports, and arriving at a port under the jurisdiction of a Member State.</u></p>		
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Article 1, first paragraph, point (7), introductory part, (Directive 2003/87/EC: ARTICLE 3h)				
156	(7) Article 3h is replaced by the following:		(7) Article 3h is replaced by the following:	
Article 1, first paragraph, point (7), introductory part, amending provision, first paragraph				
157	“ Article 3h		“ Article 3h	
Article 1, first paragraph, point (7), introductory part, amending provision, second paragraph				
158	Scope		Scope	

Article 1, first paragraph, point (7), introductory part, amending provision, third paragraph				
159	The provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of activities listed in Annex I other than aviation and maritime transport activities.;	“ <u>1.</u> The provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of activities listed in Annex I other than aviation and maritime transport activities.;	The provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of activities listed in Annex I other than aviation and maritime transport activities.;	”
Article 1, first paragraph, point (7), introductory part, amending provision, third paragraph a				
159a		<u>1a. Without prejudice to the provisions laid down in Article 4 of Directive 2008/98/EC, from 1 January 2026, the provisions of this Chapter shall apply to greenhouse gas emissions permits and the allocation and issue of allowances in respect of municipal waste incineration installations.</u>		

Article 1, first paragraph, point (7), introductory part, amending provision, third paragraph b				
159b		<p><u><i>1b. By 31 December 2024, the Commission shall present a report to the European Parliament and to the Council in which it shall examine the possible impacts of the inclusion of municipal waste incineration installations in the EU ETS, on the deviation towards disposal of waste by landfilling in the Union, and on waste exports to third countries.</i></u></p>		
Article 1, first paragraph, point (7), introductory part, amending provision, third paragraph c				
159c		<p><u><i>In that report, the Commission shall also assess the possibility of including in the EU ETS other waste management processes, in particular landfills which create methane and nitrous oxide emissions in the Union.</i></u></p>		

Article 1, first paragraph, point (7), introductory part, amending provision, third paragraph d				
159d		<p><u><i>The Commission shall, where appropriate, accompany that report with a legislative proposal, in particular where undercapacity exists, to prevent the impacts referred to in the first subparagraph and to include the processes referred to in the second subparagraph in the EU ETS.</i></u></p> <p>”</p>		
Article 1, first paragraph, point (8), introductory part, (Directive 2003/87/EC: ARTICLE 6(2)point (e))				
160	(8) in Article 6(2), point (e) is replaced by the following:		(8) in Article 6(2), point (e) is replaced by the following:	

Article 1, first paragraph, point (8), introductory part, amending provision, first paragraph				
161	<p>“</p> <p>(e) an obligation to surrender allowances equal to the total emissions of the installation in each calendar year, as verified in accordance with Article 15, within four months following the end of that year.;</p> <p>”</p>		<p>“</p> <p>(e) an obligation to surrender allowances equal to the total emissions of the installation in each calendar year, as verified in accordance with Article 15, within four months following the end of that year.;</p> <p>”</p>	
Article 1, first paragraph, point (9), introductory part, (Directive 2003/87/EC: ARTICLE 8)				
162	<p>(9) Article 8 is amended as follows:</p>		<p>(9) Article 8 is amended as follows:</p>	

Article 1, first paragraph, point (9), introductory part, point (a)				
163	(a) the words “of the European Parliament and of the Council(1)” and footnote (1) are deleted;		(a) the words “of the European Parliament and of the Council(1)” and footnote (1) are deleted;	
Article 1, first paragraph, point (9), introductory part, point (b)				
164	(b) the following paragraph is added:		(b) the following paragraph is added:	
Article 1, first paragraph, point (9), introductory part, point (b), amending provision, first paragraph				
165	" (c) “The Commission shall review the effectiveness of synergies with Directive 2010/75/EU. Environmental and climate relevant permits should be coordinated to ensure efficient and speedier execution of measures		" (c) “The Commission shall review the effectiveness of synergies with Directive 2010/75/EU. Environmental and climate relevant permits should be coordinated to ensure efficient and speedier execution of measures	

	needed to comply with EU climate and energy objectives. The Commission may submit a report to the European Parliament and the Council in the context of any future review of this Directive.”;		needed to comply with EU climate and energy objectives. The Commission may submit a report to the European Parliament and the Council in the context of any future review of this Directive.”;	
	”		”	
Article 1, first paragraph, point (10), introductory part, (Directive 2003/87/EC: ARTICLE 9)				
166	(10) in Article 9, the following paragraph is added:		(10) in Article 9, the following paragraph is added:	
Article 1, first paragraph, point (10), introductory part, amending provision, first paragraph				
167	“ In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be decreased by [-- million allowances (to be determined	“ In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be decreased by 70 million allowances. <u>In 2026, the Union-</u>	“ In [the year following entry into force of this amendment], the Union-wide quantity of allowances shall be decreased by [-- million allowances (to be determined	

	<p>depending on year of entry into force)]. In the same year, the Union-wide quantity of allowances shall be increased by 79 million allowances for maritime transport. Starting in [the year following entry into force of this amendment], the linear factor shall be 4,2 %. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].;</p>	<p><u>wide quantity of allowances shall be decreased by 50 million allowances. In [the year following (to be determined depending on year of entry into force)]-In the same year, the of this amendment], the Union-wide quantity of allowances shall be increased by [the number of allowances corresponding to the scope of application of the EU ETS to maritime transport activities as set out in Article 3g] million allowances for maritime transport. Starting in 2024, the linear factor shall be 4,4 % until the end of 2025. Starting in 2026, the linear factor shall be 4,5 %. Starting in 2029, the linear factor shall be 4,6%.</u>Union-wide quantity of allowances shall be increased by 79 million allowances for maritime transport. Starting in [the year following entry into force of this amendment], the linear factor shall be 4,2 %. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].;</p>	<p>depending on year of entry into force)]. In the same year, the Union-wide quantity of allowances shall be increased by [79 -- million allowances (79 million allowances if entry into force in 2023 / 75 million allowances if entry into force in 2024)] for maritime transport. Starting in [the year following entry into force of this amendment], the linear factor shall be 4,2 %. The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted]. The linear factor shall also apply to the allowances corresponding to the maritime transport activities' average emissions reported in accordance with Regulation (EU) 2015/757 for 2018 and 2019 that are addressed in Article 3g.</p> <p>The Commission shall publish the Union-wide quantity of allowances within 3 months of [date of entry into force of the amendment to be inserted].";</p>	
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Article 1, first paragraph, point (10), introductory part, amending provision, first paragraph a				
167a		<p><u>From 1 January 2026, the Union-wide quantity of allowances shall be increased to take account of the inclusion of municipal waste incineration installations in the EU ETS. The Commission shall adopt implementing acts setting out the amount of the increase in the Union-wide quantity of allowances to take into account the inclusion of municipal waste incineration installations in the EU ETS. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).</u></p> <p>”</p>		
Article 1, first paragraph, point (11), introductory part, (Directive 2003/87/EC: ARTICLE 10)				
168	(11) Article 10 is amended as follows:		(11) Article 10 is amended as follows:	

Article 1, first paragraph, point (11), introductory part, point (a)				
169	(a) in paragraph 1, the third subparagraph is replaced by the following:		(a) in paragraph 1, the third subparagraph is replaced by the following:	
Article 1, first paragraph, point (11), introductory part, point (a), amending provision, first paragraph				
170	<p>“</p> <p>2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States (‘the beneficiary Member States’) as set out in Article 10d (‘the Modernisation Fund’). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part</p>		<p>“</p> <p>2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States (‘the beneficiary Member States’) as set out in Article 10d (‘the Modernisation Fund’). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part</p>	

	A of Annex IIb.		A of Annex IIb.	
Article 1, first paragraph, point (11), introductory part, point (a), amending provision, second paragraph				
171	<p>In addition, 2,5 % of the total quantity of allowances between [year following the entry into force of the Directive] and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb.</p>	<p>“</p> <p>—In addition, 2,5 % of the total quantity of allowances between [year following the entry into force of the Directive] <u>2024</u> and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb. <u>The additional quantity of allowances referred to in this subparagraph shall, where appropriate, also be used to fund cross-border projects with the beneficiary Member States and the adjacent low-growth border regions.</u></p> <p>”</p>	<p>——In addition, 2,5 % of the total quantity of allowances between [year following the entry into force of the Directive] and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 6575 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb.</p> <p>”</p>	

		<p><u><i>In addition, 0,5 % of the total quantity of allowances between ... /the year following the entry into force of this amending Directive/ and 2030 shall be made available for the Climate Investment Fund established under Article 10a(8).</i></u></p> <p>”</p>		
Article 1, first paragraph, point (11), introductory part, point (b), introductory part				
172	(b) in paragraph 3, the first and second sentence are replaced by the following:		(b) in paragraph 3, the first and second sentence are replaced by the following:	
Article 1, first paragraph, point (11), introductory part, point (b), amending provision, numbered paragraph (3)				
173	“ 3. Member States shall determine the use of revenues generated from	“ 3. Member States shall determine the use of revenues generated from	“ 3. Member States shall determine the use of revenues generated from	

	<p>the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), for one or more of the following;</p>	<p>the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget <u>as general income. The revenue accruing to the Union budget shall respect the principle of universality in accordance with Article 7 of Council Decision (EU, Euratom) 2020/2053</u>*. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), for one or more of the following;</p> <p style="text-align: right;">”</p> <p style="text-align: right;">”</p> <p>_____</p> <p><u>*. Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).</u></p>	<p>the auctioning of allowances referred to in paragraph 2, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shallshould use their those revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), or the equivalent in financial value of these revenues, for one or more of the following:";</p> <p style="text-align: right;">”</p>	
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Article 1, first paragraph, point (11)(ba), introductory part				
173a		<u>(ba) in paragraph 3, first subparagraph, points (b) to (f) are replaced by the following:</u>		
Article 1, first paragraph, point (11)(ba), amending provision, first paragraph				
173b		<u>(b) "to develop renewable energies and grids for electricity transmission to meet the commitment of the Union to renewable energies and the Union targets on interconnectivity, as well as to develop other technologies that contribute to the transition to a safe and sustainable low-carbon economy, and to help to meet the commitment of the Union to increase energy efficiency, at the levels agreed in relevant legislative acts, including the production of electricity from renewables self-consumers and renewable energy communities;</u>		

Article 1, first paragraph, point (11)(ba), amending provision, first paragraph a				
173c		<u>(ba) to support the deep and staged deep renovation of buildings in accordance with Article 2, points (19) and (20), of Directive (EU) .../... [Recast EPBD], starting with the renovation of the worst-performing buildings;</u>		
Article 1, first paragraph, point (11)(ba), amending provision, second paragraph				
173d		<u>(c) measures to avoid deforestation and support the protection and restoration of peatland, forests and other land or marine based ecosystems, and increase biodiversity-friendly afforestation and reforestation in developing countries that have ratified the international agreement on climate change, to transfer technologies and to facilitate adaptation to the adverse effects of climate change in these countries;</u>		

Article 1, first paragraph, point (11)(ba), amending provision, third paragraph				
173e		<u>(d) forestry and soil sequestration in the Union;</u>		
Article 1, first paragraph, point (11)(ba), amending provision, third paragraph a				
173f		<u>(da) climate adaptation in the Union;</u>		
Article 1, first paragraph, point (11)(ba), amending provision, fourth paragraph				
173g		<u>(e) the environmentally safe capture and geological storage of CO₂ , in particular from solid fossil fuel power stations and a range of industrial sectors and subsectors, including in third countries, and innovative technological carbon removal methods, such as Direct Air Capture ('DAC') and its storage;</u>		

Article 1, first paragraph, point (11)(ba), amending provision, fifth paragraph				
173h		<p><u>(f) to invest in and accelerate the shift to forms of transport which contribute significantly to the decarbonisation of the sector, including the development of climate-friendly passenger and freight rail transport and bus services and technologies, and to finance measures to support airports' decarbonisation in accordance with Regulation (EU) .../... [deployment of alternative fuels infrastructure], and Regulation (EU) .../... [ensuring a level playing field for sustainable air transport];"</u></p>		
Article 1, first paragraph, point (11), introductory part, point (c), introductory part				
174	(c) in paragraph 3, point (h) is replaced by the following:		(c) in paragraph 3, point (h) is replaced by the following:	

Article 1, first paragraph, point (11), introductory part, point (c), amending provision, first paragraph				
175	<p>“</p> <p>(h) measures intended to improve energy efficiency, district heating systems and insulation, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing distortive taxes;;</p> <p>”</p>	<p>“</p> <p>(h) measures intended to improve energy efficiency, district heating systems and insulation, <u>efficient and renewable heating and cooling systems</u>, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing distortive<u>in particular</u> taxes;, <u>duties and charges for renewable electricity</u>;</p> <p>”</p>	<p>“</p> <p>(h) measures intended to improve energy efficiency, district heating systems and insulation, or to provide financial support in order to address social aspects in lower- and middle-income households, including by reducing distortive taxes;;</p> <p>”</p>	
Article 1, first paragraph, point (11)(ca), introductory part				
175a		<p><u>(ca) in paragraph 3, first subparagraph, the following point is inserted:</u></p>		

Article 1, first paragraph, point (11)(ca), amending provision, first paragraph

175b		<p><u>(ha) to finance national climate dividend schemes with a proven positive environmental impact as documented in the annual report referred to in Article 19(2) of Regulation (EU) 2018/1999 of the European Parliament and of the Council</u>[*];</p> <p style="text-align: right;">”</p> <hr/> <p>[*] <u>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)."</u></p>		
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Article 1, first paragraph, point (11), introductory part, point (ca), introductory part				
175c			(ca) in paragraph 3, subparagraph 2 is replaced by the following:	
Article 1, first paragraph, point (11), introductory part, point (ca), amending provision, numbered paragraph (1)				
175d			<p>"</p> <p>Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies, including in particular in developing countries, or domestic regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to the revenues referred to in the first subparagraph. "</p>	

			"	
Article 1, first paragraph, point (11)(cb), introductory part				
175e		<u>(cb) in paragraph 3, first subparagraph, point (k) is replaced by the following:</u>		
Article 1, first paragraph, point (11)(cb), amending provision, first paragraph				
175f		<u>"(k) to promote skill formation and reallocation of labour in order to contribute to a just transition to a climate-neutral economy, in particular in regions most affected by the transition of jobs, in close coordination with the social partners and invest in upskilling and re-skilling of workers potentially affected by the transition."</u> Amending present text		

Article 1, first paragraph, point (11)(cc), introductory part				
175g		<u>(cc) in paragraph 3, the following subparagraphs are inserted after the first subparagraph:</u>		
Article 1, first paragraph, point (11)(cc), amending provision, first paragraph a and b				
175h		<u>"By way of derogation from the first subparagraph, Member States shall use at least 10 % of the revenues generated from the auctioning of allowances for the development of public transport, in particular climate-friendly passenger and freight rail transport and bus services and technologies, as referred to in point (f) of that subparagraph.</u> <u>By way of derogation from the first subparagraph, Member States shall use at least 10 % of the revenues generated from the auctioning of allowances to</u>		

		<u><i>finance additional climate actions in vulnerable third countries, as referred to in point (j) of that subparagraph."</i></u>		
Article 1, first paragraph, point (11)(cd), introductory part				
175i		<u><i>(cd) in paragraph 3, the second subparagraph is replaced by the following:</i></u>		
Article 1, first paragraph, point (11)(cd), amending provision, second paragraph				
175j		<u><i>"Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies, including in particular in developing countries, or domestic regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to</i></u>		

		<p><u>at least 100 % of the revenues generated from the auctioning of allowances referred to in paragraph 2, including all revenues from the auctioning referred to in paragraph 2, points (b) and (c). Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph in their reports submitted under Decision No 280/2004/EC."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (11)(ce), introductory part				
175k		<p><u>(ce) the following paragraphs are inserted:</u></p>		

Article 1, first paragraph, point (11)(ce), amending provision, third paragraph, points a and b

1751		<p><u>"3a. Member States shall submit to the Commission a plan on the use of revenues together with each update of the integrated national energy and climate plan referred to in Article 14(1) and (2) of Regulation (EU) 2018/1999. In accordance with Article 19(2) of that Regulation, Member States shall also report annually to the Commission on the use of revenues and the actions taken pursuant to paragraph 3 of this Article. Member States shall submit full, quality and consistent information. In particular, they shall define in their reports the meaning of 'committed' and 'disbursed' amounts, and submit rigorous financial information. If necessary to ensure compliance with those reporting obligations, Member States shall earmark revenues in their national budgets.</u></p> <p><u>Member States shall ensure that</u></p>		
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		<p><u>EU ETS revenues are spent in a manner consistent with the obligations laid down in paragraph 3 and maintain their traceability, and ensure that they are additional to national climate spending. The Commission shall take all necessary measures to ensure that Member States respect their reporting obligations under this paragraph.</u></p> <p><u>3b. Member States shall use the revenues generated from auctioning of allowances, and not used as own resources, referred to paragraph 2 of this Article, in accordance with:</u></p> <p><u>(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852;</u></p> <p><u>(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852; and</u></p>		
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		<p><u>(c) the Member State's integrated national energy and climate plan submitted in accordance with Regulation (EU) 2018/1999 and, if relevant, the territorial just transition plan prepared in accordance with Article 11 of Regulation (EU) 2021/1056 of the European Parliament and of the Council*.</u></p> <p>_____</p> <p><u>*. Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1)."</u></p>		
Article 1, first paragraph, point (11), introductory part, point (d), introductory part				
176	(d) in paragraph 4, the first sentence is replaced by the following:		(d) in paragraph 4, the first sentence is replaced by the following:	

Article 1, first paragraph, point (11), introductory part, point (d), amending provision, numbered paragraph (4)				
177	<p>“</p> <p>4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the timing, administration and other aspects of auctioning, including the modalities for the transfer of a share of revenues to the Union budget, in order to ensure that it is conducted in an open, transparent, harmonised and non-discriminatory manner.</p> <p>”</p>		<p>“</p> <p>4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the timing, administration and other aspects of auctioning, including the modalities of the auctioning which are made necessary for the transfer of a share of revenues to the Union budget as externally assigned revenue in accordance with Article 30d (3a) or as own resources in accordance with Article 311(3) TFEU, -in order to ensure that it is conducted in an open, transparent, harmonised and non-discriminatory manner.</p> <p>”</p>	
Article 1, first paragraph, point (11)(d a), introductory part				
177a		<p>“ <u>da) paragraph 5 is replaced by the following:</u></p>		

Article 1, first paragraph, point (11)(d a), amending provision, numbered paragraph (5)

177b

"5. The Commission shall monitor the functioning of the European carbon market. Each year, it shall submit a report to the European Parliament and to the Council on the functioning of the carbon market and on other relevant climate and energy policies, including the operation of the auctions, the role and impact of non-compliance operators such as financial investors in the market, liquidity and the volumes traded, and summarising the information provided by Member States on the financial measures referred to in Article 10a(6). If necessary, Member States shall ensure that any relevant information is submitted to the Commission at least two months before the Commission adopts the report."

Amending present text

Article 1, first paragraph, point (11)(d b), introductory part				
177c		<u>(db) the following paragraph is added:</u>		
Article 1, first paragraph, point (11)(d b), amending provision, numbered paragraph (5)(a)				
177d		<u>"5a. Following the final report of 28 March 2022 of the European Securities and Markets Authority (ESMA) on emission allowances and associated derivatives, the Commission shall, where appropriate, present a legislative proposal by ... /six months after the entry into force of this Directive/ to follow up on the recommendations in that report, in order to improve the level of transparency, monitoring and reporting on the European emission allowance markets as well as related derivative markets, taking into account the Union-wide nature of those markets."</u>		

Article 1, first paragraph, point (11)(d c), introductory part				
177e		<u>(dc) the following paragraph is added:</u>		
Article 1, first paragraph, point (11)(d c), amending provision, numbered paragraph (5)(b))				
177f		<u>"5b. ESMA shall regularly monitor the integrity and transparency of the European emission allowance markets as well as related derivative markets. It shall on a regular basis publish a report on the integrity and transparency of those markets, drawing, as necessary, on the Union registry data and the data reported or made available to the competent authorities. In that report, ESMA shall in particular examine the functioning of the markets in light of any market volatility and price evolution, the operation of the auctions and trading operations on the markets, liquidity and the volumes traded, and the categories and trading</u>		

		<p><u>behaviour of market participants. That report shall, where relevant, include recommendations to strengthen market integrity and improve market transparency. Those recommendations shall, in particular, consider measures to enhance the information available to market participants and the public at large on the functioning of the emission allowance markets and related derivative markets, improve regulatory reporting and market monitoring in emission allowance markets and related derivative markets, promote the prevention and detection of market abuse and help in maintaining orderly markets for emission allowances and related derivatives.</u></p> <p><u>The Commission shall assess the recommendations referred to in the first subparagraph of this paragraph in the next report submitted pursuant to paragraph 5 following the publication of ESMA's report. The Commission shall, where appropriate, accompany that report with a legislative proposal to improve the transparency and integrity of the</u></p>		
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		<u><i>emission allowance markets and related derivative markets, taking into account the Union-wide nature of those markets."</i></u>		
Article 1, first paragraph, point (12)(a)(-1), introductory part, (Directive 2003/87/EC: ARTICLE 10a)				
177g		<u><i>(-i) the second subparagraph is replaced by the following:</i></u>		
Article 1, first paragraph, point (12)(a)(-1), amending provision, second subparagraph				
177h		<u><i>"The measures referred to in the first subparagraph shall, to the extent feasible, determine Union-wide ex-ante benchmarks so as to ensure that allocation takes place in a manner that provides incentives for reductions in greenhouse gas emissions and energy efficient techniques, by</i></u>		

		<p><u>taking account of the most efficient techniques, substitutes, alternative production processes, high efficiency cogeneration, efficient energy recovery of waste gases, use of biomass and capture and storage of CO₂, where such facilities are available, and shall not provide incentives to increase emissions. No free allocation shall be made available in respect of any electricity production."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (12), introductory part				
178	(12) Article 10a is amended as follows:		(12) Article 10a is amended as follows:	
Article 1, first paragraph, point (12), point (a), introductory part				
179	(a) paragraph 1 is amended as		(a) paragraph 1 is amended as	

	follows:		follows:	
Article 1, first paragraph, point (12), point (a)(i), introductory part				
180	(i) the following two subparagraphs are inserted after the second subparagraph:		(i) the following two subparagraph is inserted after the second subparagraph:	
Article 1, first paragraph, point (12), point (a)(i), amending provision, first paragraph				
181	“ In the case of installations covered by the obligation to conduct an energy audit under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(*) [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the recommendations of the audit report are implemented, to the	“ In the case of installations covered by the obligation to conduct an energy audit <u>or implement a certified energy management system</u> under Article 8(4) of Directive 2012/27/EU of the European Parliament and of the Council(*)— [Article reference to be updated with the revised Directive], free allocation shall only be granted fully if the	<i>deleted</i>	

	<p>extent that the pay-back time for the relevant investments does not exceed five years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced by 25 %. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report. The measures referred to in the first subparagraph shall be adjusted accordingly.</p>	<p>recommendations of the audit report <u>or of the certified energy management system</u> are implemented, to the extent that the pay-back time for the relevant investments does not exceed five<u>eight</u> years and that the costs of those investments are proportionate. Otherwise, the amount of free allocation shall be reduced by 25 %<u>in accordance with the ninth and tenth subparagraphs of this paragraph</u>. The amount of free allocation shall not be reduced if an operator demonstrates that it has implemented other measures which lead to greenhouse gas emission reductions equivalent to those recommended by the audit report <u>for the installation concerned</u>. The measures referred to in the first subparagraph <u>of this paragraph</u> shall be adjusted accordingly.</p> <p><u>In addition to the requirements set out in the third subparagraph of this paragraph, by 1 July 2025, operators in sectors or subsectors eligible for free allocation of allowances pursuant to Articles 10a and 10b shall establish a decarbonisation plan for each of</u></p>		
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		<p><u>their installations for its activities covered by this Directive. That plan shall be consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 and any relevant sectoral roadmaps prepared in accordance with Article 10 of that Regulation and shall set out:</u></p> <p><u>(a) measures and related financial and investment plans for each installation to reach the necessary emission reductions consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 and any relevant sectoral roadmaps prepared in accordance with Article 10 of that Regulation at installation level, excluding the use of carbon offset credits;</u></p> <p><u>(b) intermediate targets and milestones to measure, by 31 December 2025 and by 31 December of each subsequent year until 2050, progress made towards reaching climate-neutrality as set out in point (a);</u></p>		
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		<p><u>(c) an estimate of the impact of each of the measures and related financial and investment plans referred to in point (a) as regards the reduction of greenhouse gas emissions and the targets and milestones referred to in point (b);</u></p> <p><u>(d) measures to address the implications for re- and up-skilling of the workforce, including through social dialogue, in accordance with national law and practice, in order to ensure a just transition.</u></p> <p><u>Member States may provide financial support to operators for the implementation of their decarbonisation plans referred to in the fourth subparagraph. Such support shall not be considered illegal State aid.</u></p> <p><u>The attainment of the targets and milestones referred to in the fourth subparagraph, point (b).</u></p>		
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		<p><u>shall be verified by 31 December 2025 and by 31 December of each subsequent year until 2050, in accordance with the verification and accreditation procedures provided for in Article 15.</u></p> <p><u>If no decarbonisation plan has been established in accordance with the fourth subparagraph or if the milestones and targets in that plan have not been attained, the amount of free allocation shall be reduced in accordance with the ninth and tenth subparagraphs.</u></p> <p><u>The Commission, supported by the European Scientific Advisory Board on Climate Change, is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out the minimal content and format of the decarbonisation plans referred to in the fourth subparagraph of this paragraph, in particular as regards the benchmarks for the targets and milestones referred to in point (b) of that subparagraph. The establishment and adoption of the</u></p>		
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		<p><u>delegated acts shall involve all relevant stakeholders.</u></p> <p><u>Where the requirements in either the third subparagraph or the fourth subparagraph have not been fulfilled, free allocation shall be reduced by:</u></p> <p><u>(a) 50 % for the installations whose greenhouse gas emission levels are above the average of the 10 % least efficient installations in a sector or subsector in the Union for the relevant product benchmarks;</u></p> <p><u>(b) 30 % for installations whose greenhouse gas emission levels are below the average of the 10 % least efficient installations in a sector or subsector in the Union for the relevant product benchmarks and above the average of the 50 % most efficient installations in that sector or subsector;</u></p>		
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		<p><u>(c) 25 % for installations whose greenhouse gas emission levels are above the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant product benchmarks and below the average of the 50 % most efficient installations in that sector or subsector.</u></p> <p><u>Where the requirements in neither the third subparagraph nor the fourth subparagraph have been fulfilled, the percentages set out in the ninth subparagraph, points (a), (b) and (c), shall be doubled.</u></p> <p><u>An additional free allocation of 10 % of the applicable benchmark value shall be given to installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant product benchmarks, provided allowances are available in accordance with the twelfth subparagraph.</u></p>		
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		<p><u>For the purpose of the additional free allocation referred to in the eleventh subparagraph, any allowances that are not allocated due to a reduction of free allocation in accordance with the ninth and tenth subparagraphs shall be used.</u></p>	“	
Article 1, first paragraph, point (12), point (a)(i), amending provision, second paragraph				
182	<p>No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) .../.. [reference to CBAM](**). The measures referred to in the first subparagraph shall be adjusted accordingly</p>		<p>“</p> <p>No free allocation shall be given to installations in sectors or subsectors to the extent they are covered by other measures to address the risk of carbon leakage as established by Regulation (EU) .../..–[reference to CBAMreference to CBAM](**). The measures referred to in the first subparagraph shall be adjusted accordingly.</p>	

Article 1, first paragraph, point (12), point (a)(i), amending provision, third paragraph				
183	_____		_____	
Article 1, first paragraph, point (12), point (a)(i), amending provision, fourth paragraph				
184	(*) 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).”;		(*) 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).”;	
Article 1, first paragraph, point (12), point (a)(i), amending provision, fifth paragraph				
185				

	(**) [CBAM full reference] “		(**) [CBAM full reference] “	
Article 1, first paragraph, point (12), point (a)(ii), introductory part				
186	(ii) the following sentence is added at the end of the third subparagraph:		(ii) the following sentence is added at the end of the third subparagraph:	
Article 1, first paragraph, point (12), point (a)(ii), amending provision, first paragraph				
187	“ In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed before the period from 2026 to 2030 in view of potentially modifying the definitions and system boundaries of existing product benchmarks.;	“ In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed before the period from 2026 to 2030 <u>as soon as possible and no later than ... [six months after the date of entry into force of this amending Directive]</u>	“ In order to provide further incentives for reducing greenhouse gas emissions and improving energy efficiency, the determined Union-wide ex-ante benchmarks shall be reviewed before the period from 2026 to 2030 in view of potentially modifying the definitions and system boundaries of existing product benchmarks.;	

	„	<p>in view of potentially modifying the definitions, <u>scope</u> and system boundaries of existing product benchmarks <u>and potentially including new benchmarks ensuring that free allocation for the production of a product is independent of the feedstock or the type of production process, where the production processes have the same purpose, accounts for the circular use potential of materials, or avoids installations with partially or fully decarbonised processes that produce products with similar or equal characteristics to conventional installations in the benchmark being excluded from or unable to participate in the benchmarks system.</u> The benchmark values resulting from that review shall be published as soon as the necessary information becomes available, in order for those benchmark values to apply from 2026.</p>	”	
Article 1, first paragraph, point (12), point (b), introductory part				

188	(b) the following paragraph 1a is inserted:		(b) the following paragraph 1a is inserted:	
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, introductory part				
189	“ 1a. No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.		“ 1a. No free allocation shall be given in relation to the production of products listed in Annex I of Regulation [CBAM] as from the date of application of the Carbon Border Adjustment Mechanism.	
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, first paragraph				
190	By way of derogation from the previous subparagraph, for the first years of operation of Regulation [CBAM], the production of these products shall benefit from free	“ By way of derogation from the previous <u>first</u> subparagraph, for the first years of operation of	By way of derogation from the previous subparagraph, for the first years of operation of Regulation [CBAM], the production of these products shall benefit from free	

	allocation in reduced amounts. A factor reducing the free allocation for the production of these products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period during the entry into force of [CBAM regulation] and the end of 2025, 90 % in 2026 and shall be reduced by 10 percentage points each year to reach 0 % by the tenth year.	Regulation [CBAM], the production of these products <u>products listed in Annex I to that Regulation</u> shall benefit from free allocation in reduced amounts. A factor reducing the free allocation for the production of these <u>those</u> products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period during the <u>between... [the date of entry into force of [CBAM regulation]]</u> and the end of 2025, 90 % in 2026 and shall be reduced by 10 percentage points each year <u>2026, and, contingent upon the application of Article 36(3), point (d), of Regulation (EU) .../... [CBAM Regulation], 93% in 2027, 84% in 2028, 69% in 2029, 50% in 2030, and 25% in 2031, to reach 0 % by the tenth year in 2032.-</u>	allocation in reduced amounts. A factor reducing the free allocation for the production of these products shall be applied (CBAM factor). The CBAM factor shall be equal to 100 % for the period during <u>between</u> the entry into force of [CBAM regulation] and the end of 2025, 90 % in 2026 and shall be reduced <u>and shall be reduced by 5 percentage points each year from 2026 to 2028, by 7.5 percentage points each year from 2029 to 2030, by 10 percentage points each year from 2031 to 2032, by 15 percentage points each year from 2033 to 2034 and by 20 percentage points in 2035 to reach 0 % by the tenth year.</u>	
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, first paragraph a				
190a		<u>In order to ensure a level playing field, by way of derogation from the first and second</u>		

		<u>subparagraphs, the production in the Union of products listed in Annex I to Regulation [CBAM] shall continue to receive free allocation, provided such products are produced for export to third countries without carbon pricing mechanisms similar to the EU ETS.</u>		
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, first paragraph b				
190b		<u>By ... [one year before the end of the transitional period as set out in Regulation [CBAM]], the Commission shall present a report to the European Parliament and to the Council in which it shall provide a detailed assessment of the effects of the EU ETS and CBAM on the production in the Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries and on the development of global emissions, as well as an assessment of the WTO compatibility of the derogation laid down in the previous</u>		

		<p><u>subparagraph, assessing in particular potential export adjustment mechanisms for installations belonging to the 10% most efficient installations as laid down in this Article, in the light of WTO compatibility or any other proposals the Commission deems appropriate. The Commission shall, where appropriate, accompany that report with a legislative proposal providing for protection against the risk of carbon leakage that equalises carbon pricing for the production in the Union of products listed in Annex I to Regulation [CBAM] that are produced for export to third countries without carbon pricing mechanisms similar to the EU ETS, in a way that is WTO-compatible by ... [the end of the transitional period as set out in Regulation [CBAM]].</u></p>		
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, second paragraph				
191	The reduction of free allocation shall be calculated annually as the		The reduction of free allocation shall be calculated annually as the	

	average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.		average share of the demand for free allocation for the production of products listed in Annex I of Regulation [CBAM] compared to the calculated total free allocation demand for all installations, for the relevant period referred to in Article 11, paragraph 1. The CBAM factor shall be applied.	
Article 1, first paragraph, point (12), point (b), amending provision, first paragraph, third paragraph				
192	Allowances resulting from the reduction of free allocation shall be made available to support innovation in accordance with Article 10a(8).;	Allowances resulting from the reduction of free allocation shall be made available to support innovation <u>the Climate Investment Fund</u> in accordance with Article 10a(8).;	Allowances resulting from the reduction of free allocation shall be made available to support innovation in accordance with Article 10a(8).;	
Article 1, first paragraph, point (12), point (ba)				
192a		<u>(ba) the following paragraph is</u>		

		<u>inserted:</u>		
Article 1, first paragraph, point (12), point (bb)				
192b		<u>1aa. Each year from 2025, as part of its annual report to the European Parliament and to the Council pursuant to Article 10(5), the Commission shall assess the effectiveness of the Carbon Border Adjustment Mechanism ('CBAM') in addressing the carbon leakage risk for goods produced in the Union for export to third countries which do not apply the EU ETS or a similar carbon pricing mechanism. The report shall in particular assess the development of Union exports in CBAM sectors and the developments as regards trade flows and the embedded emissions of those goods on the global market. Where the report concludes that there is a carbon leakage risk for goods produced in the Union for export to such third countries which do not apply the EU ETS or a similar carbon pricing mechanism, the</u>		

		<u><i>Commission shall, where appropriate, present a legislative proposal to address that carbon leakage risk in a manner that is compliant with WTO rules and takes into account the decarbonisation of installations in the Union."</i></u>		
Article 1, first paragraph, point (12), point (c), introductory part				
193	(c) paragraph 2 is amended as follows:		(c) paragraph 2 is amended as follows:	
Article 1, first paragraph, point (12), point (c)(i), introductory part				
194	(i) in the third subparagraph, point (c) is replaced by the following:		(i) in the third subparagraph, point (c) is replaced by the following:	
Article 1, first paragraph, point (12), point (c)(i), amending provision, first paragraph				

195	<p>“</p> <p>(c) For the period from 2026 to 2030, the benchmark values shall be determined in the same manner as set out in points (a) and (d) on the basis of information submitted pursuant to Article 11 for the years 2021 and 2022 and on the basis of applying the annual reduction rate in respect of each year between 2008 and 2028.;</p> <p>”</p>	<p>“</p> <p>(c) For the period from 2026 to 2030, the benchmark values shall be determined in the same manner as set out in points (a) and (d) on the basis of information submitted pursuant to Article 11 for the years 2021 and 2022, <u>excluding from the determination of the benchmark values data of the three least emission-intensive installations that either started operating after 2017 or received free allocation based on another benchmark,</u> and on the basis of applying the annual reduction rate in respect of each year between 2008 and 2028.;</p> <p>”</p>	<p>“</p> <p>(c) For the period from 2026 to 2030, the benchmark values shall be determined in the same manner as set out in points (a) and (d), taking into account point (e), on the basis of information submitted pursuant to Article 11 for the years 2021 and 2022 and on the basis of applying the annual reduction rate in respect of each year between 2008 and 2028.”;</p> <p>”</p>	
Article 1, first paragraph, point (12), point (c)(ii), introductory part				
196	<p>(ii) in the third subparagraph, the following point (d) is added:</p>		<p>(ii) in the third subparagraph, the following point (d) points (d) and (e) are added:</p>	

Article 1, first paragraph, point (12), point (c)(ii), amending provision, first paragraph				
197	<p>“</p> <p>(d) Where the annual reduction rate exceeds 2,5 % or is below 0,2 %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.;</p> <p>”</p>	<p>“</p> <p>(d) Where the annual reduction rate exceeds 2,5—% or is below 0,2 <u>0,4</u> %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.;</p> <p>”</p>	<p>“</p> <p>(d) Where the annual reduction rate exceeds 2,5 % or is below 0,2 %, the benchmark values for the period from 2026 to 2030 shall be the benchmark values applicable in the period from 2013 to 2020 reduced by whichever of those two percentage rates is relevant, in respect of each year between 2008 and 2028.;</p>	
Article 1, first paragraph, point (12), point (c)(ii), amending provision, first paragraph a				
197a			<p>(e) For the period from 2026 to 2030, the annual reduction rate of the product benchmark hot metal shall not be affected by the</p>	

			change of benchmark definitions and system boundaries applicable pursuant to the fifth subparagraph of article 10a(1)."; ”	
Article 1, first paragraph, point (12), point (c)(iii), introductory part				
198	(iii) the fourth subparagraph is replaced by the following:		(iii) the fourth subparagraph is replaced by the following:	
Article 1, first paragraph, point (12), point (c)(iii), amending provision, first paragraph				
199	“ By way of derogation regarding the benchmark values for aromatics and syngas, those benchmark values shall be adjusted by the same percentage as the refineries benchmarks in order to preserve a level playing field for producers of those products.;		“ By way of derogation regarding the benchmark values for aromatics and syngas, those benchmark values shall be adjusted by the same percentage as the refineries benchmarks in order to preserve a level playing field for producers of those products.;	

	”		”	
Article 1, first paragraph, point (12), point (d)				
200	(d) paragraphs 3 and 4 are deleted;		(d) paragraphs 3 and 4 are deleted;	
Article 1, first paragraph, point (12), point (da)				
200a		<u>(da) paragraph 5 is replaced by the following:</u>		
Article 1, first paragraph, point (12)(da), amending provision, first paragraph				
200b		<u>" In order to respect the auctioning share set out in Article 10, for every year in which the sum of free allocations does not reach the maximum amount that respects the auctioning share, the remaining allowances up to that</u>		

		<u>amount shall be used to prevent or limit reduction of free allocations to respect the auctioning share in later years. Where, nonetheless, the maximum amount is reached, free allocations shall be adjusted accordingly. Any such adjustment shall be done in a uniform manner. However, installations whose greenhouse gas emission levels are below the average of the 10 % most efficient installations in a sector or subsector in the Union for the relevant benchmarks in a year when the adjustment applies shall be exempted from that adjustment."</u>		
Article 1, first paragraph, point (12), point (e), introductory part				
201	(e) in paragraph 6, the first subparagraph is replaced by the following:		(e) in paragraph 6, the first subparagraph is replaced by the following:	
Article 1, first paragraph, point (12), point (e), amending provision, first paragraph				
202				

	<p>“</p> <p>Member States should adopt financial measures in accordance with the second and fourth subparagraphs in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. The financial measures adopted should not compensate indirect costs covered by free allocation in accordance with the benchmarks established pursuant to paragraph 1. Where a Member State spends an amount higher than the equivalent of 25 % of their auction revenues of the year in which the indirect costs were incurred, it shall set out the reasons for exceeding that amount.;</p> <p>”</p>		<p>“</p> <p>Member States should adopt financial measures in accordance with the second and fourth subparagraphs in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. The financial measures adopted should not compensate indirect costs covered by free allocation in accordance with the benchmarks established pursuant to paragraph 1. Where a Member State spends an amount higher than the equivalent of 25 % of theirthe auction revenues referred to in Article 10 paragraph 3 of the year in which the indirect costs were incurred, it shall set out the reasons for exceeding that amount.”;</p> <p>”</p>	
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Article 1, first paragraph, point (12), point (f), introductory part				
203	(f) in paragraph 7, the second subparagraph is replaced by the following:		(f) in paragraph 7, the second subparagraph is replaced by the following:	
Article 1, first paragraph, point (12), point (f), amending provision, first paragraph				
204	<p>“</p> <p>From 2021, allowances that pursuant to paragraphs 19, 20 and 22 are not allocated to installations shall be added to the amount of allowances set aside in accordance with the first sentence of the first subparagraph of this paragraph.;</p> <p>”</p>		<p>“</p> <p>From 2021, allowances that pursuant to paragraphs 19, 20 and 22 are not allocated to installations shall be added to the amount of allowances set aside in accordance with the first sentence of the first subparagraph of this paragraph.;</p> <p>”</p>	
Article 1, first paragraph, point (12), point (g), introductory part				
205	(g) paragraph 8 is replaced by the		(g) paragraph 8 is replaced by the	

	following:		following:	
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), introductory part				
206	<p>“</p> <p>8. 365 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 85 million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall be made available to a Fund with the objective of supporting innovation in low-carbon technologies and processes, and contribute to zero pollution objectives (the ‘Innovation Fund’). Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first</p>	<p>“</p> <p>8. 365<u>390</u> million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 85<u>110</u> million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the <u>allowances referred to in Article 10(1), fifth subparagraph, shall be made available to a Fund (the ‘Climate Investment Fund’). In addition, any</u> allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall <u>also</u> be made available to a Fund with the <u>Climate Investment Fund. The Climate Investment Fund shall have</u> the objective of supporting innovation in low-carbon <u>techniques, processes and technologies that contribute significantly to the</u></p>	<p>“</p> <p>8. 365<u>325</u> million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 85<u>75</u> million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall be made available to a Fund with the objective of supporting innovation in low-carbon technologies and processes, and contribute to zero pollution objectives (the ‘Innovation Fund’). Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first</p>	

	subparagraph.	<p><u>decarbonisation of the sectors covered by this Directive and contribute to zero pollution and circularity objectives, as well as the scaling up of techniques, processes and technologies that may no longer be considered innovative, but nevertheless possess a significant greenhouse gas emissions abatement potential and contribute to energy and resource savings in line with the Union's climate and energy targets for 2030. To foster and processes, and contribute to zero pollution objectives (the innovation <u>in breakthrough technologies as soon as possible, the Commission shall ensure that a share of the financing made available through the Climate Investment Fund is 'frontloaded' during the period from ... to ... [the first five years of the implementation of this amending Directive]</u>Fund)</u>. Allowances that are not issued to aircraft operators due to the closure of aircraft operators and which are not necessary to cover any shortfall in surrenders by those operators, shall also be used for innovation support as referred to in the first subparagraph.</p>	subparagraph.	
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Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), first paragraph				
207	<p>In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(*), and shall be used in a timely manner for innovation support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 21(2) of Regulation (EU) [FuelEU Maritime] shall be allocated to the Innovation Fund and implemented in line with this paragraph.</p>	<p>In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(*), and shall be used in a timely manner for innovation <u>and decarbonisation</u> support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 21(2)<u>5(6)</u> of Regulation (EU) [FuelEU Maritime]<u>2018/842 of the European Parliament and of the Council</u>** shall be allocated to the Innovation Fund<u>Ocean Fund established by Article 3gab</u>, and implemented in line with this paragraph.</p> <p>_____</p> <p><u>** Regulation (EU) 2018/842 of the European Parliament and of the Council</u></p>	<p>In addition, 50 million unallocated allowances from the market stability reserve shall supplement any remaining revenues from the 300 million allowances available in the period from 2013 to 2020 under Commission Decision 2010/670/EU(*), and shall be used in a timely manner for innovation support as referred to in the first subparagraph. Furthermore, the external assigned revenues referred to in Article 21(2) of Regulation (EU) [FuelEU Maritime] shall be allocated to the Innovation Fund and implemented in line with this paragraph.</p>	

		<u>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).</u>		
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), second paragraph				
208	The Innovation Fund shall cover the sectors listed in Annex I and Annex III, including environmentally safe carbon capture and utilisation ("CCU") that contributes substantially to mitigating climate change, as well as products substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe capture and geological storage ("CCS") of CO ₂ , as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies	The Innovation <u>Climate Investment</u> Fund shall cover the sectors listed in Annex I and Annex III, including environmentally safe carbon capture and utilisation ("CCU") that contributes substantially to mitigating climate change <u>such as innovative renewable energy and energy storage technologies</u> , as well as products <u>and processes</u> substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of <u>innovative</u> projects aimed at the environmentally safe <u>carbon capture and utilisation ("CCU") that contributes substantially to mitigating climate change, in</u>	The Innovation Fund shall cover the sectors listed in Annex I and Annex III, including environmentally safe carbon capture and utilisation ("CCU") that contributes substantially to mitigating climate change, as well as products substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe capture and geological storage ("CCS") of CO ₂ , as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies	

	<p>and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in aviation, rail and road transport. Special attention shall be given to projects in sectors covered by the [CBAM regulation] to support innovation in low carbon technologies, CCU, CCS, renewable energy and energy storage, in a way that contributes to mitigating climate change.</p>	<p><u>particular for unavoidable industrial process emissions, the environmentally safe capture, transport and permanent geological storage ("CCS") of CO₂, as well as of innovative renewable energy and energy storage CO₂ for unavoidable industrial process emissions, and the direct capture of CO₂ from the atmosphere with safe, sustainable and permanent storage ('DACs'). Investments in renewable hydrogen technologies may, where appropriate, also be encouraged. The Climate Investment Fund shall storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in aviation, rail and road transport rail and road transport, including collective forms of transport such as public transport and occasional coach services, while seeking synergies with Horizon Europe, in particular with European partnerships and where relevant, with other Union programmes.</u> Special attention shall be given to projects, <u>including for exports</u>, in</p>	<p>and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in maritime, aviation, rail and road transport. Special attention</p> <p>The Commission shall be giving give special attention to projects in sectors covered by the [CBAM regulation] to support innovation in low carbon technologies, CCU, CCS, renewable energy and energy storage, in a way that contributes to mitigating climate change with the aim that over the 2021-2030 period, projects in those sectors are awarded a significant share of the equivalence in financial value of allowances mentioned in paragraph 1a of this article, and may launch before 2027 calls for proposals dedicated to the sectors covered by the [CBAM regulation].</p> <p>The Commission shall give special attention to projects contributing to directly or indirectly decarbonize the</p>	
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		<p>sectors covered by the [CBAM regulation] to support innovation in low-carbon <u>and implementation of techniques, processes and technologies that contribute significantly to the decarbonisation of the sectors covered by that Regulation, CCU, CCS, CO2 transport, CCU, CCS,</u> renewable energy and energy storage, in a way that contributes to mitigating climate change <u>in accordance with the targets and objectives set out in Regulation (EU) 2021/1119 for 2030 and 2050, and a just transition and delivers the most marginal benefit in terms of emission reductions per support provided. The Climate Investment Fund may also support breakthrough innovative technologies aimed at the reduction of emissions in the waste sector.</u></p>	<p>maritime sector and may launch calls for proposals to that end as appropriate.</p>	
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), second paragraph a				
208a		<p><u>At least 12 % of the allowances made available to the Climate</u></p>		

		<u><i>Investment Fund shall be used for the further development and deployment of renewable energy sources in the Union in line with Directive (EU) .../... [revised RED].</i></u>		
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), second paragraph b				
208b		<u><i>The Climate Investment Fund may also support CCDs to support decarbonisation technologies for which the carbon price might not be a sufficient incentive. The Commission shall adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the rules on the operation of CCDs by 31 December 2023.</i></u> <u><i>Financial support from the Climate Investment Fund shall be proportionate to the policy objectives set out in this Article and shall not lead to undue distortions of the internal market.</i></u>		

		<p><u>To this end, funds shall only be granted to cover additional costs or investment risks that cannot be borne by investors under normal market conditions. Accordingly, aid from the Climate Investment Fund shall not lead to unfair discrimination with regard to competing imported products, as required under WTO rules.</u></p> <p><u>Where the EU ETS price is higher than the strike price at which the project has been awarded, the beneficiary shall pay back the difference to the Climate Investment Fund.</u></p>		
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), third paragraph				
209	Projects in the territory of all Member States, including small-scale projects, shall be eligible. Technologies receiving support shall be innovative and not yet commercially viable at a similar scale without support but shall	Projects in the territory of all Member States, including <u>medium and</u> small-scale projects, shall be eligible. Technologies receiving support shall be innovative, <u>demonstrate a potential for large-scale greenhouse gas reduction</u>	Projects in the territory of all Member States, including small-scale projects, shall be eligible. Technologies receiving support shall be innovative and not yet commercially viable at a similar scale without support but shall	

	represent breakthrough solutions or be sufficiently mature for application at pre-commercial scale.	and not yet <u>be</u> commercially viable at a similar scale without support but shall represent breakthrough <u>or not yet commercially implementable</u> solutions or be sufficiently <u>technologically mature for application at (pre-)commercial scale, or contribute significantly to the objective of climate neutrality and shall not be capable of being deployed at large scale without support</u> mature for application at pre-commercial scale.	represent breakthrough solutions or be sufficiently mature for application at pre-commercial scale.	
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), fourth paragraph				
210	The Commission shall ensure that the allowances destined for the Innovation Fund are auctioned in accordance with the principles and modalities laid down in Article 10(4). Proceeds from the auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation. Budgetary commitments for actions extending over more than one financial year	The Commission shall ensure that the allowances destined for the Innovation <u>Climate Investment</u> Fund are auctioned in accordance with the principles and modalities laid down in Article 10(4). Proceeds from the auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation. Budgetary commitments for actions extending over more than	The Commission shall ensure that the allowances destined for the Innovation Fund are auctioned in accordance with the principles and modalities laid down in Article 10(4). Proceeds from the auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation. Budgetary commitments for actions extending over more than one financial year	

	may be broken down over several years into annual instalments.	one financial year may be broken down over several years into annual instalments.	may be broken down over several years into annual instalments.	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), fifth paragraph				
210a			By 31 December 2023 and every year thereafter, the Commission shall report to the Climate Change Committee referred to in Article 22a(1) on the implementation of the Innovation Fund, providing an analysis of awarded projects by sector and by Member State.	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), sixth paragraph				
210b			The Commission shall on request provide technical assistance to Member States with low effective participation for the purpose of increasing the capacities of the	

			<p>requesting Member States to support the efforts of project proponents in their respective territories to submit applications for funding from the Innovation Fund of mature projects, in order to improve the effective geographical participation in the Innovation Fund and increase the overall quality of submitted projects. Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. The Commission shall pursue effective, quality-based geographical coverage across the Union and ensure comprehensive monitoring of its progress and appropriate follow-up.</p>	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), seventh paragraph				
210c			Subject to the agreement of	

			<p>applicants, following the closure of a call for proposals, the Commission shall inform Member States of the applications for funding of projects in their respective territories and shall provide them with detailed information of those applications in order to facilitate the Member States in their coordination of the support to projects. In addition, the Commission shall inform the Member States about the list of pre-selected projects prior to the award of the support.</p>	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), eighth paragraph				
211	<p>Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly</p>	<p>Projects shall be selected <u>by way of a transparent selection procedure, in a technology-neutral manner in accordance with the objectives of the Climate Investment Fund as set out in the first subparagraph of this paragraph and</u> on the basis of objective and transparent criteria, taking into account <u>the extent to which projects provide a</u></p>	<p>Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly</p>	

	<p>lower the costs of transitioning towards a low-carbon economy in the sectors concerned. Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO₂. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100 % of the relevant costs of projects may be supported.</p>	<p><u>significant contribution to the Union's climate and energy targets while contributing to the zero pollution and circularity objectives in accordance with the first subparagraph of this paragraph, as well as the need to ensure the fair geographical distribution of projects in accordance with subparagraph 6a of this paragraph and</u>, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2. Projects shall have the potential for widespread application or to significantly lower the costs of transitioning towards a low-carbon<u>climate neutral</u> economy in the sectors concerned. <u>Priority shall be given to technologies and processes addressing multiple environmental impacts</u>. Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO₂<u>CO₂</u>. In the case of grants provided through calls for proposals, up to 60-% of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse</p>	<p>lower the costs of transitioning towards a low-carbon economy in the sectors concerned. Projects involving CCU shall deliver a net reduction in emissions and ensure avoidance or permanent storage of CO₂. The Innovation Fund may support projects through competitive tendering, such as Carbon Contracts for Difference. In the case of grants provided through calls for proposals, up to 60 % of the relevant costs of projects may be supported, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100-% of the relevant costs of projects may be supported.</p>	
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		<p>gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained. In the case of support provided through competitive bidding and in the case of technical assistance support, up to 100-% of the relevant costs of projects may be supported. <u>Projects whose reduction in emissions benefit the decarbonisation of other actors in nearby geographical areas shall have preferential treatment in the criteria used for the selection of projects.</u></p> <p><u>Projects funded by the Climate Investment Fund shall be required to share knowledge with other relevant projects as well as with Union-based researchers having a legitimate interest. The terms of knowledge-sharing shall be defined by the Commission in calls for proposals.</u></p> <p><u>The calls for proposal shall be open and transparent and clearly set out what kinds of technologies can be supported. In preparing the calls for proposal, the</u></p>		
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		<u><i>Commission shall ensure that all sectors are duly covered. The Commission shall take measures to ensure that the calls are communicated as widely as possible, and especially to small and medium-sized enterprises ('SMEs').</i></u>		
Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), fifth paragraph a				
211a		<u><i>The Climate Investment Fund shall aim at a geographical balanced support, for support provided in the form of CCDs, and for projects related to upscaling, while ensuring the highest possible quality of the projects and upholding the selection criteria referred to in the sixth subparagraph of this paragraph, taking into account specific sectoral circumstances and investment needs, in particular in the sectors covered by Article 3g and Chapter IVa.</i></u>		

Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), ninth paragraph				
212	<p>The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning rules on the operation of the Innovation Fund, including the selection procedure and criteria, and the eligible sectors and technological requirements for the different types of support.</p>	<p>The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning rules on the operation of the Innovation<u>Climate Investment</u> Fund, including the selection procedure and criteria, <u>the participation of SMEs</u>, and the eligible sectors and technological requirements for the different types of support. <u>The Commission shall aim for a timetable that frontloads a share of the support from the Climate Investment Fund to the beginning of the period. When implementing the Climate Investment Fund, the Commission shall take all the appropriate measures in accordance with Regulation (EU, Euratom) 2020/2092 to ensure the protection of funds in relation to measures and investments supported by the Climate Investment Fund in the event of failure to respect the rule of law in the Member States. To that end, the Commission shall provide an effective and efficient internal control system and shall</u></p>	<p>The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive concerning rules on the operation of the Innovation Fund, including the selection procedure and criteria, and the eligible sectors and technological requirements for the different types of support.</p>	

		<p><u>seek recovery of amounts wrongly paid or incorrectly used.</u></p> <p><u>In order to ensure a fair and just transition, the selection criteria shall take into consideration environmental and social safeguards. All financial resources from the Climate Investment Fund shall be used in accordance with:</u></p> <p><u>(a) the ‘do no significant harm’ criteria as set out in Article 17 of Regulation (EU) 2020/852;</u></p> <p><u>(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852.</u></p> <p><u>In the case of support through CCDs, those delegated acts shall allow for technology neutral, price-competitive tendering in accordance with the objectives of the Climate Investment Fund as set out in the first subparagraph.</u></p>		
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Article 1, first paragraph, point (12), point (g), amending provision, numbered paragraph (8), sixth paragraph a				
212a		<p><u><i>The Commission shall present every two years to the European Parliament and the Council a report outlining the consistency of the projects funded through the Climate Investment Fund and the objective of climate neutrality set out in Regulation (EU) 2021/1119, the progress achieved towards the deployment of the investments described in the industrial decarbonisation plans, and its action plan for the next two-year period.</i></u></p> <p>“</p>		
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), tenth paragraph				
213	No project shall receive support via the mechanism under this paragraph that exceeds 15 % of the total number of allowances available for this purpose. These		No project shall receive support via the mechanism under this paragraph that exceeds 15 % of the total number of allowances available for this purpose. These	

	allowances shall be taken into account under paragraph 7.”;		allowances shall be taken into account under paragraph 7.”;	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), eleventh paragraph				
214	_____		_____	
Article 1, first paragraph, point (12)(g), amending provision, numbered paragraph (8), twelfth paragraph				
215	(*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO ₂ as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European		(*) Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO ₂ as well as demonstration projects of innovative renewable energy technologies under the system for greenhouse gas emission allowance trading within the Union established by Directive 2003/87/EC of the European	

	Parliament and of the Council (OJ L 290, 6.11.2010, p. 39). “		Parliament and of the Council (OJ L 290, 6.11.2010, p. 39). “	
Article 1, first paragraph, point (12), point (ga), introductory part				
215a			(ga) the following paragraph 8a is inserted after paragraph 8:	
Article 1, first paragraph, point (12), point (ga), amending provision, numbered paragraph (1)				
215b			<p>“</p> <p>8a. 40 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 10 million allowances from the quantity which could otherwise be auctioned pursuant to Article 10 shall be made available for the Social Climate Fund established by Regulation (EU) 20.../nn [Social Climate Fund</p>	

			<p>Regulation](*). The Commission shall ensure that the allowances destined for the Social Climate Fund are auctioned in accordance with the principles and modalities of Article 10(4) and the delegated act adopted in accordance with that provision. The revenues from this auctioning shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation, and shall be implemented in accordance with the rules applicable to the Social Climate Fund.</p> <p style="text-align: right;">"</p>	
Article 1, first paragraph, point (12), point (h), introductory part				
216	(h) in paragraph 19, the first sentence is replaced by the following:		(h) in paragraph 19, the first sentence is replaced by the following:	

Article 1, first paragraph, point (12), point (h), amending provision, numbered paragraph (19)				
217	<p>“</p> <p>19. No free allocation shall be given to an installation that has ceased operating.;</p> <p>”</p>		<p>“</p> <p>19. No free allocation shall be given to an installation that has ceased operating.;</p> <p>”</p>	
Article 1, first paragraph, point (12), point (i), introductory part				
218	<p>(i) the following paragraph 22 is added:</p>		<p>(i) the following paragraph 22 is added:</p>	
Article 1, first paragraph, point (12), point (i), amending provision, numbered paragraph (22)				
219	<p>“</p> <p>22. Where corrections to free allocations granted pursuant to</p>		<p>“</p> <p>22. Where corrections to free allocations granted pursuant to</p>	

	Article 11(2) are necessary, these shall be carried out with allowances from, or by adding allowances to, the amount of allowances set aside in accordance with paragraph 7 of this Article.;		Article 11(2) are necessary, these shall be carried out with allowances from, or by adding allowances to, the amount of allowances set aside in accordance with paragraph 7 of this Article.;	
Article 1, first paragraph, point (12a), introductory part, (Directive 2003/87/EC: ARTICLE 10b)				
219a			(12a) In Article 10b (4), the following subparagraphs are added:	
Article 1, first paragraph, point (12a), introductory part, amending provision, first paragraph				
219b			<p>"</p> <p>In Member States where, on average in the years 2014-2018, the share of emissions from district heating installations of</p>	

			<p>the EU total of such emissions divided by the Member States' share of GDP of the EU total GDP is greater than 5 for district heating for the period from 2026 to 2030, additional free allocation of 30 % of the quantity determined pursuant to Article 10a shall be given to installations provided that an investment volume equivalent to the value of that additional free allocation received is invested to significantly reduce emissions before 2030 in accordance with climate-neutrality plans in accordance with sub-paragraph 3 and that the attainment of the targets and milestones referred to in point (b) of the third subparagraph are confirmed by the verification carried out in accordance with sub-paragraph 4.</p>	
Article 1, first paragraph, point (12a), introductory part, amending provision, second paragraph				
219c			By 1 May 2024, operators of district heating installations shall	

			establish a climate-neutrality plan for their installations. That plan shall be consistent with the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 and shall set out:	
Article 1, first paragraph, point (12a), amending provision, second paragraph (a)				
219d			a) measures and investments to reach climate-neutrality by 2050 at installation or company-level;	
Article 1, first paragraph, point (12a), amending provision, second paragraph (b)				
219e			b) intermediate targets and milestones to measure, by 31 December 2025 and by 31 December of each fifth year thereafter, progress made towards reaching climate - neutrality as set out in point (a);	

Article 1, first paragraph, point (12a), amending provision, second paragraph (c)				
219f			<p>c) an estimate of the impact of each of the measures and investments referred to in point (a) as regards the reduction of greenhouse gas emissions.</p>	
Article 1, first paragraph, point (12a), amending provision, third paragraph				
219g			<p>The attainment of the targets and milestones referred to in point (b) of the third subparagraph shall be verified by 31 December 2025 and by 31 December of each fifth year thereafter, in accordance with the verification and accreditation procedures provided for in Article 15. No free allowances beyond what is referred to in the first sub-paragraph shall be allocated if achievement of the intermediate targets and milestones has not been verified in 2025 or in 2030.</p>	

			"	
Article 1, first paragraph, point (13), introductory part, (Directive 2003/87/EC: ARTICLE 10c)				
220	(13) in Article 10c, paragraph 7 is replaced by the following:		(13) in Article 10c, paragraph 7 is replaced by the following:	
Article 1, first paragraph, point (13), introductory part, amending provision, first paragraph				
221	“ Member States shall require benefiting electricity generating installations and network operators to report, by 28 February of each year, on the implementation of their selected investments, including the balance of free allocation and investment expenditure incurred and the types of investments supported. Member States shall report on this to the Commission, and the Commission	“ Member States shall require benefiting electricity generating installations and network operators to report, by 28 February of each year, on the implementation of their selected investments, including the balance of free allocation and investment expenditure incurred and the types of investments supported. Member States shall report on this to the Commission, and the Commission	“ Member States shall require benefiting electricity generating installations and network operators to report, by 28 February of each year, on the implementation of their selected investments, including the balance of free allocation and investment expenditure incurred and the types of investments supported. Member States shall report on this to the Commission, and the Commission	

	shall make such reports public.;	”	shall make such reports public.; <u>deleted</u>	”	shall make such reports public.;	”	
Article 1, first paragraph, point (13), amending provision, numbered paragraph (1) - Directive 2003/87/EC ART 10ca							
221a			”				
			<u>(13a). the following article is inserted:</u>				
Article 1, first paragraph, point (13), introductory part, amending provision, numbered paragraph (2)							
221b							
			<u>2. Article 10ca</u>				
Article 1, first paragraph, point (13), introductory part, amending provision, numbered paragraph (3)							
221c							

		<u><i>3. Transitional free allocation for the modernisation of the energy sector</i></u>		
Article 1, first paragraph, point (13), introductory part, amending provision, numbered paragraph (4)				
221d		<u><i>4. Any allowances for transitional free allocation for the modernisation of the energy sector that have not been allocated to operators in the Member States concerned by 31 December 2023 shall be added to the total quantity of allowances that the Member State concerned receives for auctioning pursuant to Article 10(2), point (a). However, Member States may use those allowances, or some of those allowances, in accordance with Article 10d to support investments within the framework of the Modernisation Fund."</i></u>		

Article 1, first paragraph, point (14), introductory part, (Directive 2003/87/EC: ARTICLE 10d)				
222	(14) Article 10d is amended as follows:		(14) Article 10d is amended as follows:	
Article 1, first paragraph, point (14), introductory part, point (a), introductory part				
223	(a) in paragraph 1, the first and second subparagraphs are replaced by the following:		(a) in paragraph 1, the first and second subparagraphs are replaced by the following:	
Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), introductory part				
224	“ 1. A fund to support investments proposed by the beneficiary Member States, including the financing of small-scale investment projects, to modernise energy systems and improve energy		“ 1. A fund to support investments proposed by the beneficiary Member States, including the financing of small-scale investment projects, to modernise energy systems and improve energy	

	efficiency shall be established for the period from 2021 to 2030 (the ‘Modernisation Fund’). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein.		efficiency shall be established for the period from 2021 to 2030 (the ‘Modernisation Fund’). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein.	
Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), first paragraph -a				
224a		“ <u>Support from the Modernisation Fund shall only be granted to Member States that have adopted legally binding targets for achieving climate neutrality by 2050 at the latest, as well as measures for the phasing out of all fossil fuels in a timeframe consistent with the targets set out in Regulation (EU) 2021/1119.</u>		

Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), first paragraph -b				
224b		<p><u><i>In addition, no support under the Modernisation Fund shall be provided to support investments proposed by a beneficiary Member State in respect of which the procedure provided for in Article 6 of Regulation (EU, Euratom) 2020/2092 is ongoing or in respect of which the Council has adopted an implementing decision on appropriate measures pursuant to that Article.</i></u></p>		
Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), first paragraph				
225	<p>The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal (*) and Regulation (EU) 2021/1119 of the European Parliament and of the Council (**)</p>	<p>The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal (*) and Regulation (EU) 2021/1119 of the European Parliament and of the Council (**)</p>	<p>——The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal (*) and Regulation (EU) 2021/1119 of the European Parliament and of the Council (**)</p>	

	and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy generation facilities that use fossil fuels.”;	and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy generation facilities -related activities that use fossil fuels.”;	and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy generation facilities that use fossil fuels. Notwithstanding the preceding sentence, revenue from allowances covered by a notification pursuant to Article 10d(4) may be used for investments involving gaseous fossil fuels. Notwithstanding the same sentence, revenue from allowances referred to in the third subparagraph of Article 10(1) and auctioned before 31 December 2029, may, where the activity qualifies as environmentally sustainable under Regulation (EU) 2020/852 and duly justified for reasons of ensuring energy security, also be used for investments involving gaseous fossil fuels.”;	
Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), second paragraph				
226	_____		_____	

Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), third paragraph				
227	(*) COM(2019) 640 final.		(*) COM(2019) 640 final.	
Article 1, first paragraph, point (14), introductory part, point (a), amending provision, numbered paragraph (1), fourth paragraph				
228	(**) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).";	(**) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1)."; <u>deleted</u>	(**) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).";	
Article 1, first paragraph, point (14), introductory part, point (b), introductory part				
229	(b) paragraph 2 is replaced by the		(b) paragraph 2 is replaced by the	

	following:		following:	
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2)				
230	<p>“</p> <p>2. At least 80 % of the financial resources from the Modernisation Fund shall be used to support investments in the following:</p>	<p>“</p> <p>2. At least 80 <u>100</u> % of the financial resources from the Modernisation Fund shall be used to support investments in the following:</p>	<p>“</p> <p>2. At least 80 % of the financial resources from the Modernisation Fund shall be used to support investments in the following:</p>	
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (a)				
231	<p>(a) the generation and use of electricity from renewable sources;</p>		<p>(a) the generation and use of electricity from renewable sources;</p>	

Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2)(a)(a)				
231a		<u>(aa) the generation of energy by hydrogen generators;</u>		
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (b)				
232	(b) heating and cooling from renewable sources;		(b) heating and cooling from renewable sources;	
Article 1, first paragraph, point (14)(b) (a), amending provision, numbered paragraph (2)(a)				
232a		<u>(ba) (the following paragraph is inserted:</u> <u>"2a. All financial resources from the Modernisation Fund shall be</u>		

		<p><u>used in accordance with:</u></p> <p><u>(a) the 'do no significant harm' criteria as set out in Article 17 of Regulation (EU) 2020/852;</u></p> <p><u>(b) minimum safeguards as set out in Article 18 of Regulation (EU) 2020/852."</u></p>		
Article 1, first paragraph, point (14)(b)(b), amending provision, numbered paragraph (2)(a)				
232b		<p><u>(bb) in paragraph 5, the following subparagraph is added:</u></p> <p><u>"The investment committee shall seek the advice of the European Scientific Advisory Board on Climate Change to ensure that investment decisions are aligned with the criteria set out in this Article and support the achievement of the objectives set</u></p>		

		<p><u>out in Regulation (EU) 2021/1119."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (14) (b) (c), introductory part				
232c		<p><u>(bc) paragraph 6 is replaced by the following:</u></p>		
Article 1, first paragraph, point (14)(b)(c), amending provision, numbered paragraph 6				
232d		<p><u>"6. Before a beneficiary Member State decides to finance an investment from its share in the Modernisation Fund, it shall present the investment project to the investment committee and to the EIB.</u></p> <p><u>The investment committee shall assess the technical and financial</u></p>		

		<p><u>viability of that investment, including the emission reductions it achieves, and issue a recommendation on financing the investment from the Modernisation Fund. The investment committee shall ensure that any investment relating to district heating achieves a substantial improvement in energy efficiency and emission reductions.</u></p> <p><u>That recommendation may include suggestions regarding appropriate financing instruments."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (14)(b d), introductory part				
232e		<p><u>(bd) paragraph 11 is replaced by the following:</u></p>		

Article 1, first paragraph, point (14)(b d), amending provision, numbered paragraph (11)				
232f		<p><u>"11. The investment committee shall report annually to the Commission, the Council and the European Parliament on experience with the evaluation of investments. That report shall be made public. By 31 December 2024, taking into consideration the findings of the investment committee, the Commission shall review the areas for projects referred to in paragraph 2 and the basis on which the investment committee bases its recommendations."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (c)				
233	(c) the improvement of demand side energy efficiency, including in	(c) the improvement of <u>reduction of overall energy use through</u>	(c) the improvement of demand side energy efficiency, including in	

	transport, buildings, agriculture and waste;	demand side <u>management and energy efficiency, including in transport, buildings, agriculture and waste, <i>while taking into account the electrification need linked to the climate transition and the associated increased demand for renewable electricity</i></u> ;	industry , transport, buildings, agriculture and waste;	
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (d)				
234	(d) energy storage and the modernisation of energy networks, including district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States;		(d) energy storage and the modernisation of energy networks, including district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States;	
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (e)				
235	(e) the support of low-income households, including in rural and	(e) the support of low-income households, including in rural and	(e) the support of low-income households, including in rural and	

	remote areas, to address energy poverty and to modernise their heating systems; and	remote areas; to address energy poverty and to modernise their heating <u>and cooling</u> systems; and <u>and energy efficiency efforts in buildings for both residential and commercial use;</u>	remote areas, to address energy poverty and to modernise their heating systems; and	
Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2), point (f)				
236	(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the social partners.; ”	(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the <u>civil society and</u> social partners; <u>consistent with and contributing to the relevant actions included by the Member States in their territorial just transition plans in accordance with Article 8(2), point (k), of Regulation (EU) 2021/1056, where relevant; and</u>	(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the social partners.; ”	

Article 1, first paragraph, point (14)(b), amending provision, numbered paragraph (2)(f)(a)				
236a		<p><u>(fa) investments in the deployment of alternative fuels infrastructure.</u></p> <p>”</p>		
Article 1, first paragraph, point (14)(c), introductory part				
236b			<p>(c) paragraph 11 is replaced by the following:</p>	
Article 1, first paragraph, point (14)(c), amending provision, numbered paragraph (1)				
236c			<p>”</p> <p>11. The investment committee shall report annually to the Commission and to the Climate Change Committee referred to in</p>	

			<p>Article 22a(1) on experience with the evaluation of investments, notably in terms of emissions reductions and abatement costs. By 31 December 2024, taking into consideration the findings of the investment committee, the Commission shall review the areas for projects referred to in paragraph 2 and the basis on which the investment committee bases its recommendations."</p> <p style="text-align: right;">"</p>	
Article 1, first paragraph, point (14a), introductory part, (Directive 2003/87/EC: ARTICLE 11)				
236d			<p>(14a) Article 11 is amended as follows:</p>	
Article 1, first paragraph, point (14a), introductory part, point (a)				
236e			<p>(a) In paragraph 2, "28 February" is replaced by "30</p>	

			June"	
Article 1, first paragraph, point (15), introductory part, (Directive 2003/87/EC: ARTICLE 12)				
237	(15) Article 12 is amended as follows:		(15) Article 12 is amended as follows:	
Article 1, first paragraph, point (15), introductory part, point (-a)				
237a		<u><i>(-a) paragraph 1 is replaced by the following:</i></u>		
Article 1, first paragraph, point (15)(-a), amending provision, numbered paragraph 1				
237b		<u><i>"1. Member States shall ensure that allowances can be transferred between:</i></u> <u><i>(a) regulated entities within the</i></u>		

		<p><u>Union;</u></p> <p><u>(b) regulated entities within the Union and persons in third countries, where such allowances are recognised in accordance with the procedure referred to in Article 25 without restrictions other than those contained in, or adopted pursuant to, this Directive.</u></p> <p><u>Regulated entities may mandate a natural person or a legal entity to operate registry accounts belonging to the regulated entity and conduct all types of transactions to which that account is entitled, on behalf of the regulated entity. Responsibility for compliance shall remain with the regulated entity. When mandating the natural person or the legal entity, the regulated entity shall ensure that there is no conflict of interest between the mandated person or entity and competent authorities, national administrators, verifiers or other bodies subject to this Directive."</u></p> <p>Amending present text</p>		
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Article 1, first paragraph, point (15)(-a)(a)				
237c		<u>(-aa) the following paragraph is inserted:</u>		
Article 1, first paragraph, point (15)(-a)(a), amending provision, numbered paragraph 1 (a) (a)				
237d		<u>"1aa. By 1 July 2023, the Commission shall present a report to the European Parliament and to the Council in which it shall assess how a restriction of access to the European carbon emission allowance markets to regulated entities and financial intermediaries acting on their behalf, would impact on the integrity and effective functioning of the carbon emission allowance markets and on the achievement of the 2030 and 2050 Union energy and climate targets. Where the assessment is negative, the Commission shall, where appropriate, present a legislative proposal to adjust the relevant provisions in Article 12(1) and</u>		

		<u>Article 19(2)."</u>		
Article 1, first paragraph, point (15), introductory part, point (a), introductory part				
238	(a) paragraph 2 is replaced by the following:		(a) paragraph 2 is replaced by the following:	
Article 1, first paragraph, point (15), introductory part, point (a), amending provision, numbered paragraph (2)				
239	<p>“</p> <p>2. Member States shall ensure that allowances issued by a competent authority of another Member State are recognised for the purpose of meeting an operator's, an aircraft operator's or a shipping company's obligations under paragraph 3;</p> <p>”</p>		<p>“</p> <p>2. Member States shall ensure that allowances issued by a competent authority of another Member State are recognised for the purpose of meeting an operator's, an aircraft operator's or a shipping company's obligations under paragraph 3;</p> <p>”</p>	

Article 1, first paragraph, point (15), introductory part, point (b)				
240	(b) paragraph 2a is deleted;		(b) paragraph 2a is deleted;	
Article 1, first paragraph, point (15), introductory part, point (c), introductory part				
241	(c) paragraph 3 is replaced by the following:		(c) paragraph 3 is replaced by the following:	
Article 1, first paragraph, point (15), introductory part, point (c), amending provision, numbered paragraph (3), introductory part				
242	“ 3. The Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that, by 30 April each year:		“ 3. The Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that, by 30 April April September each year:	

Article 1, first paragraph, point (15), introductory part, point (c), amending provision, numbered paragraph (3)(a)				
243	(a) the operator of each installation surrenders a number of allowances that is equal to the total emissions from that installation during the preceding calendar year as verified in accordance with Article 15;		(a) the operator of each installation surrenders a number of allowances that is equal to the total emissions from that installation during the preceding calendar year as verified in accordance with Article 15;	
Article 1, first paragraph, point (15), introductory part, point (c), amending provision, numbered paragraph (3)(b)				
244	(b) each aircraft operator surrenders a number of allowances that is equal to its total emissions during the preceding calendar year, as verified in accordance with Article 15;		(b) each aircraft operator surrenders a number of allowances that is equal to its total emissions during the preceding calendar year, as verified in accordance with Article 15;	
Article 1, first paragraph, point (15), introductory part, point (c), amending provision, numbered paragraph (3)(c)				
245	(c) each shipping company surrenders a number of allowances		(c) each shipping company surrenders a number of allowances	

	equal to its total emissions during the preceding calendar year, as verified in accordance with Article 3gc.		equal to its total emissions during the preceding calendar year, as verified in accordance with Article 3gc.	
Article 1, first paragraph, point (15), introductory part, point (c), amending provision, numbered paragraph (3), first paragraph				
246	Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that allowances surrendered in accordance with the first subparagraph are subsequently cancelled.; ”		Member States, administering Member States and administering authorities in respect of a shipping company shall ensure that allowances surrendered in accordance with the first subparagraph are subsequently cancelled.; ”	
Article 1, first paragraph, point (15)(c), amending provision, numbered paragraph (3), first paragraph a and b				
246a		“ <u>By way of derogation from the</u>		

		<p><u>first subparagraph, point (c), until 31 December 2029, shipping companies may surrender fewer allowances on the basis of the ice class of their ships or the fact their ships navigate in ice conditions, or both, in accordance with Annex Va.</u></p> <p><u>By way of derogation from the first subparagraph, point (c), until 31 December 2029, shipping companies may surrender 55 % fewer allowances in respect of emissions that occur until 2030 from voyages between a port located in an outermost region of a Member State and a port located in the same Member State, including between two different ports located in different outermost regions of the same Member State. By 31 December 2027, the Commission shall assess, and present a report to the European Parliament and the Council on, the impact of ending this derogation for maritime transport to and from outermost regions.</u></p> <p>”</p>		
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Article 1, first paragraph, point (15)(d), introductory part				
246b			(d) After paragraph 3, the following paragraphs are inserted:	
Article 1, first paragraph, point (15)(d), amending provision, numbered paragraph, point 3e				
246c			<p>"</p> <p>3-e. By way of derogation from paragraph 3, first subparagraph, point (c), shipping companies may surrender 5% fewer allowances than their verified emissions taking place until 31 December 2030 from ice class ships, provided that these ships have the ice-class IA or IA Super or an equivalent ice class, established based on the HELCOM Recommendation 25/7.</p>	

			<p>To the extent that fewer allowances are surrendered compared to the verified emissions, once the difference between verified emissions and allowances surrendered has been established in respect of each year, a corresponding quantity of allowances shall be cancelled rather than auctioned pursuant to Article 10.</p>	
Article 1, first paragraph, point (15)(d), amending provision, numbered paragraph, point 3d				
246d			<p>3-d. By way of derogation from paragraph 3, first subparagraph point (c) and Article 16, the Commission, shall, at the request of a Member State, provide by means of an implementing act that Member States shall consider the requirements set out in those provisions to be satisfied and that they shall take no action against shipping companies in respect of emissions taking place until 31 December 2030 from</p>	

			<p>voyages performed by passenger ships, other than cruise passenger ships, and by ro-pax ships, between a port of an island under the jurisdiction of that requesting Member State and a port under the jurisdiction of that same Member State and from the activities at berth from those ships in relation to those voyages. The island shall have a permanent population of less than 200 000 permanent residents, according to the latest official census of the population.</p> <p>The Commission shall publish a list of islands referred to in the first subparagraph and the concerned ports and keep that list up to date.</p>	
Article 1, first paragraph, point (15)(d), amending provision, numbered paragraph, point c				
246e			<p>3-c. By way of derogation from paragraph 3, first subparagraph point (c) and Article 16, the</p>	

			<p>Commission shall, at the joint request of two Member States, one of which having no land border with another Member State and the other Member State being the geographically closest Member State to the first, provide by means of an implementing act that Member States shall consider the requirements set out in those provisions to be satisfied and that they shall take no action against shipping companies in respect of emissions taking place until 31 December 2030 from voyages by passenger or ro-pax ships performed in the framework of a transnational public service contract or a transnational public service obligation, set out in the joint request, connecting the two Member States and from the activities at berth from those ships in relation to those voyages.</p>	
Article 1, first paragraph, point (15)(d), amending provision, numbered paragraph, point b				
246f				

			<p>3-b. An obligation to surrender allowances shall not arise in respect of emissions taking place until 31 December 2030 from voyages between a port located in an outermost region of a Member State and a port located in the same Member State, including ports within and between the Outermost Regions of the same Member State, and from the activities at berth from those ships in relation to those voyages. ";</p> <p style="text-align: right;">"</p>	
Article 1, first paragraph, point (15), introductory part, point (d), introductory part				
247	(d) in paragraph 3a, the first sentence is replaced by the following:		(d) (e) in paragraph 3a3-a, the first sentence is replaced by the following:	
Article 1, first paragraph, point (15), introductory part, point (d), amending provision, first paragraph				

248	<p>“</p> <p>3a. Where necessary, and for as long as is necessary, in order to protect the environmental integrity of the EU ETS, operators, aircraft operators, and shipping companies in the EU ETS shall be prohibited from using allowances that are issued by a Member State in respect of which there are obligations lapsing for aircraft operators, shipping companies and other operators.;</p> <p>”</p>		<p>“</p> <p>3a3-a. Where necessary, and for as long as is necessary, in order to protect the environmental integrity of the EU ETS, operators, aircraft operators, and shipping companies in the EU ETS shall be prohibited from using allowances that are issued by a Member State in respect of which there are obligations lapsing for aircraft operators, shipping companies and other operators.;</p> <p>”</p>	
Article 1, first paragraph, point (15), introductory part, point (e), introductory part				
249	<p>(e) the following paragraph 3b is inserted:</p>		<p>(e)(f) the following paragraph 3b is inserted:</p>	
Article 1, first paragraph, point (15), introductory part, point (e), amending provision, first paragraph, introductory part				

250	<p>“</p> <p>3b. An obligation to surrender allowances shall not arise in respect of emissions of greenhouse gases which are considered to have been captured and utilised to become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.</p>	<p>“</p> <p>3b. An obligation to surrender allowances shall not arise in respect of emissions of greenhouse gases which are considered to have been captured and utilised to become permanently chemically bound in a product so that they do not enter the atmosphere under normal use- <u>and disposal.</u></p>	<p>“</p> <p>3b. An obligation to surrender allowances shall not arise in respect of emissions of greenhouse gases which are considered to have been captured and utilised to become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.</p>	
Article 1, first paragraph, point (15), introductory part, point (e), amending provision, first paragraph, first paragraph				
251	<p>The Commission shall adopt implementing acts concerning the requirements to consider that greenhouse gases have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.</p>	<p>The Commission shall adopt implementing acts <u>concerning delegated acts in accordance with Article 23 to supplement this Directive by setting out</u> the requirements to consider that greenhouse gases have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use <u>and disposal as referred to in the first</u></p>	<p>The Commission shall adopt implementing acts concerning the requirements to consider that greenhouse gases have become permanently chemically bound in a product so that they do not enter the atmosphere under normal use.</p>	

		<u>subparagraph of this paragraph.</u>		
Article 1, first paragraph, point (15), introductory part, point (e), amending provision, first paragraph, second paragraph				
252	Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).;	Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).; <u>deleted</u>	Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).;	”
Article 1, first paragraph, point (15) (e) (a), introductory part				
252a		<u>(ea) the following paragraph is inserted:</u>		
Article 1, first paragraph, point (15) (e) (a), amending provision, paragraph (3) (b) (a)				
252b		<u>"3ba. By 1 January 2025, the</u>		

		<p><u>Commission shall present a report to the European Parliament and to the Council in which it shall examine how negative emissions resulting from greenhouse gases that are removed from the atmosphere and safely and permanently stored shall be accounted for and how these negative emissions can be covered by emissions trading, and in which it shall propose a clear scope and strict criteria and safeguards to ensure that such removals are not offsetting necessary emissions reductions in accordance with Union climate targets as laid down in Regulation (EU) 2021/1119. That report shall, where appropriate, be accompanied by a legislative proposal to cover negative emissions."</u></p>		
Article 1, first paragraph, point (15) (e) (b), introductory part				
252c		<p><u>(eb) the following paragraph is inserted:</u></p>		

Article 1, first paragraph, point (15) (e) (b), amending provision, numbered paragraph 3 (b) (b)

252d

"3bb. By 31 December 2029, the Commission shall present a report to the European Parliament and to the Council in which it shall examine whether all greenhouse gas emissions from the different activities covered by this Directive are effectively accounted for, at which stages of the process those greenhouse gas emissions are accounted for, and whether double counting has been avoided, in particular taking into account the downstream stages, including disposal and waste incineration, and export, and shall assess the comparative climate and economic benefits of accounting for the emissions from each activity at different stages of the process. The Commission may, where appropriate, accompany that report with a legislative proposal to amend this Directive to ensure that all emissions are accounted for at the most effective stage and that double counting is avoided."

Article 1, first paragraph, point (15)(e)(c), introductory part				
252e		<u>(ec) the following paragraph is inserted:</u>		
Article 1, first paragraph, point (15)(e)(c), amending provision, numbered paragraph (3)(b)(c)				
252f		<u>"3bc. By 1 January 2025, the Commission shall present a report to the European Parliament and to the Council in which it shall examine a transparent, comparable and reliable methodology for how to account for emissions of greenhouse gases which are considered to have been captured and utilised to become chemically bound in a product in a way other than that referred to in paragraph 3b, based on a life-cycle assessment of the product. The methodology for the life-cycle assessment of the product shall take into account the dual role of</u>		

		<u>greenhouse gases as emissions and as feedstock, including the emissions captured in the manufacture of the product, the emissions produced as part of the capture and utilisation process, the emissions utilised in the manufacture of the product, and the number of years the carbon captured from the emissions is bound in the product. The Commission shall, where appropriate, accompany that report with a legislative proposal to amend this Directive to include such a life-cycle assessment approach."</u>		
Article 1, first paragraph, point (15)(e)(d), introductory part				
252g		<u>(ed) paragraph 4 is replaced by the following:</u>		
Article 1, first paragraph, point (15)(e)(d), amending provision, numbered paragraph 4				
252h				

		<p><u>"4. Member States shall take the necessary steps to ensure that allowances will be cancelled at any time at the request of the person holding them. In the event of closure of electricity generation capacity in their territory due to additional national measures, Member States shall cancel allowances from the total quantity of allowances to be auctioned by them referred to in Article 10(2) up to an amount corresponding to the average verified emissions of the installation concerned over a period of five years preceding the closure. The Member State concerned shall inform the Commission of such intended cancellation in accordance with the delegated acts adopted pursuant to Article 10(4)."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (16), introductory part, (Directive 2003/87/EC ARTICLE 14(1))				
253				

	(16) in Article 14(1), first subparagraph, the following sentence is added:	(16) in Article 14(1), first subparagraph, the following sentence is added <u>14, paragraph 1 is replaced by the following:</u>	(16) in Article 14(1), first subparagraph, the following sentence is added:	
Article 1, first paragraph, point (16), introductory part, amending provision, first paragraph				
254	<p>“</p> <p>Those implementing acts shall apply the sustainability and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001 of the European Parliament and of the Council(*), with any necessary adjustments for application under this Directive, for this biomass to be zero-rated. They shall specify how to account for storage of emissions from a mix of zero-rated sources and sources that are not zero-rated. They shall also specify how to account for emissions from renewable fuels of non-biological origin and recycled carbon fuels, ensuring that these emissions are accounted for and</p>	<p>“</p> <p><u>"1. The Commission shall adopt delegated acts in accordance with Article 23 to supplement this Directive concerning the detailed arrangements for the monitoring and reporting of emissions and, where relevant, activity data, from the activities listed in Annex I, for the monitoring and reporting of tonne-kilometre data for the purpose of an application under Article 3e or 3f, which shall be based on the principles for monitoring and reporting set out in Annex IV and the requirements set out in paragraph 2 of this Article.</u> Those implementing<u>delegated acts shall also specify the global warming potential of each greenhouse gas</u></p>	<p>“</p> <p>Those implementing acts shall apply the sustainability and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001 of the European Parliament and of the Council(*), with any necessary adjustments for application under this Directive, for this biomass to be zero-rated. They shall specify how to account for storage of emissions from a mix of zero-rated sources and sources that are not zero-rated. They shall also specify how to account for emissions from renewable fuels of non-biological origin and recycled carbon fuels, ensuring that these emissions are accounted for and</p>	

	that double counting is avoided.”;	<p><u>in the requirements for monitoring and reporting emissions for that gas and be accompanied by a detailed impact assessment, taking into account the latest available science. Those delegated</u> acts shall apply the sustainability and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001 of the European Parliament and of the Council(*), with any necessary adjustments for application under this Directive, for this biomass to be zero-rated. They shall specify how to account for storage of emissions from a mix of zero-rated sources and sources that are not zero-rated. They shall also specify how to account for emissions from renewable fuels of non-biological origin and recycled carbon fuels, ensuring that these emissions are accounted for and that double counting is avoided.”;</p> <p>“</p>	that double counting is avoided.”;	
Article 1, first paragraph, point (16), introductory part, amending provision, second paragraph				
255				

Article 1, first paragraph, point (16), introductory part, amending provision, third paragraph				
256	(*) 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).”; “		(*) 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).”; “	
Article 1, first paragraph, point (17), introductory part				
257	(17) The title of Chapter IV is replaced by the following:		(17) The title of Chapter IV is replaced by the following:	
Article 1, first paragraph, point (17), amending provision, first paragraph				
258				

	<p>“</p> <p>PROVISIONS APPLYING TO AVIATION, MARITIME TRANSPORT, AND STATIONARY INSTALLATIONS.</p> <p>”</p>		<p>“</p> <p>PROVISIONS APPLYING TO AVIATION, MARITIME TRANSPORT, AND STATIONARY INSTALLATIONS.</p> <p>”</p>	
Article 1, first paragraph, point (18), introductory part, (Directive 2003/87/EC ARTICLE 16)				
259	(18) Article 16 is amended as follows:		(18) Article 16 is amended as follows:	
Article 1, first paragraph, point (18), introductory part, point (a), introductory part				
260	(a) paragraph 2 is replaced by the following:		(a) paragraph 2 is replaced by the following:	
Article 1, first paragraph, point (18), introductory part, point (a), amending provision, numbered paragraph (2)				

261	<p>“</p> <p>2. Member States shall ensure the publication of the names of operators, aircraft operators and shipping companies who are in breach of requirements to surrender sufficient allowances under this Directive.;</p> <p>”</p>		<p>“</p> <p>2. Member States shall ensure the publication of the names of operators, aircraft operators and shipping companies who are in breach of requirements to surrender sufficient allowances under this Directive.;</p> <p>”</p>	
Article 1, first paragraph, point (18), introductory part, point (b), introductory part				
262	<p>(b) the following paragraph 3a is inserted:</p>		<p>(b) the following paragraph 3a is inserted:</p>	
Article 1, first paragraph, point (18), introductory part, point (b), amending provision, first paragraph				
263	<p>“</p> <p>3a. The penalties set out in</p>		<p>“</p> <p>3a. The penalties set out in</p>	

	paragraph 3 shall also apply in respect of shipping companies.; ”		paragraph 3 shall also apply in respect of shipping companies.; ”	
Article 1, first paragraph, point (18), introductory part, point (c), introductory part				
264	(c) the following paragraph 11a is inserted:		(c) the following paragraph 11a is inserted:	
Article 1, first paragraph, point (18), introductory part, point (c), amending provision, first paragraph				
265	“ 11a. In the case of a shipping company that has failed to comply with the surrender requirements for two or more consecutive reporting periods and where other enforcement measures have failed to ensure compliance, the competent authority of the Member State of the port of entry may, after giving the opportunity to the shipping company concerned to		“ 11a. In the case of a shipping company that has failed to comply with the surrender requirements for two or more consecutive reporting periods and where other enforcement measures have failed to ensure compliance, the competent authority of the Member State of the port of entry may, after giving the opportunity to the shipping company concerned to	

	<p>submit its observations, issue an expulsion order which shall be notified to the Commission, the European Maritime Safety Agency (EMSA), the other Member States and the flag State concerned. As a result of the issuing of such an expulsion order, every Member State, with the exception of the Member State whose flag the ship is flying, shall refuse entry of the ships under the responsibility of the shipping company concerned into any of its ports until the company fulfils its surrender obligations in accordance with Article 12. Where the ship flies the flag of a Member State, the Member State concerned shall, after giving the opportunity to the company concerned to submit its observations, order the ship to be detained until the shipping company fulfils its obligations. This paragraph shall be without prejudice to international maritime rules applicable in the case of ships in distress.;</p> <p style="text-align: right;">”</p>		<p>submit its observations, issue an expulsion order which shall be notified to the Commission, the European Maritime Safety Agency (EMSA), the other Member States and the flag State concerned. As a result of the issuing of such an expulsion order, every Member State, with the exception of the Member State whose flag the ship is flying, shall refuse entry of the ships under the responsibility of the shipping company concerned into any of its ports until the company fulfils its surrender obligations in accordance with Article 12. Where the ship flies the flag of a Member State and enters or is found in one of its ports, the Member State concerned shall, after giving the opportunity to the company concerned to submit its observations, order detain until the shipping company fulfils its obligations.</p> <p>Where a ship that flies the flag of a Member is found with a failure referred to in the first subparagraph while in one of the ports of the Member State whose flag the ship is flying, the Member State concerned may,</p>	
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			<p>after giving the opportunity to the company concerned to submit its observations, issue a flag detention order to be detained until the shipping company fulfils its obligations. It shall inform the Commission, the EMSA and the other Member States thereof. As a result of the issuing of such a flag detention order, every Member State shall take the same measures as following an expulsion order in accordance with the second sentence of the first subparagraph.</p> <p>This paragraph shall be without prejudice to international maritime rules applicable in the case of ships in distress. ”;</p> <p>”</p>	
Article 1, first paragraph, point (18), introductory part, (Directive 2003/87/EC: ARTICLE 18b)				
266	(19) Article 18b is replaced by the following:		(19) Article 18b is replaced by the following:	

Article 1, first paragraph, point (18), amending provision, first paragraph				
267	“ Article 18b		“ Article 18b	
Article 1, first paragraph, point (18), introductory part, amending provision, second paragraph				
268	Assistance from the European Maritime Safety Agency and other relevant organisations		Assistance from the Commission , the European Maritime Safety Agency and other relevant organisations	
Article 1, first paragraph, point (18), introductory part, amending provision, third paragraph				
269	For the purposes of carrying out its obligations under Articles 3c(4), 3f, 3gb, 3gc, 3gd, 3ge and 18a, the		1. For the purposes of carrying out its obligations under Articles 3c(4), 3f, 3gb, 3gc, 3gd, 3ge and 18a, the	

	Commission and administering authorities may request the assistance of the European Maritime Safety Agency or another relevant organisation and may conclude to that effect any appropriate agreements with those organisations.;		Commission, the administering Member State and administering authorities in respect of a shipping company may request the assistance of the European Maritime Safety Agency or another relevant organisation and may conclude to that effect any appropriate agreements with those organisations.;	
Article 1, first paragraph, point (18), introductory part, amending provision, third paragraph a				
269a			2. The Commission, assisted by the European Maritime Safety Agency, shall endeavour to develop appropriate tools and guidance to facilitate and coordinate verification and enforcement activities related to the application of this Directive to maritime transport. As far as practicable, such guidance and tools shall be made available to the Member States and the verifiers for information sharing purposes and in order to better ensure robust enforcement of this Directive." ;	

			”	
Article 1, first paragraph, point (19a), introductory part, (Directive 2003/87/EC: ARTICLE 29a)				
269b			(19a) Article 29a is replaced by the following:	
Article 1, first paragraph, point (19a), introductory part, amending provision, first paragraph				
269c			” Article 29a	
Article 1, first paragraph, point (19a), introductory part, amending provision, second paragraph				
269d			Measures in the event of excessive price fluctuations	

Article 1, first paragraph, point (19a), amending provision, point 1, first paragraph				
269e			<p>1. If the average allowance price of the six preceding calendar months is more than 2,5 times the average allowance price of the preceding two years reference period, 75 million allowances shall be released from the Market Stability Reserve in accordance with paragraph 7 of Article 1 of Decision (EU) 2015/1814.</p>	
Article 1, first paragraph, point (19a), amending provision, point 1, second paragraph				
269f			<p>The allowance price referred to in the first sub-paragraph shall be the price of auctions carried out in accordance with the act adopted under Article 10(4) for allowances covered by Chapters II and III.</p>	

Article 1, first paragraph, point (19a), amending provision, point 1, third paragraph				
269g			<p>The preceding two years reference period referred to in the first sub-paragraph shall be the two-year period that ends before the first month of the period of six calendar months referred to in that sub-paragraph.</p>	
Article 1, first paragraph, point (19a), amending provision, point 1, fourth paragraph				
269h			<p>Where the condition in the first sub-paragraph is met and paragraph 2 is not applicable, the Commission shall publish a notice to that effect in the Official Journal indicating the date on which the condition were fulfilled.</p>	

Article 1, first paragraph, point (19a), amending provision, point 1, fifth paragraph				
269i			<p>The Commission shall publish within the first three working days of each month the average allowance price of the preceding six calendar months and the average allowance price of the preceding two years reference period. If the condition of paragraph 1 of this article is not met, the Commission shall also publish the level of price that the average allowance price should reach in the next month in order to met the condition in that paragraph.</p>	
Article 1, first paragraph, point (19a), amending provision, point 2				
269j			<p>2. When the condition for release of allowances from the Market Stability Reserve pursuant to paragraph 1 of this Article has been met, the condition in paragraph 1 shall not be considered to have been fulfilled again until at least</p>	

			twelve months after the end of the previous release.	
Article 1, first paragraph, point (19a), amending provision, point 3				
269k			<p>3. The arrangements for the application of these provisions shall be laid down in the acts referred to in Article 10(4).</p> <p style="text-align: right;">"</p>	
Article 1, first paragraph, point (19a), introductory part, (Directive 2003/87/EC: ARTICLE 19)				
269l		<u>(19a) in Article 19, paragraph 2 is replaced by the following:</u>		
Article 1, first paragraph, point (19a), amending provision, numbered paragraph 2				
269m		<u>"2. Without prejudice to Article</u>		

		<p><u>12(1aa), besides the central and national administration accounts, only regulated entities with past, current, or predictable future EU ETS compliance obligations may hold allowances. The registry shall be accessible to the public and shall contain separate accounts to record the allowances held by each regulated entity to whom and from whom allowances are issued or transferred."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (19b), introductory part, (Directive 2003/87/EC: ARTICLE 23)				
269n		<p><u>(19b) in Article 23, paragraph 2 is replaced by the following:</u></p>		
Article 1, first paragraph, point (19b), amending provision, numbered paragraph 2				
269o				

		<p><u>"2. The power to adopt delegated acts referred to in Article 3d(3), Article 3gaa(2), Article 3gab(7), Article 3gea, second paragraph, Article 10(4), Article 10a(1) and (8), Article 10b(5), Article 12(3b), Article 14(1), Article 19(3), Article 22, Article 24(3), Article 24a(1), Article 25a(1), Article 28c, Article 30c(2a) and Article 30f(4a) shall be conferred on the Commission for an indeterminate period of time from 8 April 2018."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (19c), introductory part, (Directive 2003/87/EC: ARTICLE 29a)				
269p		<p><u>(19c) (Article 29a is replaced by the following:</u></p>		
Article 1, first paragraph, point (19c), amending provision				

269q		<p><u>"Article 29a</u></p> <p><u>Measures in the event of excessive price fluctuations</u></p> <p><u>1. If, for more than six consecutive months, the average allowance price is more than twice the average price of allowances during the two preceding years on the European carbon market, the Commission shall immediately, and no later than seven days after that point in time, convene a meeting of the Committee established by Article 9 of Decision No 280/2004/EC to assess whether the price evolution referred to in this paragraph corresponds to changing market fundamentals.</u></p> <p><u>2. If the price evolution referred to in paragraph 1 does not correspond to changing market fundamentals, any of the following measures shall be taken, as a matter of urgency, taking into account the degree of price evolution:</u></p> <p><u>(-a) the release of 100 million allowances covered by this</u></p>		
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		<p><u>Chapter from the market stability reserve in accordance with Article 1(7) of Decision (EU) 2015/1814, to be equally distributed within auctions during a period of six months;</u></p> <p><u>(a) a measure which allows Member States to bring forward the auctioning of a part of the quantity to be auctioned in a subsequent calendar year;</u></p> <p><u>(b) a measure which allows Member States to auction up to 25 % of the remaining allowances in the new entrants reserve.</u></p> <p><u>Those measures shall be adopted in accordance with the management procedure referred to in Article 23(4).</u></p> <p><u>3. Any measure shall take utmost account of the reports submitted by the Commission to the European Parliament and to the Council pursuant to Article 29, as well as any other relevant information provided by Member States.</u></p> <p><u>4. The arrangements for the application of these provisions shall be laid down in the acts</u></p>		
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		<p><u><i>referred to in Article 10(4). "</i></u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (19d), introductory part, (Directive 2003/87/EC: ARTICLE 29aa)				
269r		<p><u><i>(19d) the following article is inserted:</i></u></p>		
Article 1, first paragraph, point (19d), amending provision, Article 29(a)(a)				
269s		<p><u><i>"Article 29aa</i></u></p> <p><u><i>1. The access to the EU ETS market shall be limited to entities that are installations, aviation and maritime operators with compliance obligations under the EU ETS.</i></u></p> <p><u><i>2. By way of derogation from</i></u></p>		

		<p><u>paragraph 1, financial intermediaries purchasing allowances for the account of the installation and not for their own account shall have access to the EU ETS market.</u></p> <p><u>3. The Commission shall assess whether Article 6(5) of Regulation (EU) No 1031/2010^{1a} is compatible with the provisions of this Article, and, where necessary, submit a legislative proposal to amend that Regulation.</u></p> <p>_____</p> <p><u>1a. 1a Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a system for greenhouse gas emission allowances trading within the Union (OJ L 302 18.11.2010, p. 1)."</u></p>		
Article 1, first paragraph, point (19e), introductory part, (Directive 2003/87/EC: ARTICLE 30)				
269t				

		<u>(19e) in Article 30, paragraph 1 is replaced by the following:</u>		
Article 1, first paragraph, point (19e), amending provision, numbered paragraph 1				
269u		<u>"1. This Directive 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 the commitment taken at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) to limit the temperature increase to 1,5 °C above pre-industrial levels."</u> Amending present text		
Article 1, first paragraph, point (20), introductory part				
270				

	(20) In Article 30, paragraph 2, the following sentence is added:		(20) In Article 30, paragraph 2, the following sentence is added: 2a and 5 are [...]	
Article 1, first paragraph, point (20), amending provision, first paragraph				
271	<p>“</p> <p>The measures applicable to CBAM sectors shall be kept under review in light of the application of Regulation xxx [reference to CBAM].;</p> <p>”</p>		<p>“</p> <p>2a. The measures applicable to CBAM sectors shall be kept under review in light of the application of Regulation xxx [reference to CBAM]. Before 1 January 2026 and every two years thereafter as part of its reports to the European Parliament and the Council pursuant to Article 30 of [the CBAM regulation], the Commission shall assess the impact of the mechanism on the risk of carbon leakage, including in relation to exports. The report shall assess the need for taking additional measures, including legislative measures, to address carbon leakage risks. The report shall, if appropriate, be accompanied by a legislative proposal.”;</p>	

Article 1, first paragraph, point (20), amending provision, first paragraph a				
271a			<p>5. By 31 December 2026, the Commission shall submit a report assessing the impact and feasibility of a compulsory inclusion in the Emissions Trading System under Annex 1 of Directive 2003/87/EC from 2031 onwards of installations for the incineration of municipal waste, taking into account relevant criteria such as the effects on the internal market, potential distortions of competition, environmental integrity, alignment with the objectives of the Waste Framework Directive¹ and robustness and accuracy with respect to the monitoring and calculation of emissions. The report shall, if appropriate, be accompanied by a legislative proposal to amend this Directive.";</p> <p style="text-align: right;">”</p>	

			<hr/> 1. [Reference to be inserted]	
Article 1, first paragraph, point (20)(a), introductory part				
271b		<u>(20a) in Article 30, paragraph 3 is replaced by the following:</u>		
Article 1, first paragraph, point (20)(a), amending provision, numbered paragraph 3				
271c		<u>"3. The Commission, having sought the advice of the European Scientific Advisory Board on Climate Change, shall report to the European Parliament and to the Council in the context of each global stocktake agreed under the Paris Agreement, in particular with regard to the need for additional Union policies and measures in view of necessary greenhouse gas reductions by the Union and its Member States,</u>		

		<p><u>including in relation to the linear factor referred to in Article 9. The Commission may make proposals to the European Parliament and to the Council to amend this Directive where appropriate. In its proposals, the Commission shall ensure compliance with the climate-neutrality objective as laid down in Article 2(1) of Regulation (EU) 2021/1119, the Union climate targets as laid down in Article 4 of that Regulation, and the indicative Union greenhouse gas budget for the 2030-2050 period as referred to in Article 4(4) of that Regulation. The proposals shall reflect progression over time, and reflect its highest possible ambition in accordance with Article 4(3) of the Paris Agreement."</u></p> <p>Amending present text</p>		
Article 1, first paragraph, point (20)(b), introductory part				
271d		<u>(20b) in Article 30, the following</u>		

		<u>paragraph is added:</u>		
Article 1, first paragraph, point (20)(b), amending provision, numbered paragraph (4) (a)				
271e		<u>"4a. When reviewing this Directive, in accordance with paragraphs 1, 2 and 3 of this Article, the Commission shall analyse how linkages between the EU ETS and other carbon markets can be established, without impeding the achievement of the climate-neutrality objective and the Union climate targets as laid down in Regulation (EU) 2021/1119. "</u> Amending present text		
Article 1, first paragraph, point (21), introductory part				
272	(21) The following Chapter IVa is		(21) The following Chapter IVa is	

	inserted after Article 30:		inserted after Article 30:	
Article 1, first paragraph, point (21), amending provision, first paragraph				
273	“ CHAPTER IVa		“ CHAPTER IVa	
Article 1, first paragraph, point (21), amending provision, second paragraph				
274	EMISSIONS TRADING SYSTEM FOR BUILDINGS AND ROAD TRANSPORT	“ EMISSIONS TRADING SYSTEM FOR BUILDINGS, <u>ROAD TRANSPORT AND OTHER FUELS</u> AND ROAD TRANSPORT	EMISSIONS TRADING SYSTEM FOR BUILDINGS AND ROAD TRANSPORT	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1) (a)				
274a		<u>1a. The provisions of this Chapter</u>		

		<u>shall apply in respect of the release for consumption of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings only from 1 January 2029 subject to the assessment provided for in paragraph 1b.</u>		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1) (b)				
274b		<u>1b. If the conditions are right, the Commission shall aim to extend this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029.</u> <u>By 1 January 2026, the Commission shall present a report to the European Parliament and the Council in which it shall assess the extension of this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029 in</u>		

		<p><u>a manner that leaves no one behind. In particular, that report shall include:</u></p> <p><u>(a) a detailed assessment of the evolution of energy and mobility poverty in the Union and in each Member State as reported in accordance with Article 23(1) of Regulation (EU) .../... [Social Climate Fund Regulation];</u></p> <p><u>(b) a detailed assessment of the results of the measures and investments included in the Member States' Social Climate Plans, in particular as regards the number of people that were lifted out of energy and mobility poverty as a result of those measures and investments, and of other investments from other Union funds;</u></p> <p><u>(c) a detailed analysis and quantification of the additional greenhouse gas emissions reduction that could be achieved through this extension, as well as</u></p>		
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		<p><u>the progress of Member States toward the achievement of the targets set out in Regulation (EU) 2018/842;</u></p> <p><u>(d) an assessment of the feasibility and modalities of the cost pass-on reporting and limit mechanism set out in Article 30f(2a).</u></p> <p><u>Based on the results of that report, the Commission shall, where appropriate, present a targeted review of this Directive and of Regulation (EU) .../... [Social Climate Fund Regulation] to extend this Chapter to emissions from private road transport and private heating and cooling of residential buildings from 1 January 2029.</u></p>		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1)(c)				
274c				

		<p><u>1c. A Member State may decide that the derogation in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings referred to in paragraph 1a shall not apply within its territory, provided that it has sufficient programmes in place to support low income households and to address energy and mobility poverty and subject to approval by the Commission. The Member State concerned shall inform the Commission if it intends to take such a decision. The Commission shall assess whether the Member State has sufficient programmes in place for those purposes and inform the Member State of its decision.</u></p>		
Article 1, first paragraph, point (21), amending provision, third paragraph, (Directive 2003/87/EC: ARTICLE 30a)				
275	Article 30a		Article 30a	

Article 1, first paragraph, point (21), amending provision, fourth paragraph				
276	Scope		Scope	
Article 1, first paragraph, point (21), amending provision, fifth paragraph				
277	The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, IIa and III.		The provisions of this Chapter shall apply to emissions, greenhouse gas emission permits, issue and surrender of allowances, monitoring, reporting and verification in respect of the activity referred to in Annex III. This Chapter shall not apply to any emissions covered by Chapters II, Ha and III.	
Article 1, first paragraph, point (21), amending provision, article 30 (a)(a), (Directive 2003/87/EC: ARTICLE 30aa)				
277a		<u>Article 30aa</u>		

		<p><u>1. Where, in the six consecutive months preceding the year of the start of auctioning of allowances for fuels which are used for combustion in private road transport and private heating and cooling of residential buildings in accordance with Article 30a(1a), the average price of the fuels for consumption in the sectors covered by this Chapter is more than the average price of such fuels in March 2022 the deadline for surrendering allowances in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings, referred to in Article 30d(1), shall be extended until the price goes below that threshold.</u></p> <p><u>By way of derogation from the first subparagraph, in the event that the Social Climate Fund established by Regulation (EU) .../... [Social Climate Fund Regulation] has not commenced operating, or has operated for less than three years, the auctioning of allowances covered by this Chapter shall be delayed until the Social Climate Fund has been</u></p>		
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		<p><u>operational for at least three years.</u></p> <p><u>2. If applicable, the Commission shall publish that the conditions set out in paragraph 1 are met before the start of the auctions under this Chapter.</u></p>		
Article 1, first paragraph, point (21), amending provision, sixth paragraph, (Directive 2003/87/EC: ARTICLE 30b)				
278	Article 30b		Article 30b	
Article 1, first paragraph, point (21), amending provision, seventh paragraph				
279	Greenhouse emissions permits		Greenhouse gas emissions permits	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1)				

280	1. Member States shall ensure that, from 1 January 2025, no regulated entity carries out the activity referred to in Annex III unless that regulated entity holds a permit issued by a competent authority in accordance with paragraphs 2 and 3.	1. Member States shall ensure that, from 1 January 2025 2024, no regulated entity carries out the activity referred to in Annex III unless that regulated entity holds a permit issued by a competent authority in accordance with paragraphs 2 and 3.	1. Member States shall ensure that, from 1 January 2025, no regulated entity carries out the activity referred to in Annex III unless that regulated entity holds a permit issued by a competent authority in accordance with paragraphs 2 and 3.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), introductory part				
281	2. An application to the competent authority by the regulated entity pursuant to paragraph 1 for a greenhouse gas emissions permit under this Chapter shall include, at least, a description of:		2. An application to the competent authority by the regulated entity pursuant to paragraph 1 for a greenhouse gas emissions permit under this Chapter shall include, at least, a description of:	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), point (a)				
282				

	(a) the regulated entity;		(a) the regulated entity;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), point (b)				
283	(b) the type of fuels it releases for consumption and which are used for combustion in the buildings and road transport sectors as defined in Annex III and the means through which it releases those fuels for consumption;		(b) the type of fuels it releases for consumption and which are used for combustion in the buildings and road transport sectors as defined in Annex III and the means through which it releases those fuels for consumption;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), point (c)				
284	(c) the end use(s) of the fuels released for consumption for the activity referred to in Annex III;		(c) the end use(s) of the fuels released for consumption for the activity referred to in Annex III;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), point (d)				

285	(d) the measures planned to monitor and report emissions, in accordance with the acts referred to in Articles 14 and 30f;		(d) the measures planned to monitor and report emissions, in accordance with the acts referred to in Articles 14 and 30f;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2), point (e)				
286	(e) a non-technical summary of the information under points (a) to (d).		(e) a non-technical summary of the information under points (a) to (d).	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)				
287	3. The competent authority shall issue a greenhouse gas emissions permit granting authorisation to the regulated entity referred to in paragraph 1 for the activity referred to in Annex III, if it is satisfied that the entity is capable of monitoring and reporting emissions corresponding to the quantities of fuels released for		3. The competent authority shall issue a greenhouse gas emissions permit granting authorisation to the regulated entity referred to in paragraph 1 for the activity referred to in Annex III, if it is satisfied that the entity is capable of monitoring and reporting emissions corresponding to the quantities of fuels released for	

	consumption pursuant to Annex III.		consumption pursuant to Annex III.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), introductory part				
288	4. Greenhouse gas emissions permits shall contain, at least, the following:		4. Greenhouse gas emissions permits shall contain, at least, the following:	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (f)				
289	(f) the name and address of the regulated entity;		(f) (a) the name and address of the regulated entity;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (g)				
290	(g) a description of the means by which the regulated entity releases		(g) (b) a description of the means by which the regulated entity	

	the fuels for consumption in the sectors covered by this Chapter;		releases the fuels for consumption in the sectors covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (h)				
291	(h) a list of the fuels the regulated entity releases for consumption in the sectors covered by this Chapter;		(h) (c) a list of the fuels the regulated entity releases for consumption in the sectors covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (i)				
292	(i) a monitoring plan that fulfils the requirements established by the acts referred to in Article 14.;		(i) (d) a monitoring plan that fulfils the requirements established by the acts referred to in Article 14.;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (j)				

293	(j) reporting requirements established by the acts referred to in Article 14;		(j) (e) reporting requirements established by the acts referred to in Article 14;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), point (k)				
294	(k) an obligation to surrender allowances, issued under this Chapter, equal to the total emissions in each calendar year, as verified in accordance with Article 15, within four months following the end of that year.		(k) (f) an obligation to surrender allowances, issued under this Chapter, equal to the total emissions in each calendar year, as verified in accordance with Article 15, within four months following the end of that year.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5)				
295	5. Member States may allow the regulated entities to update monitoring plans without changing the permit. Regulated entities shall submit any updated monitoring plans to the competent authority		5. Member States may allow the regulated entities to update monitoring plans without changing the permit. Regulated entities shall submit any updated monitoring plans to the competent authority	

	for approval.		for approval.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (6)				
296	6. The regulated entity shall inform the competent authority of any planned changes to the nature of its activity or to the fuels it releases for consumption, which may require updating the greenhouse gas emissions permit. Where appropriate, the competent authority shall update the permit in accordance with the acts referred to in Article 14. Where there is a change in the identity of the regulated entity covered by this Chapter, the competent authority shall update the permit to include the name and address of the new regulated entity.		6. The regulated entity shall inform the competent authority of any planned changes to the nature of its activity or to the fuels it releases for consumption, which may require updating the greenhouse gas emissions permit. Where appropriate, the competent authority shall update the permit in accordance with the acts referred to in Article 14. Where there is a change in the identity of the regulated entity covered by this Chapter, the competent authority shall update the permit to include the name and address of the new regulated entity.	
Article 1, first paragraph, point (21), amending provision, fourteenth paragraph, (Directive 2003/87/EC: ARTICLE 30c)				
297				

	Article 30c		Article 30c	
Article 1, first paragraph, point (21), amending provision, fifteenth paragraph				
298	Total quantity of allowances		Total quantity of allowances	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1)				
299	1. The Union-wide quantity of allowances issued under this Chapter each year from 2026 shall decrease in a linear manner beginning in 2024. The 2024 value shall be defined as the 2024 emissions limits, calculated on the basis of the reference emissions under Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council(*) for the sectors covered by this Chapter and applying the linear reduction trajectory for all emissions within the scope of that Regulation. The quantity shall decrease each year after 2024 by a	1. The Union-wide quantity of allowances issued under this Chapter each year from 2026 <u>2025</u> shall decrease in a linear manner beginning in 2024. The 2024 value shall be defined as the 2024 emissions limits, calculated on the basis of the reference emissions under Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council(*) for the sectors covered by this Chapter and applying the linear reduction trajectory for all emissions within the scope of that Regulation. The quantity shall decrease each year after 2024 by a	1. The Union-wide quantity of allowances issued under this Chapter each year from 2026 <u>2027</u> shall decrease in a linear manner beginning in 2024. The 2024 value shall be defined as the 2024 emissions limits, calculated on the basis of the reference emissions under Article 4(2) of Regulation (EU) 2018/842 of the European Parliament and of the Council(*) for the sectors covered by this Chapter and applying the linear reduction trajectory for all emissions within the scope of that Regulation. The quantity shall decrease each year after 2024 by a	

	linear reduction factor of 5,15 %. By 1 January 2024, the Commission shall publish the Union-wide quantity of allowances for the year 2026.	linear reduction factor of 5,15 %. By 1 January 2024, the Commission shall publish the Union-wide quantity of allowances for the year 2026 <u>2025</u> .	linear reduction factor of 5,15 %. By 1 January 2024, the Commission shall publish the Union-wide quantity of allowances for the year 2026 <u>2027</u> .	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)				
300	2. The Union-wide quantity of allowances issued under this Chapter each year from 2028 shall decrease in a linear manner beginning from 2025 on the basis of the average emissions reported under this Chapter for the years 2024 to 2026. The quantity of allowances shall decrease by a linear reduction factor of 5,43 %, except if the conditions of point 1 of Annex IIIa apply, in which case, the quantity shall decrease with a linear reduction factor adjusted in accordance with the rules set out in point 2 of Annex IIIa. By 30 June 2027, the Commission shall publish the Union-wide quantity of allowances for the year 2028 and, if required, the adjusted linear reduction factor.		2. The Union-wide quantity of allowances issued under this Chapter each year from 2028 shall decrease in a linear manner beginning from 2025 on the basis of the average emissions reported under this Chapter for the years 2024 to 2026. The quantity of allowances shall decrease by a linear reduction factor of 5,43 %, except if the conditions of point 1 of Annex IIIa apply, in which case, the quantity shall decrease with a linear reduction factor adjusted in accordance with the rules set out in point 2 of Annex IIIa. By 30 June 2027, the Commission shall publish the Union-wide quantity of allowances for the year 2028 and, if required, the adjusted linear reduction factor.	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)				
300a			<p>3. The Union-wide quantity of allowances issued under this Chapter shall be adjusted to compensate for the quantity of allowances surrendered in cases where it was not possible to avoid double counting of emissions as referred to in Article 30f(4). The adjustment shall correspond to the total amount of allowances covered by this Chapter which were compensated for in the relevant reporting year pursuant to the acts referred to in Article 30f(4).</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4)				
300b			<p>4. A Member State having unilaterally included a regulated entity pursuant to Article 30j in the emissions trading established under this Chapter shall ensure</p>	

			that the regulated entity concerned submits by 30 April of the relevant year to the relevant competent authority a duly substantiated report in accordance with the provisions of Article 30f. If the data submitted are duly substantiated, the competent authority shall notify the Commission thereof by 30 June of the relevant year. The quantity of allowances to be issued under paragraph 1 shall be adjusted taking into account the duly substantiated submitted report.	
Article 1, first paragraph, point (21), amending provision, footnote				
301	_____		_____	
Article 1, first paragraph, point (21), amending provision, footnote				
302	(*) Regulation (EU) 2018/842 of the European Parliament and of the		(*) 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).		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).	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)(a)				
302a		<u><i>2a. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out an additional amount of allowances to be issued for each year from 2025 onwards to compensate for allowances surrendered in cases where there was double counting of emissions, notwithstanding rules to avoid such double counting as referred to in Article 30f(4). The additional amount of allowances set by the Commission shall correspond to the total amount of greenhouse gas emissions compensated for in</i></u>		

		<u><i>the relevant reporting year pursuant to the delegated acts referred to in Article 30f(4a).</i></u>		
Article 1, first paragraph, point (21), amending provision, eighteenth paragraph, (Directive 2003/87/EC: ARTICLE 30d)				
303	Article 30d		Article 30d	
Article 1, first paragraph, point (21), introductory part, amending provision, nineteenth paragraph				
304	Auctioning of allowances for the activity referred to in Annex III		Auctioning of allowances for the activity referred to in Annex III	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (1)				
305	1. From 2026, allowances covered by this Chapter shall be auctioned, unless they are placed in the	1. From 2026 <u>2025</u> , allowances covered by this Chapter shall be auctioned, unless they are placed in	1. From 2026 <u>2027</u> , allowances covered by this Chapter shall be auctioned, unless they are placed in	

	Market Stability Reserve established by Decision (EU) 2015/1814. The allowances covered by this Chapter shall be auctioned separately from the allowances covered by Chapters II, IIa and III.	the Market Stability Reserve established by Decision (EU) 2015/1814. The allowances covered by this Chapter shall be auctioned separately from the allowances covered by Chapters II, IIa and III.	the Market Stability Reserve established by Decision (EU) 2015/1814. The allowances covered by this Chapter shall be auctioned separately from the allowances covered by Chapters II, IIa and III.	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (2), introductory part				
306	2. The auctioning of the allowances under this Chapter shall start in 2026 with a volume corresponding to 130 % of the auction volumes for 2026 established on the basis of the Union-wide quantity of allowances for that year and the respective auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).	2. The auctioning of the allowances under this Chapter shall start in 2026 <u>2025</u> with a volume corresponding to 130 % of the auction volumes for 2026 <u>2025</u> established on the basis of the Union-wide quantity of allowances for that year and the respective auction shares and volumes pursuant to paragraph 3, 5 and 6. The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and be deducted from the auction volumes for the period from 2028 to 2030. The conditions for these early auctions shall be set in accordance with paragraph 7 and Article 10(4).	2. The auctioning of the allowances under this Chapter shall start in 2026 <u>2027</u> with a volume corresponding to 130 % of the auction volumes for 2026 <u>2027</u> established on the basis of the Union-wide quantity of allowances for that year and the respective auction shares and volumes pursuant to paragraph 3, 5 and 6 and 5 . The additional volumes to be auctioned shall only be used for surrendering allowances pursuant to Article 30e(2) and may be auctioned until 30 April 2028. The additional volumes shall be deducted from the auction volumes for the period from 2028 to 2030 <u>2029 to 2031</u> . The conditions	

			for these early auctions shall be set in accordance with paragraph 76 and Article 10(4).	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (2), first paragraph				
307	In 2026, 600 million allowances covered by this Chapter are created as holdings in the Market Stability Reserve pursuant to Article 1a(3) of Decision (EU) 2015/1814.	In 2026 <u>2025</u> , 600 million allowances covered by this Chapter are created as holdings in the Market Stability Reserve pursuant to Article 1a(3) of Decision (EU) 2015/1814.	In 2026 <u>2027</u> , 600 million allowances covered by this Chapter are created as holdings in the Market Stability Reserve pursuant to Article 1a(3) of Decision (EU) 2015/1814.	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (3)				
308	3. 150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the Innovation Fund established under Article 10a(8). Article 10a(8) shall apply to the allowances referred to in this	3. 150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the Innovation <u>Social Climate</u> Fund established under Article 10a(8) <u>Regulation (EU) .../... [Social Climate Fund Regulation] as</u>	3. 150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the Innovation <u>[...] Social Climate</u> Fund established under Article 10a(8) <u>to the allowances referred to in this</u>	

	paragraph.	<p><u>external assigned revenue in accordance with Article 10a(8) 21(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council</u>*, and shall apply to the allowances referred to in this paragraph <u>be used in accordance with the rules applicable to the Social Climate Fund.</u></p> <p>_____</p> <p>*. <u>Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).</u></p>	<p>paragraph by Regulation (EU) 20.../nn [Social Climate Fund Regulation](*) until 2032. The Commission shall ensure the auctioning of these allowances.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3a), first paragraph				
308a			<p>3a. From the remaining amount of allowances and in order to generate, together with the</p>	

			<p>revenue from the allowances referred to in paragraph 3 and Article 10a(8a), up to EUR 59 000 000 000, the Commission shall ensure the auctioning of an additional volume of allowances covered by this Chapter that shall be made available for the Social Climate Fund established by Regulation (EU) 20.../nn [Social Climate Fund Regulation](*) until 2032.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3a), second paragraph				
308b			<p>The Commission shall ensure that the allowances destined for the Social Climate Fund are auctioned in accordance with the principles and modalities of Article 10(4) and the delegated act adopted in accordance with that provision.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3a), third paragraph				

308c			<p>The revenues from the auctioning of the allowances referred to in paragraph 3 and the first subparagraph of this paragraph shall constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation, and shall be implemented in accordance with the rules applicable to the Social Climate Fund.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3a), fourth paragraph				
308d			<p>The annual amount allocated to the Fund in accordance with Article 10a(8a), paragraph 3 and this paragraph shall not exceed for 2027, EUR 10 500 000 000, for 2028, EUR 10 150 000 000, for 2029, EUR 9 950 000 000, for 2030, EUR 9 750 000 000, for 2031, EUR 9 500 000 000, for 2032, EUR 9 150 000 000.</p>	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (3a), fifth paragraph				
308e			<p>In case revenue generated from the auctioning referred to in paragraph 4 is established as an own resource in accordance with Article 311(3) TFEU, Article 10a(8a), paragraph 3 and this paragraph shall cease to apply.</p>	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (3a)				
308f		<p><u><i>3a. In order to ensure that the available appropriations for the Social Climate Fund in the Union budget can evolve in close alignment with the carbon price and thus the burden for vulnerable households and traffic users, a Carbon Price Fluctuation Adjustment Mechanism shall enable annual reinforcements. The detailed provisions are to be</i></u></p>		

		<u><i>provided for in the Multiannual Financial Framework Regulation, which, in accordance with Article 312 TFEU, shall ensure that the relevant expenditure ceilings are adjusted automatically each year in function of the rate of change of the carbon price under the EU ETS for buildings, road transport and other fuels. The budgetary impact of the annual adjustment shall be budgeted.</i></u>		
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (4)				
309	4. The total quantity of allowances covered by this Chapter after deducting the quantities set out in paragraph 3, shall be auctioned by the Member States and distributed amongst them in shares that are identical to the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by this Chapter for the average of the period from 2016 to 2018, of the Member State concerned.		4. The total quantity of allowances covered by this Chapter after deducting the quantities set out in paragraph 3 paragraphs 3 and 3a , shall be auctioned by the Member States and distributed amongst them in shares that are identical to the share of reference emissions under Article 4(2) of Regulation (EU) 2018/842 for the sectors covered by this Chapter for the average of the period from 2016 to 2018, of the Member State concerned.	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (5), first paragraph				
310	<p>5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues for one or more of the activities referred to in Article 10(3) or for one or more of the following:</p>	<p>5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget <u>as general income</u>. Member States shall use their revenues <u>first for the national co-financing of their Social Climate Plans and, for any remaining revenue, for social climate measures and investments in accordance with Article 6 of Regulation (EU) ... /... [Social Climate Fund Regulation]</u>for one or more of the activities referred to in Article 10(3) or for one or more of the following:</p>	<p>5. Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues constituting externally assigned revenue in accordance with paragraph 3a or the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use theirshould use those revenues, or the equivalent in financial value of these revenues, for one or more of the activities referred to in Article 10(3) or for one or more of the following:</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5), first paragraph, point (a)				

311	(a) measures intended to contribute to the decarbonisation of heating and cooling of buildings or to the reduction of the energy needs of buildings, including the integration of renewable energies and related measures according to Articles 7(11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing buildings;	(a) measures intended to contribute to the decarbonisation <u>climate neutrality</u> of heating and cooling of buildings or to the reduction of the energy needs of buildings, including the integration of renewable energies and related measures according to Articles 7 <u>in accordance with Article 6 of Regulation (EU) .../... [Social Climate Fund Regulation]; (11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing buildings;</u>	(a) measures intended to contribute to the decarbonisation of heating and cooling of buildings or to the reduction of the energy needs of buildings, including the integration of renewable energies and related measures according to Articles 7(11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing buildings;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5)(b)				
312	(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging	(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging	(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging	

	infrastructure for zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality, or to provide financial support in order to address social aspects concerning low and middle-income transport users.	infrastructure for zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality, or to provide financial support in order to address <u>in accordance with Article 6 of Regulation (EU) .../...</u> [Social aspects concerning low and middle-income transport users <u>Climate Fund Regulation</u>].	infrastructure for zero-emission vehicles or measures to encourage a shift to public forms of transport and improve multimodality, or to provide financial support in order to address social aspects concerning low and middle-income transport users.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5)(c)				
312a			(c) providing financial compensation to the final consumers of the fuels in cases where it was not possible to avoid double counting of emissions as referred to in Article 30f(4).	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5), second paragraph				
313	Member States shall use a part of		Member States shall should use a	

	<p>their auction revenues generated in accordance with this Article to address social aspects of the emission trading under this Chapter with a specific emphasis on vulnerable households, vulnerable micro-enterprises and vulnerable transport users as defined under Regulation (EU) 20.../nn [Social Climate Fund Regulation](*).</p> <p>Where a Member State submits to the Commission a [Social Climate Plan] pursuant to that Regulation, the Member State shall use those revenues inter alia to finance that plan.</p>		<p>part of their auction revenues generated in accordance with this Article to address social aspects of the emission trading under this Chapter with a specific emphasis on vulnerable households, vulnerable micro-enterprises and vulnerable transport users as defined under Regulation (EU) 20.../nn [Social Climate Fund Regulation](*). Where a Member State submits to the Commission a [Social Climate Plan] pursuant to that Regulation, the Member State shall use those revenues inter alia to finance that plan.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5), third paragraph				
314	<p>Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies or regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to the revenues</p>		<p>Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies or regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to the revenues</p>	

	generated from the auctioning of allowances referred to in this Chapter.		referred to in the first subparagraph generated from the auctioning of allowances referred to in this Chapter.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5), fourth paragraph				
315	Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph by including this information in their reports submitted under Regulation (EU) 2018/1999 of the European Parliament and of the Council (**).		Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph by including this information in their reports submitted under Regulation (EU) 2018/1999 of the European Parliament and of the Council (**).	
Article 1, first paragraph, point (21), introductory part, amending provision, numbered paragraph (6), introductory part				
316	6. Articles 10(4) and 10(5) shall apply to the allowances issued under this Chapter.		6. Articles 10(4) and 10(5) shall apply to the allowances issued under this Chapter.	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (6), first paragraph				
317	_____		_____	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (6), second paragraph				
318	(*) 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).		(*) 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).	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (6), third paragraph				
319	(**) [insert reference]		(**) [insert reference]	
Article 1, first paragraph, point (21), amending provision, twenty-sixth paragraph, (Directive 2003/87/EC: ARTICLE 30e)				
320	Article 30e		Article 30e	
Article 1, first paragraph, point (21), amending provision, twenty-seventh paragraph				
321	Transfer, surrender and cancellation of allowances		Transfer, surrender and cancellation of allowances	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), introductory part				

322	1. Article 12 shall apply to the emissions, regulated entities and allowances covered by this Chapter with the exception of Article 12, paragraphs (2a), (3), (3a), paragraph (4), third and fourth sentence, and paragraph (5). For this purpose:		1. Article 12 shall apply to the emissions, regulated entities and allowances covered by this Chapter with the exception of Article 12, paragraphs (2a), (3), (3a), paragraph (4), third and fourth second and third sentence, and paragraph (5). For this purpose:	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (a)				
323	(a) any reference to emissions shall be read as if it were a reference to the emissions covered by this Chapter;		(a) any reference to emissions shall be read as if it were a reference to the emissions covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (b)				
324	(b) any reference to operators of installations shall be read as if it		(b) any reference to operators of installations shall be read as if it	

	were a reference to the regulated entities covered by this Chapter;		were a reference to the regulated entities covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (c)				
325	(c) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.		(c) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)				
326	2. From 1 January 2027, Member States shall ensure that, by 30 April each year, the regulated entity surrenders a number of allowances covered by this Chapter, that is equal to the total emissions, corresponding to the quantity of fuels released for consumption pursuant to Annex III, during the preceding calendar year as verified in accordance with Articles 15 and 30f, and that those allowances are	2. From 1 January 2027 <u>2026</u> , Member States shall ensure that, by 30 April each year, the regulated entity surrenders a number of allowances covered by this Chapter, that is equal to the total emissions, corresponding to the quantity of fuels released for consumption pursuant to Annex III, during the preceding calendar year as verified in accordance with Articles 15 and 30f, and that those	2. From 1 January 2027 <u>2028</u> , Member States shall ensure that, by 30 April each year, the regulated entity surrenders a number of allowances covered by this Chapter, that is equal to the total emissions, corresponding to the quantity of fuels released for consumption pursuant to Annex III, during the preceding calendar year as verified in accordance with Articles 15 and 30f, and that those	

	subsequently cancelled.	allowances are subsequently cancelled.	allowances are subsequently cancelled.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3), first paragraph				
326a			<p>3. Until 31 December 2030, by way of derogation from the first and second paragraphs, where a regulated entity established in a given Member State is subject to a national carbon tax in force for the years 2027 to 2030, covering an activity referred to in Annex III, the competent authority of the Member State concerned may exempt that regulated entity from the obligation to surrender allowances under paragraph 2 for a given reference year, provided that:</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(a)				
326b				

			<p>a) the Member State concerned notifies the Commission of its national carbon tax, covering an activity referred to in Annex III by [insert the deadline for transposition of this amending Directive] and the national law setting the tax rates applicable for the years 2027 to 2030 has, at that point in time, entered into force. The Member State concerned shall notify the Commission of any subsequent change to the national carbon tax;</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(b)				
326c			<p>b) for the reference year, the national carbon tax of the Member State concerned effectively paid by that regulated entity is higher than the average auction clearing price of the emissions trading system established under this Chapter;</p>	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(c)				
326d			c) the regulated entity fully complies with the obligations under Article 30b on the greenhouse emissions permits and Article 30f on the monitoring, reporting and verification of its emissions;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(d)				
326e			d) the Member State concerned notifies the Commission of the application of any such exemption and the corresponding volume of allowances to be cancelled in accordance with point (g) and the delegated acts adopted pursuant to Article 10(4) by 30 April of the year after the reference year;	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(e)				
326f			<p>e) the Commission does not raise an objection to the application of the derogation on the ground that the measure notified is not in conformity with the conditions set out in this paragraph, within three months from a notification under point (a) or within two months after the notification for the relevant year under point (d);</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(f)				
326g			<p>f) the Member State concerned does not auction the volume of allowances referred to in Article 30d(4) for a particular reference year until the quantity of volume of allowances to be cancelled under this paragraph is determined in accordance with point (g), with the exception of the volumes necessary to [...],</p>	

			<p>fulfil its obligations pursuant to Council Decision (EU, Euratom) 2020/2053¹, if revenue generated from the auctioning referred to in Article 30d(4) is established as an own resource in accordance with Article 311(3) TFEU.. The Member State concerned shall not auction any of the additional volume of allowances pursuant to Article 30d(2), first subparagraph.</p> <p>_____</p> <p>1. Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU (OJ L 424, 15.12.2020, p. 1).</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(g)				
326h			<p>g) the Member State concerned cancels a volume of allowances from the total quantity of allowances to be auctioned by it referred to in Article 30d(4) for the reference year equal to the</p>	

			<p>verified emissions of that regulated entity under this Chapter for the reference year. Where the volume of allowance that remains to be auctioned in the reference year following application of point f) is below the volume of allowances to be cancelled under this paragraph, the Member State concerned shall ensure that it cancels the volume of allowances corresponding to the difference by the end of the year after the reference year; and</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)(h)				
326i			<p>h) the Member State concerned commits, at the time of the first notification under point (a), to use for one or more of the measures listed or referred to in Article 30d(5), first and second subparagraphs, an amount equivalent to the revenues to which Article 30d(5) would have applied in the absence of this derogation. The third and fourth</p>	

			<p>subparagraph of Article 30d(5) shall apply and the Commission shall ensure that the information received pursuant thereto is in conformity with the commitment made.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3), second paragraph				
326j			<p>The volume of allowances to be cancelled under point (g) shall not affect the externally assigned revenue established pursuant to Article 30d(3a) or, where it has been established pursuant to Article 311(3) TFEU, the own resources of the Union budget pursuant to Council Decision (EU, Euratom) 2020/2053 from the revenues generated from auctioning of allowances in accordance with Article 30d.</p>	
Article 1, first paragraph, point (21), amending provision, thirtieth paragraph, (Directive 2003/87/EC: ARTICLE 30f)				

327	Article 30f		Article 30f	
Article 1, first paragraph, point (21), amending provision, thirty-first paragraph				
328	Monitoring, reporting, verification of emissions and accreditation		Monitoring, reporting, verification of emissions and accreditation	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), introductory part				
329	1. Articles 14 and 15 shall apply to the emissions, regulated entities and allowances covered by this Chapter. For this purpose:		1. Articles 14 and 15 shall apply to the emissions, regulated entities and allowances covered by this Chapter. For this purpose:	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (a)				
330				

	(a) any reference to emissions shall be read as if it were a reference to the emissions covered by this Chapter;		(a) any reference to emissions shall be read as if it were a reference to the emissions covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (b)				
331	(b) any reference to activity listed in Annex I shall be read as if it were a reference to the activity referred to in Annex III;		(b) any reference to activity listed in Annex I shall be read as if it were a reference to the activity referred to in Annex III;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), point (c)				
332	(c) any reference to operators shall be read as if it were a reference to the regulated entities covered by this Chapter;		(c) any reference to operators shall be read as if it were a reference to the regulated entities covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, numbered paragraph				

(1), point (d)				
333	(d) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.		(d) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)				
334	2. Member States shall ensure that each regulated entity monitors for each calendar year as from 2025 the emissions corresponding to the quantities of fuels released for consumption pursuant to Annex III. They shall also ensure that each regulated entity reports these emissions to the competent authority in the following year, starting in 2026, in accordance with the acts referred to in Article 14(1).	2. Member States shall ensure that each regulated entity monitors for each calendar year as from 2025 <u>2024</u> the emissions corresponding to the quantities of fuels released for consumption pursuant to Annex III. They shall also ensure that each regulated entity reports these emissions to the competent authority in the following year, starting in 2026 <u>2025</u> , in accordance with the acts referred to in Article 14(1).	2. Member States shall ensure that each regulated entity monitors for each calendar year as from 2025 the emissions corresponding to the quantities of fuels released for consumption pursuant to Annex III. They shall also ensure that each regulated entity reports these emissions to the competent authority in the following year, starting in 2026, in accordance with the acts referred to in Article 14(1).	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2a)				

334a		<p><u>2a. Subject to the assessment in Article 30a(1b), second subparagraph, point (d), from ... [one year before the date of application of this Chapter in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings] and every month thereafter, regulated entities shall report to the Commission a breakdown of the costs going into the retail price of the fuels released for consumption pursuant to Annex III, including in particular the share of national taxes and fees and costs related to the surrender of allowances in the retail price, as well as the percentage of the costs related to the surrender of allowances which is passed on to the end consumer. Where this percentage changes by more than 5 % points compared to the last reporting period, an explanation shall be provided.</u></p> <p><u>By ... [the date of entry into force of this Chapter], the Commission shall adopt an implementing act</u></p>		
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		<p><u>setting out the reporting categories and format to be used for reporting in accordance with the first subparagraph of this paragraph. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).</u></p> <p><u>From ... [the date of application of this Chapter in respect of fuels which are used for combustion in private road transport and private heating and cooling of residential buildings] or, if a Member State in accordance with Article 30a(1c) has decided that the derogation referred to in paragraph 1a of that Article does not apply, from ... [the date of entry into force of this Chapter], regulated entities shall not pass on more than 50 % of the costs related to the surrender of allowances for fuels released for consumption pursuant to Annex III to the final consumer.</u></p> <p><u>Where the Commission finds that a regulated entity has passed on a share of costs higher than 50 %,</u></p>		
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		<p><u>that entity shall pay a penalty in accordance with Article 16 of this Directive. The penalty amount shall be calculated on the basis of the quantity of allowances equivalent to the excess pass through in accordance with this paragraph, multiplied by the highest recorded primary or secondary market settlement price for allowances under this Chapter in the preceding year. Each year by 28 February, the Commission shall communicate the excess pass through penalty price. The revenues generated from penalties referred to in this subparagraph shall be allocated to the Social Climate Fund referred to in Regulation (EU) ... /... [Social Climate Fund Regulation].</u></p>		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)				
335	<p>3. Member States shall ensure that each regulated entity holding a permit in accordance with Article 30b on 1 January 2025 report their historical emissions for year 2024 by 30 March 2025.</p>		<p>3. Member States shall ensure that each regulated entity holding a permit in accordance with Article 30b on 1 January 2025 report their historical emissions for year 2024 by 30 March 2025.</p>	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), first paragraph				
336	<p>4. Member States shall ensure that the regulated entities are able to identify and document reliably and accurately per type of fuel, the precise volumes of fuel released for consumption which are used for combustion in the buildings and road transport sectors as identified in Annex III, and the final use of the fuels released for consumption by the regulated entities. The Member States shall take appropriate measures to avoid any risk of double counting of emissions covered under this Chapter and the emissions under Chapters II, IIa and III. Detailed rules for avoiding double counting shall be adopted in accordance with Article 14(1).</p>	<p>4. Member States shall ensure that the regulated entities are able to identify and document reliably and accurately per type of fuel, the precise volumes of fuel released for consumption which are used for combustion in the buildings and road transport sectors as identified <u>in pursuant to</u> Annex III, and the final use of the fuels released for consumption by the regulated entities. The Member States shall take appropriate measures to avoid any risk of double counting of emissions covered under this Chapter and the emissions under Chapters II, IIa and III. Detailed <u>and harmonised</u> rules for avoiding double counting shall be adopted in accordance with Article 14(1).</p> <p>(This amendment in relation to 'fuel released for consumption which are used for combustion</p>	<p>4. Member States shall ensure that the regulated entities are able to identify and document reliably and accurately per type of fuel, the precise volumes of fuel released for consumption which are used for combustion in the buildings and road transport sectors as identified in Annex III, and the final use of the fuels released for consumption by the regulated entities. The Member States shall take appropriate measures to avoid any limit the risk of double counting of emissions covered under this Chapter and the emissions under Chapters II, IIa and III. Detailed rules for avoiding double counting shall be adopted in accordance with Article 14(1).</p>	

		in the buildings and road transport sectors as identified in Annex III' applies throughout the text. Adopting it will necessitate corresponding changes throughout.)		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4), second paragraph				
336a			<p>The Commission shall adopt implementing acts, concerning the detailed rules for avoiding double counting and for providing financial compensation to the final consumers of the fuels in cases where such double counting may not be avoided. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 22a(2).</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4)(a)				

336b		<p><u>4a. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Directive by setting out the Union-wide and fully harmonised rules regarding compensation of costs arising from double counting for operators of installations pursuant to Article 3e that are incurred from costs passed on in fuel prices concerning emissions from the combustion of fuels, and provided that those emissions are reported by the operator pursuant to Article 14 as well as the regulated entity pursuant to this Article, and that the double counting is not avoided pursuant to paragraph 4 of this Article. The calculation of the compensation amount shall be based on the average price of allowances auctioned pursuant to Article 30d(4) in the reporting year concerned pursuant to this Article. The revenues generated from the auctioning of allowances covered by this Chapter shall, to the extent necessary and up to a level corresponding to the double counting in the reporting year pursuant to this Article, be used</u></p>		
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		<u>for the compensation amount.</u>		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)(a)				
336c		<p><u>2a. Where, prior to 1 January 2030, every time the average price of allowances referred to in paragraph 1 of this Article exceeds a price cap of 50 EUR, the Commission shall, as a matter of urgency, adopt a decision to release 10 million allowances covered by this Chapter from the market stability reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.</u></p> <p><u>Where, prior to 1 January 2030, the average price of allowances referred to in paragraph 1 exceeds 45 EUR, the Commission and Member States shall, as a matter of urgency, take further measures to reduce carbon dioxide emissions in order to avoid reaching the price cap referred to in the first subparagraph of this</u></p>		

		<u>paragraph.</u>		
		<u>In the event of application of paragraph 1 or 2, the application of this paragraph shall be suspended during that period.</u>		
Article 1, first paragraph, point (21), amending provision, numbered paragraph (5)				
337	5. The principles for monitoring and reporting of emissions covered by this Chapter are set out in Part C of Annex IV.		5. The principles for monitoring and reporting of emissions covered by this Chapter are set out in Part C of Annex IV.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (6)				
338	6. The criteria for the verification of emissions covered by this Chapter are set out in Part C of Annex V.		6. The criteria for the verification of emissions covered by this Chapter are set out in Part C of Annex V.	

Article 1, first paragraph, point (21), amending provision, numbered paragraph (7)				
338a			7. Member States may allow simplified monitoring, reporting and verification measures for regulated entities whose annual emissions corresponding to the quantities of fuels released for consumption are less than 1000 tonnes of carbon dioxide equivalent, in accordance with the acts referred to in Article 14(1).	
Article 1, first paragraph, point (21), amending provision, thirty-eighth paragraph, (Directive 2003/87/EC: ARTICLE 30g)				
339	Article 30g		Article 30g	
Article 1, first paragraph, point (21), amending provision, thirty-ninth paragraph				
340	Administration		Administration	

Article 1, first paragraph, point (21), amending provision, fortieth paragraph, introductory part				
341	Articles 13, 15a, Article 16(1), (2), (3), (4) and (12), Articles 17, 18, 19, 20, 21, 22, 22a, 23 and 29 shall apply to the emissions, regulated entities and allowances covered by this Chapter. For this purpose:		Articles 13, 15a, Article 16(1), (2), (3), (4) and (12), Articles 17, 18, 19, 20, 21, 22, 22a, 23 and 29 shall apply to the emissions, regulated entities and allowances covered by this Chapter. For this purpose:	
Article 1, first paragraph, point (21), amending provision, fortieth paragraph, point (a)				
342	(a) any reference to emissions shall be read as if it were a reference to emissions covered by this Chapter;		(a) any reference to emissions shall be read as if it were a reference to emissions covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, fortieth paragraph, point (b)				
343				

	(b) any reference to operator shall be read as if it were a reference to regulated entities covered by this Chapter;		(b) any reference to operator operators shall be read as if it were a reference to regulated entities covered by this Chapter;	
Article 1, first paragraph, point (21), amending provision, fortieth paragraph, point (c)				
344	(c) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.		(c) any reference to allowances shall be read as if it were a reference to the allowances covered by this Chapter.	
Article 1, first paragraph, point (21), amending provision, forty-first paragraph, (Directive 2003/87/EC: ARTICLE 30h)				
345	Article 30h		Article 30h	
Article 1, first paragraph, point (21), amending provision, forty-second paragraph				
346				

	Measures in the event of excessive price increase		Measures in the event of excessive price increase	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), first paragraph				
347	1. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than twice the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 50 million allowances covered by this Chapter from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.		1. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than twice the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 50 million allowances covered by this Chapter shall be released from the Market Stability Reserve in accordance with Article 1a(7) of Decision (EU) 2015/1814.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (1), second paragraph				

347a			<p>For the years 2027 and 2028, the conditions in the first subparagraph shall be met where, for more than three consecutive months, the average price of allowance is more than 1,5 times the average price of allowance during a reference period of the six preceding consecutive months.</p>	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (2)				
348	<p>2. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than three times the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 150 million allowances covered by this Chapter from the Market Stability Reserve in accordance</p>		<p>2. Where, for more than three consecutive months, the average price of allowance in the auctions carried out in accordance with the act adopted under Article 10(4) is more than three times the average price of allowance during the six preceding consecutive months in the auctions for the allowances covered by this Chapter, the Commission shall, as a matter of urgency, adopt a decision to release 150 million allowances covered by this Chapter shall be released from the Market Stability Reserve</p>	

	with Article 1a(7) of Decision (EU) 2015/1814.		in accordance with Article 1a(7) of Decision (EU) 2015/1814.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (3)				
348a			3. When the condition referred to in paragraph 1 or 2 of this Article has been met, additional allowances shall not be released pursuant to the same paragraph earlier than 12 months thereafter.	
Article 1, first paragraph, point (21), amending provision, numbered paragraph (4)				
348b			4. Where the condition in paragraph 1 or 2 has been met and paragraph 3 is not applicable, the Commission shall promptly publish in the Official Journal the date on which the condition in paragraphs 1 or 2 were met.	

Article 1, first paragraph, point (21), amending provision, paragraph (1)(a)				
348c		<p><u><i>The Commission shall consider possible amendments to this Directive with regard to regulatory simplification. The Commission and the competent authorities shall continuously adapt to best practice administrative procedures and take all measures to simplify the enforcement of this Directive, keeping administrative burdens to a minimum.</i></u></p>		
Article 1, first paragraph, point (21), amending provision, forty-fifth paragraph, (Directive 2003/87/EC: ARTICLE 30i)				
349	Article 30i		Article 30i	
Article 1, first paragraph, point (21), amending provision, forty-sixth paragraph				
350	Review of this Chapter		Review of this Chapter	

Article 1, first paragraph, point (21), amending provision, forty-seventh paragraph				
351	<p>By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.”;</p> <p>“</p>	<p>By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. <u>By 1 January 2029, the Commission shall present a report to the European Parliament and to the Council in which it assesses whether the price cap referred to in Article 30h(2a), first subparagraph, has been effective and whether it should be continued. The Commission shall, where</u></p>	<p>By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.”;</p>	

		<p><u>appropriate, accompany that report with a legislative proposal to the European Parliament and to the Council to amend this Directive to adjust that price cap, in due time for it to apply from 1 January 2030. By By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.</u></p>		
Article 1, first paragraph, point (21), amending provision, forty-eighth paragraph, (Directive 2003/87/EC: ARTICLE 30j)				
351a			Article 30j	
Article 1, first paragraph, point (21), amending provision, forty-ninth paragraph				
351b			Procedures for unilateral extension of the activity referred to in Annex III to other sectors not subject to Chapter II and III	

Article 1, first paragraph, point (21), amending provision, fiftieth paragraph				
351c			<p>1. From 2027 Member States may apply emission trading in accordance with this Chapter in sectors not listed in Annex III, taking into account all relevant criteria, in particular the effects on the internal market, potential distortions of competition, the environmental integrity of the emission trading system established pursuant to this Chapter and the reliability of the planned monitoring and reporting system, provided that the extension of the activity is approved by the Commission.</p>	
Article 1, first paragraph, point (21), amending provision, fifty-first paragraph				
351d			<p>The Commission is empowered to adopt delegated acts in accordance with Article 23 concerning the approval of an</p>	

			<p>extension, authorisation for the issue of additional allowances and authorisation of other Member States to extend the activity. The Commission may also, when adopting such delegated acts, supplement the extension with further rules governing measures to address possible instances of double counting, including for the issue of additional allowances to compensate for allowances surrendered for use of fuels in activities listed in Annex I. Any financial measures by the Member States in favour of companies in sectors and subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in fuel prices due to the unilateral extension shall be in accordance with State aid rules, and shall not cause undue distortions of competition in the internal market.</p>	
<p>Article 1, first paragraph, point (21), amending provision, forty-seventh paragraph e</p>				

351e			<p>2. Additional allowances issued pursuant to an authorisation under this Article shall be auctioned in line with the requirements laid down in Article 30d. Notwithstanding Article 30d (1) to (4a) the Member States having unilaterally extended of the activities shall determine the use of revenues generated from the auctioning of those additional allowances.</p> <p>“</p>	
Article 1, first paragraph, point (21)(a), introductory part, (Directive 2003/87/EC: ARTICLE 30ia)				
351f		<p><u><i>(21a) the following article is inserted:</i></u></p>		
Article 1, first paragraph, point (21)(a), amending provision, article 30(i)(a)				
351g				

		<p><u>"Article 30ia</u></p> <p><u>Sectoral roadmaps</u></p> <p><u>1. By 1 January 2025, the Commission, supported by the European Scientific Advisory Board on Climate Change, shall publish indicative roadmaps for the activities covered by Annex I to this Directive towards achieving the Union's climate-neutrality objective by 2050, at the latest, and the aim to achieve negative emissions thereafter as laid down in Article 2(1) of Regulation (EU) 2021/1119.</u></p> <p><u>2. The Commission shall engage closely with stakeholders, including individuals, civil society, social partners, academia, policy makers and sectors and subsectors affected by this Directive, while preparing the roadmaps provided for in paragraph 1.</u></p>		
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		<p><u>3. Every four years after the publication of the roadmaps provided for in paragraph 1, the Commission shall update those roadmaps in accordance with the latest scientific knowledge, while engaging closely with stakeholders as referred to in paragraph 2.</u></p> <p><u>4. All data used to produce the sectoral roadmaps provided for in paragraph 1, and for their updates pursuant to paragraph 3, shall be made available to the public, in an easily accessible form.";</u></p>		
Article 1, first paragraph, point (21)(b), introductory part, (Directive 2003/87/EC: ARTICLE 30ib)				
351h		<p><u>(21b) the following article is inserted:</u></p>		
Article 1, first paragraph, point (21) b), amending provision, article 30(i)(b)				

351i		<p><u>"Article 30ib</u></p> <p><u>Scientific advice regarding EU ETS sectors</u></p> <p><u>The European Scientific Advisory Board on Climate Change may, on its own initiative, provide scientific advice and issue reports regarding this Directive, and its consistency with the climate objectives of Regulation (EU) 2021/1119 and the Paris Agreement, in particular with a view to delivering a just transition and informing any subsequent revision of this Directive. All advice presented by the European Scientific Advisory Board on Climate Change pursuant to this Article shall be made public, in an easily accessible form. The Commission shall take due account of advice of the European Scientific Advisory Board on Climate Change and publicly justify the reasons for disregarding it.";</u></p>		
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Article 1, first paragraph, point (21)(c), introductory part, (Directive 2003/87/EC: ARTICLE 30ic)				
351j		<u><i>(21c) the following chapter is inserted after Article 30ib:</i></u>		
Article 1, first paragraph, point (21)(c), amending provision, article 30(i)(c)				
351k		<u><i>"CHAPTER IVaa</i></u> <u><i>Visibility of financial support from EU ETS revenues</i></u> <u><i>Article 30ic</i></u> <u><i>Visibility of financial support from national EU ETS revenues</i></u>		

		<p><u>1. Member States shall ensure the visibility of funding from EU ETS revenues in all operations referred to in Article 10(3), Article 10a(6) and Article 30d(5).</u></p> <p><u>2. Member States shall ensure the visibility of the financial support to the final beneficiaries and the public by:</u></p> <p><u>(a) displaying an appropriate label that reads ‘funded by the European Union (EU Emissions Trading System)’, as well as the emblem of the Union and the amount of funding, on documents and communication material relating to the implementation of the operation intended for the final beneficiaries or for the public and, for operations involving physical investment or equipment, clearly visible and durable plaques or billboards;</u></p> <p><u>(b) providing on their official website and social media sites, where such sites exist, a short</u></p>		
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		<p><u>description of the operation, including its aims and results, and highlighting the financial support from the EU ETS revenues.</u></p> <p><u>3. The Commission shall take all measures necessary to ensure that the rules under paragraphs 1 and 2 are implemented. The penalties provided for shall be effective, proportionate and dissuasive.</u></p>		
Article 1, first paragraph, point (21)(c), introductory part, (Directive 2003/87/EC: ARTICLE 30id)				
351l		<p><u>21c) the following chapter is inserted after Article 30ib:</u></p>		
Article 1, first paragraph, point (21)(c), amending provision, article 30(i)(d)				
351m		<p><u>Article 30id</u></p>		

		<p><u>Visibility of financial support from Union EU ETS revenues</u></p> <p><u>1. The Commission shall ensure the visibility of funding from EU ETS revenues in all operations referred to in Article 10a(8) (Climate Investment Fund), Article 10d (Modernisation Fund) and Article 3gab (Ocean Fund) of this Directive and in Regulation (EU) .../... [Social Climate Fund Regulation].</u></p> <p><u>2. The beneficiaries shall acknowledge financial support from the funds referred to in paragraph 1 and the origin of those funds by:</u></p> <p><u>(a) displaying an appropriate label that reads ‘funded by the European Union (EU Emissions Trading System – [relevant fund])’, as well as the emblem of the Union and the amount of funding, on documents and communication material relating to the implementation of the</u></p>		
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		<p><u>operation intended for the final beneficiaries or for the public and, for operations involving physical investment or equipment, clearly visible and durable plaques or billboards;</u></p> <p><u>(b) providing on their official website and social media sites, where such sites exist, a short description of the operation, including its aims and results, and highlighting the financial support from the relevant fund and EU ETS revenues.</u></p> <p><u>3. The Commission shall take all measures necessary to ensure that the rules under paragraphs 1 and 2 are implemented. The penalties provided for shall be effective, proportionate and dissuasive."</u></p>		
Article 1, first paragraph, point (21)(d), introductory part, (Directive 2003/87/EC: ARTICLE 30ie)				
351n				

		<p><u>(21d) the following article is inserted:</u></p> <p>“</p>		
Article 1, first paragraph, point (21)(d), amending provision, article 30(i)(e)				
351o		<p><u>"Article 30ie</u></p> <p><u>Report on developing countries' decarbonisation needs</u></p> <p><u>By 31 December 2023, the Commission shall submit a report to the European Parliament and to the Council on the decarbonisation needs of developing countries. That report shall contain:</u></p> <p><u>(a) an assessment of developing countries' greenhouse gas emissions per country;</u></p>		

		<p><u>(b) an indication of the main sources of emissions per country, indicating, where possible, the share of emissions attributable to EU ETS and non-EU ETS sectors;</u></p> <p><u>(c) an indication of the possible decarbonisation pathways for each country;</u></p> <p><u>(d) each country's nationally determined contributions under the Paris Agreement.";</u></p>		
Article 1, first paragraph, point (22)				
352	(22) Annexes I, IIb, IV and V to Directive 2003/87/EC are amended in accordance with Annex I to this Directive, and Annexes III, IIIa and IIIb are inserted in Directive 2003/87/EC as set out in Annex I to this Directive.		(22) Annexes I, IIb, IV and V to Directive 2003/87/EC are amended in accordance with Annex I to this Directive, and Annexes III, IIIa and IIIb are inserted in Directive 2003/87/EC as set out in Annex I to this Directive.	

Article 2				
353	Article 2 Amendments to Decision (EU) 2015/1814		Article 2 Amendments to Decision (EU) 2015/1814	
Article 2, first paragraph, introductory part				
354	Decision (EU) 2015/1814 is amended as follows:		Decision (EU) 2015/1814 is amended as follows:	
Article 2, first paragraph, introductory part, (Decision (EU) 2015/1814: ARTICLE 1)				
355	(1) Article 1 is amended as follows:		(1) Article 1 is amended as follows:	
Article 2, first paragraph, introductory part, point (a), introductory part				

356	(a) in paragraph 4, the second sentence is replaced by the following:		(a) in paragraph 4, the second sentence is replaced by the following:	
Article 2, first paragraph, introductory part, point (a), amending provision, first paragraph				
357	<p>“</p> <p>The total number of allowances in circulation in a given year shall be the cumulative number of allowances issued and not put in reserve in the period since 1 January 2008, including the number that were issued pursuant to Article 13(2) of Directive 2003/87/EC as in force until 18 March 2018 in that period and entitlements to use international credits exercised by installations under the EU ETS in respect of emissions up to 31 December of that given year, minus the cumulative tonnes of verified emissions from installations under the EU ETS between 1 January 2008 and 31 December of that</p>		<p>“</p> <p>The total number of allowances in circulation in a given year shall be the cumulative number of allowances issued in respect of installations and shipping companies and not put in reserve in the period since 1 January 2008, including the number that were issued pursuant to Article 13(2) of Directive 2003/87/EC as in force until 18 March 2018 in that period and entitlements to use international credits exercised by installations under the EU ETS in respect of emissions, up to 31 December of that given year, minus the cumulative tonnes of verified emissions from installations and shipping</p>	

	same given year, any allowances cancelled in accordance with Article 12(4) of Directive 2003/87/EC.;	”	companies under the EU ETS between 1 January 2008 and 31 December of that same given year, and any allowances cancelled in accordance with Article 12(4) of Directive 2003/87/EC.”;	”
Article 2, first paragraph, introductory part, point (b), introductory part				
358	(b) the following paragraph 4a is inserted:		(b) the following paragraph 4a is inserted:	
Article 2, first paragraph, introductory part, point (b), amending provision, first paragraph, introductory part				
359	“ 4a. As from [the year following the entry into force of this Directive], the calculation of the total number of allowances in circulation shall include the number of allowances issued in respect of aviation and maritime		“ 4a. As from [the year following the entry into force of this Directive], the calculation of the total number of allowances in circulation in any given year shall include the cumulative number of allowances issued in respect of	

	transport since the beginning of that year, and the number of allowances surrendered by aircraft operators and ship operators in respect of emissions for which allowances are the units which can be used in respect of EU ETS obligations.		aviation and the cumulative tonnes of verified emissions from aviation under the EU ETS, not including emissions from flights on routes covered by offsetting calculated pursuant to Article 12(6), between 1 January [the year following the entry into force of this Directive] and 31 of December of that year. and maritime transport since the beginning of that year, and the number of allowances surrendered by aircraft operators and ship operators in respect of emissions for which allowances are the units which can be used in respect of EU ETS obligations.	
Article 2, first paragraph, introductory part, point (b), amending provision, first paragraph, first paragraph				
360	The allowances cancelled pursuant to Article 3ga of Directive 2003/87/EC shall be considered as issued for the purposes of the calculation of the total number of allowances in circulation.; ”		The allowances cancelled pursuant to Article 3ga of Directive 2003/87/EC shall be considered as issued for the purposes of the calculation of the total number of allowances in circulation.; ”	

Article 2, first paragraph, introductory part, point (c), introductory part				
361	(c) paragraph 5 and 5a are replaced by the following:		(c) paragraph 5 and 5a are replaced by the following:	
Article 2, first paragraph, introductory part, point (c), amending provision, numbered paragraph (5), introductory part				
362	<p>“</p> <p>5. In any given year, if the total number of allowances in circulation is between 833 million and 1 096 million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and 833 million, shall be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a</p>	<p>“</p> <p>5. In any given year, if the total number of allowances in circulation is between 833<u>700</u> million and 1 096<u>921</u> million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and 833<u>700</u> million, shall be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and shall be placed in</p>	<p>“</p> <p>5. In any given year, if the total number of allowances in circulation is between 833 million and 1 096 million, a number of allowances equal to the difference between the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, and 833 million, shall be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and shall be placed in the reserve over a</p>	

	<p>period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above 1 096 million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled.</p>	<p>the reserve over a period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above 1 096<u>921</u> million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled. <u>As from 2025, the thresholds referred to in this subparagraph shall be reduced in proportion to the reduction of the Union-wide quantity of allowances referred to in Article 9 of Directive 2003/87/EC in the same year.</u></p> <p style="text-align: right;">”</p>	<p>period of 12 months beginning on 1 September of that year. If the total number of allowances in circulation is above 1 096 million allowances, the number of allowances to be deducted from the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC and to be placed in the reserve over a period of 12 months beginning on 1 September of that year shall be equal to 12 % of the total number of allowances in circulation. By way of derogation from the last sentence, until 31 December 2030, the percentage shall be doubled.</p>	
Article 2, first paragraph, introductory part, point (c), amending provision, numbered paragraph (5), first paragraph				
363				

	Without prejudice to the total amount of allowances to be deducted pursuant to this paragraph, until 31 December 2030, allowances referred to in Article 10(2), first subparagraph, point (b), of Directive 2003/87/EC shall not be taken into account when determining Member States' shares contributing to that total amount.		Without prejudice to the total amount of allowances to be deducted pursuant to this paragraph, until 31 December 2030, allowances referred to in Article 10(2), first subparagraph, point (b), of Directive 2003/87/EC shall not be taken into account when determining Member States' shares contributing to that total amount.	
Article 2, first paragraph, introductory part, point (c), amending provision, second paragraph				
364	5a. Unless otherwise decided in the first review carried out in accordance with Article 3, from 2023 allowances held in the reserve above 400 million allowances shall no longer be valid.; ”		5a. Unless otherwise decided in the first review carried out in accordance with Article 3, from 2023 allowances held in the reserve above 400 million allowances shall no longer be valid.; ”	
Article 2, first paragraph, point (1)(d), introductory part				

364a			(d) paragraph 7 replaced by the following:	
Article 2, first paragraph, point (1)(d), amending provision, numbered paragraph (1)				
364b			<p>"</p> <p>7. In any year, if paragraph 6 of this Article is not applicable and the condition in the first paragraph of Article 29a of Directive 2003/87/EC have been met, 75 million allowances shall be released from the reserve and added to the volume of allowances to be auctioned by the Member States under Article 10(2) of Directive 2003/87/EC. Where fewer than 75 million allowances are in the reserve, all allowances in the reserve shall be released under this paragraph. Where the condition in paragraph 1 of Article 29a of Directive 2003/87/EC Article 29a is fulfilled, the volumes to be released from the reserve in</p>	

			<p>accordance with that provision shall be evenly distributed during a period of three months, starting no later than two months from the date when the condition in paragraph 1 of Article 29a of Directive 2003/87/EC is met as notified by the Commission in accordance with the fourth sub-paragraph thereof.</p> <p>"</p>	
Article 2, first paragraph, point (2), introductory part, (Decision (EU) 2015/1814: ARTICLE 1a)				
365	(2) the following Article 1a is inserted:		(2) the following Article 1a is inserted:	
Article 2, first paragraph, point (2), introductory part, amending provision, first paragraph				
366	“		“	

	Article 1a		Article 1a	
Article 2, first paragraph, point (2), introductory part, amending provision, second paragraph				
367	Operation of the Market Stability Reserve for the buildings and road transport sectors		Operation of the Market Stability Reserve for the buildings and road transport sectors	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (1)				
368	1. Allowances covered by Chapter IVa of Directive 2003/87/EC shall be placed in and released from a separate section of the reserve established pursuant to Article 1 of this Decision, in accordance with the rules set out in this Article.		1. Allowances covered by Chapter IVa of Directive 2003/87/EC shall be placed in and released from a separate section of the reserve established pursuant to Article 1 of this Decision, in accordance with the rules set out in this Article.	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (2)				

369	2. The placing in the reserve under this Article shall operate from 1 September 2027. The allowances covered by Chapter IVa of Directive 2003/87/EC shall be placed in, held in, and released from the reserve separately from the allowances covered by Article 1 of this Decision.		2. The placing in the reserve under this Article shall operate from 1 September 2027 2028 . The allowances covered by Chapter IVa of Directive 2003/87/EC shall be placed in, held in, and released from the reserve separately from the allowances covered by Article 1 of this Decision.	
Article 2, first paragraph, point (2a), introductory part - (Decision (EU) 2015/1814: ARTICLE 3)				
369a		“ <u>2a. in Article 3, paragraph 1 is replaced by the following:</u>		
Article 2, first paragraph, point (2a), amending provision, first paragraph				
369b		<u>"The Commission, supported by the European Scientific Advisory Board on Climate Change</u>		

		<p><u>referred to in Article 3 of Regulation (EU) 2021/1119, shall monitor the functioning of the reserve in the context of the report provided for in Article 10(5) of Directive 2003/87/EC. That report should consider relevant effects on achieving the climate-neutrality objective and the Union climate targets as laid down in Regulation (EU) 2021/1119 and on meeting the obligations of the Union and its Members States under the Paris Agreement, competitiveness, in particular in the industrial sector, including in relation to GDP, employment, investment indicators and the objective of delivering a just transition that leaves no one behind. Within three years of the start of the operation of the reserve and at five-year intervals thereafter, the Commission shall, on the basis of an analysis of the orderly functioning of the European carbon market, review the reserve and submit a proposal, where appropriate, to the European Parliament and to the Council. Each review shall pay particular attention to the percentage figure for the determination of the number of allowances to be placed in the</u></p>		
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		<p><u>reserve pursuant to Article 1(5) of this Decision, as well as the numerical value of the threshold for the total number of allowances in circulation, the number of allowances to be released from the reserve pursuant to Article 1(6) or (7) of this Decision and other relevant development options for the market stability reserve. In its review, the Commission and the European Scientific Advisory Board on Climate Change shall also look into the impact of the reserve on growth, jobs, the Union's industrial competitiveness and on the risk of carbon leakage."</u></p> <p>”</p> <p>Amending present text</p>		
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (3)				
370	3. In 2026, the section referred to in paragraph 1 shall be created in		3. In 2026 2027 , the section referred to in paragraph 1 shall be	

	accordance with Article 30d(2), second subparagraph, of Directive 2003/87/EC. By 1 January 2031, the allowances referred to in this paragraph that are not released from the reserve shall no longer be valid.		created in accordance with Article 30d(2), second subparagraph, of Directive 2003/87/EC. By 1 January 2031, the allowances referred to in this paragraph that are not released from the reserve shall no longer be valid.	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (4)				
371	4. The Commission shall publish the total number of allowances in circulation covered by Chapter IVa of Directive 2003/87/EC each year, by 15 May of the subsequent year separately from the number of allowances in circulation under Article 1(4). The total number of allowances in circulation under this Article in a given year shall be the cumulative number of allowances covered by Chapter IVa of Directive 2003/87/EC issued in the period since 1 January 2026, minus the cumulative tonnes of verified emissions covered by Chapter IVa of Directive 2003/87/EC for the period between 1 January 2026 and 31 December of that same given		4. The Commission shall publish the total number of allowances in circulation covered by Chapter IVa of Directive 2003/87/EC each year, by 15 May of the subsequent year separately from the number of allowances in circulation under Article 1(4). The total number of allowances in circulation under this Article in a given year shall be the cumulative number of allowances covered by Chapter IVa of Directive 2003/87/EC issued in the period since 1 January 2026 2027 , minus the cumulative tonnes of verified emissions covered by Chapter IVa of Directive 2003/87/EC for the period between 1 January 2026 2027 and 31	

	year and any allowances covered by Chapter IVa Directive 2003/87/EC cancelled in accordance with Article 12(4) of Directive 2003/87/EC. The first publication shall take place by 15 May 2027.		December of that same given year and any allowances covered by Chapter IVa Directive 2003/87/EC cancelled in accordance with Article 12(4) of Directive 2003/87/EC. The first publication shall take place by 15 May 2027 2028 .	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (5)				
372	5. In any given year, if the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, is above 440 million allowances, 100 million allowances shall be deducted from the volume of allowances covered by Chapter IVa to be auctioned by the Member States under Article 30d of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year.		5. In any given year, if the total number of allowances in circulation, as set out in the most recent publication as referred to in paragraph 4 of this Article, is above 440 million allowances, 100 million allowances shall be deducted from the volume of allowances covered by Chapter IVa to be auctioned by the Member States under Article 30d of Directive 2003/87/EC and shall be placed in the reserve over a period of 12 months beginning on 1 September of that year.	

Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (6)				
373	6. In any given year, if the total number of allowances in circulation is fewer than 210 million, 100 million allowances covered by Chapter IVa shall be released from the reserve and added to the volume of allowances covered by Chapter IVa to be auctioned by the Member States under Article 30d of Directive 2003/87/EC. Where fewer than 100 million allowances are in the reserve, all allowances in the reserve shall be released under this paragraph.		6. In any given year, if the total number of allowances in circulation is fewer than 210 million, 100 million allowances covered by Chapter IVa shall be released from the reserve and added to the volume of allowances covered by Chapter IVa to be auctioned by the Member States under Article 30d of Directive 2003/87/EC. Where fewer than 100 million allowances are in the reserve, all allowances in the reserve shall be released under this paragraph.	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (7)				
374	7. The volumes to be released from the reserve in accordance with Article 30h of Directive 2003/87/EC shall be added to the volume of allowances covered by Chapter IVa to be auctioned by the		7. The volumes to be released from the reserve in accordance with Article 30h of Directive 2003/87/EC shall be added to the volume of allowances covered by Chapter IVa to be auctioned by the	

	Member States under Article 30d of Directive 2003/87/EC within a period of three months from the entry into application of the measure adopted pursuant to Article 30h of Directive 2003/87/EC.		Member States under Article 30d of Directive 2003/87/EC within a period of three months from the entry into application of the measure adopted starting one month after the date on which the conditions were met according to the publication thereof in the Official Journal pursuant to Article 30h of Directive 2003/87/EC.	
Article 2, first paragraph, point (2), introductory part, amending provision, numbered paragraph (8)				
375	8. Article 1(8) and Article 3 shall apply to the allowances covered by Chapter IVa of Directive 2003/87/EC.. ”		8. Article 1(8) and Article 3 shall apply to the allowances covered by Chapter IVa of Directive 2003/87/EC.. ”	
Article 3, (Regulation (EU) 2015/757)				
375a		<u><i>(-1) the title is replaced by the</i></u>		

		<u>following:</u>		
Article 3, (Regulation (EU) 2015/757)				
375b		<u>"Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of greenhouse gas emissions from maritime transport, and amending Directive 2009/16/EC. "</u> Amending present text		
Article 3, (Regulation (EU) 2015/757)				
375c		<u>(-1a) throughout the Regulation, except in the cases referred to in Article 5(1) of and Annex I to the Regulation, the term 'CO2' is replaced by 'greenhouse gas' and any necessary grammatical</u>		

		<u>changes are made;</u>		
Article 3, (Regulation (EU) 2015/757)				
375d		<p><u>(-1b) Article 1 is replaced by the following:</u></p> <p><u>"Article 1</u></p> <p><u>Subject matter</u></p> <p><u>This Regulation lays down rules for the accurate monitoring, reporting and verification of greenhouse gas emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State, in order to promote the reduction of such emissions from maritime transport in a cost effective manner."</u></p> <p><u>(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout.)</u></p>		

		Amending present text		
Article 3, (Regulation (EU) 2015/757)				
375e		<p><u><i>(-1c) in Article 2, paragraph 1 is replaced by the following:</i></u></p> <p><u><i>"1. This Regulation applies to ships of 5000 gross tonnage and above in respect of greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.</i></u></p> <p><u><i>1a. From 1 January 2024, this Regulation shall apply to ships of 400 gross tonnage and above in respect of greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State</i></u></p>		

		<p><u>and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State. However, ships of 400 gross tonnage and above but of less than 5 000 gross tonnage shall only be required to report the information which is relevant for the inclusion of such ships within the scope of the EU ETS from 1 January 2027. "</u></p> <p>Amending present text</p>		
Article 3, (Regulation (EU) 2015/757)				
375f		<p><u>-1d) in Article 2, paragraph 2 is replaced by the following:</u></p> <p><u>"2. This Regulation does not apply to warships, naval auxiliaries, fish-catching or fish-processing ships, wooden ships of a primitive build, ships not propelled by mechanical means, government ships used for non-</u></p>		

		<u>commercial purposes or ships for civil protection and search and rescue purposes. "</u> Amending present text		
Article 3, (Regulation (EU) 2015/757)				
375g		<u>(-1e) in Article 3, point (a) is replaced by the following:</u> <u>"(a) 'greenhouse gas emissions' means the release of carbon dioxide (CO2), methane (CH4) and nitrous oxides (N2O) into the atmosphere;"</u> Amending present text		
Article 3, (Regulation (EU) 2015/757)				
375h				

		<p><u>(-1f) in Article 3, point (b) is replaced by the following:</u></p> <p><u>"(b) 'port of call' means the port where a ship stops to load or unload cargo or to embark or disembark passengers; consequently, stops for the sole purposes of refuelling, obtaining supplies, relieving the crew, going into dry-dock or making repairs to the ship and/or its equipment, stops in port because the ship is in need of assistance or in distress, ship-to-ship transfers carried out outside ports, stops in a non-EU transshipment port and stops for the sole purpose of taking shelter from adverse weather or rendered necessary by search and rescue activities are excluded from this definition;"</u></p> <p>Amending present text</p>		
Article 3, (Regulation (EU) 2015/757)				
375i				

		<p><u>Article 2i</u></p> <p><u>(-1g) in Article 3, point (c) is replaced by the following:</u></p> <p><u>"(c) 'voyage' means any movement of a ship that originates from or terminates in a port of call or structure situated on the continental shelf of a Member State, such as offshore supply services, and that serves the purpose of transporting passengers or cargo for commercial purposes or performing service activities for offshore installations;"</u></p> <p>Amending present text</p>		
Article 3, (Regulation (EU) 2015/757)				
376	<p>Article 3</p> <p>Amendments to Regulation (EU) 2015/757</p>		<p>Article 3</p> <p>Amendments to Regulation (EU) 2015/757 in order to provide for the inclusion of maritime shipping activities in the EU ETS</p>	<p>Council: Article 3 will be split from this amending Directive and become a self-standing Regulation to amend Regulation (EU) 2015/757 – text moved to after</p>

			<p>and of other greenhouse gases than CO₂¹</p> <p>_____</p> <p>1. Recitals to be added.</p> <p>Council: Article 3 will be split from this amending Directive and become a self-standing Regulation to amend Regulation (EU) 2015/757 – text moved to after Article 8.</p>	<p>Article ¹8</p> <p>_____</p> <p>1. Cf. WK 7351/2022 ADD 2</p>
Article 3, (Regulation (EU) 2015/757)				
376a			Article 1	
Article 3, (Regulation (EU) 2015/757)				
377	Regulation (EU) 2015/757 is amended as follows:		<p>¹Regulation (EU) 2015/757 is amended as follows:</p> <p>_____</p>	

			1. Suggestions included from WK 7351/2022 ADD 1.	
Article 3, (Regulation (EU) 2015/757)				
Y	377a		(-2) Throughout the Regulation, except in Articles 1, 2, 3, points (a) and (r), Article 21 (5), Annexes I and II, the words "CO ₂ emissions" are replaced by the words "greenhouse gas emissions" and the words "CO ₂ emitted" are replaced by the words "greenhouse gases emitted".;	Y
Article 3, (Regulation (EU) 2015/757 - ARTICLE 1)				
Y	377b		(-1) Article 1 is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				

Y	377c			<p>"This Regulation lays down rules for the accurate monitoring, reporting and verification of greenhouse gas emissions and of other relevant information from ships arriving at, within or departing from ports under the jurisdiction of a Member State, in order to promote the reduction of greenhouse gas emissions from maritime transport in a cost effective manner.";</p>	Y
Article 3, (Regulation (EU) 2015/757 - ARTICLE 2)					
Y	377d			<p>(0) In Article 2, paragraph 1 is replaced by the following:</p>	Y
Article 3, (Regulation (EU) 2015/757)					
Y	377e			<p>"1. This Regulation applies to ships of 5,000 gross tonnage and</p>	Y

			above in respect of the greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.	
Article 3, (Regulation (EU) 2015/757)				
Y	377f		1a. The greenhouse gasses covered by this Regulation are:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	377g		a) carbon dioxide (CO ₂),	Y
Article 3, (Regulation (EU) 2015/757)				

Y	377h			b) with regards to emissions from [1 January 2024] methane (CH ₄), and	Y
Article 3 - new Regulation					
Y	377i			c) with regards to emissions from [1 January 2024] nitrous oxide (N ₂ O).	Y
Article 3, (Regulation (EU) 2015/757)					
Y	377j			<p>Where this Regulation refers to total aggregated amounts of emissions or greenhouse gases emitted, it shall be understood as referring to the total aggregated amounts of each gas separately¹.</p> <p>_____</p> <p>1. To ensure that each gas is reported separately throughout the Regulation which would enable a total aggregated</p>	Y

			amount of CO2 equivalent emissions to be established.	
Article 3, (Regulation (EU) 2015/757)				
Y	377k		1b. From 1 January 2025, this Regulation shall also apply to general cargo ships of 400 gross tonnage and above in respect of the greenhouse gas emissions released during their voyages from their last port of call to a port of call under the jurisdiction of a Member State and from a port of call under the jurisdiction of a Member State to their next port of call, as well as within ports of call under the jurisdiction of a Member State.";	Y
Article 3, (Regulation (EU) 2015/757: ARTICLE 3)				
Y	378	(1) in Article 3, the following points (q) and (r) are added:	(1) in Article 3, the following points (q) and (r) are added is amended as follows:	Y

Article 3, (Regulation (EU) 2015/757)				
Y	378a		<p>“</p> <p>(a) Point (a) is replaced by the following</p>	Y
Article 3, (Regulation (EU) 2015/757)				
Y	378b		<p>‘(a) greenhouse gas emissions’ means the release of the greenhouse gasses covered by the obligations of this Regulation in accordance with Article 2(1a) by ships;”;</p>	Y
Article 3, (Regulation (EU) 2015/757)				
Y	378c		<p>(b) Points (b), (d) and (m) are replaced by the following:</p>	Y

Article 3, (Regulation (EU) 2015/757)				
378d			<p>"(b) 'port of call' means a "port of call" as defined in point (wa) of Article 3 of Directive 2003/87/EC of the European Parliament and of the Council";¹</p> <p>_____</p> <p>1. In line with indications in WK 7351/2022 the changes relating to transshipment ports needs to be reflected also in the MRV Regulation.</p>	
Article 3, (Regulation (EU) 2015/757)				
378e			<p>"(d) 'company' means the shipping company as defined in Article 3(v) of Directive 2003/87/EC of the European Parliament and of the Council";</p>	

Article 3, (Regulation (EU) 2015/757)				
Y	378f			<p>"(m) 'reporting period' means the period from 1 January until 31 December inclusive. For voyages starting and ending in two different calendar years, the respective data shall be accounted under the calendar year concerned;"</p>
Article 3, (Regulation (EU) 2015/757)				
Y	378g			<p>(c) the following points (q) and (r) are added:</p>
Article 3, (Regulation (EU) 2015/757)				
Y	379	<p>“ (q) ‘administering authority’ means the administering authority in respect of a shipping company</p>		<p>(q) ‘administering authority’ means the administering authority in respect of a shipping company referred to in Article 3gd of Directive 2003/87/EC of the</p>

	referred to in Article 3gd of Directive 2003/87/EC of the European Parliament and of the Council*;		European Parliament and of the Council*;	
Article 3, (Regulation (EU) 2015/757)				
Y	380	(r) 'aggregated emissions data at company level' means the sum of the CO ₂ emissions to be reported by a company under Directive 2003/87/EC, in respect of all ships under its responsibility during the reporting period.	(r) 'aggregated emissions data at company level ² ' means the sum of the CO₂ greenhouse gas emissions relating to gases listed in Annex I of to be reported by a company under Directive 2003/87/EC with regard to maritime transport activities and to be reported under that Directive , in respect of all ships under its responsibility during the reporting period.	Y
Article 3, (Regulation (EU) 2015/757)				
Y	381	* Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for	* Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for	Y

	greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275 25.10.2003, p. 32).;		greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275 25.10.2003, p. 32).;	
	”		”	
Article 3, (Regulation (EU) 2015/757: ARTICLE 4)				
382	(2) in Article 4, the following paragraph 8 is added:		(2) in Article 4, the following paragraph 8 is added:	
Article 3, (Regulation (EU) 2015/757)				
383	“ 8. Companies shall report the aggregated emissions data at company level of the ships under their responsibility during a reporting period pursuant to Article 11a.;		“ 8. Companies shall report the aggregated emissions data at company level of the ships under their responsibility during a reporting period pursuant to Article 11a.;	
	”		”	

Article 3, (Regulation (EU) 2015/757: ARTICLE 5)				
Y	384	(3) in Article 5, paragraph 2 is replaced by the following:	(3) in Article 5, paragraph 2 is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	385	<p>“</p> <p>2. The Commission is empowered to adopt delegated acts in accordance with Article 23 to amend the methods set out in Annex I and the rules set out in Annex II, in order to take into account revisions of Directive 2003/87/EC, relevant international rules as well as international and European standards. The Commission is also empowered to adopt delegated acts in accordance with Article 23 to amend Annexes I and II in order to refine the elements of the monitoring methods set out therein, in the light</p>	<p>“</p> <p>2. The Commission is empowered to adopt delegated acts in accordance with Article 23 to amend the methods set out in Annex I and the rules set out in Annex II, in order to take into account revisions Annexes I and II, in order to take into account the inclusion of methane and nitrous oxide emissions in the scope of this Regulation, revisions of Directive 2003/87/EC, including alignment with the implementing acts adopted under Article 14(1) of Directive 2003/87/EC, relevant</p>	Y

	of technological and scientific developments and in order to ensure the effective operation of the EU ETS established pursuant to Directive 2003/87/EC.;		international rules as well as international and European standards. The Commission is also empowered to adopt delegated acts in accordance with Article 23 to amend Annexes I and II in order to refine the elements of the monitoring methods set out therein, in the light of technological and scientific developments and in order to ensure the effective operation of the EU ETS established pursuant to Directive 2003/87/EC.;	
Article 3, (Regulation (EU) 2015/757)				
385a			The Commission shall adopt such delegated acts amending Annexes I and II as is necessary for the inclusion of methane and nitrous oxide emissions into the scope of this Regulation by [1 October 2023]. The methods set out in Annex I and the rules set out in Annex II shall, where appropriate, be aligned with the methods and rules of Regulation [xxx/yyyy] on [FuelEU Maritime, 2021/0210 (COD)].";	

			”	
Article 3, (Regulation (EU) 2015/757)				
385b		“ <u>(3a) in Article 5, the following paragraph is added:</u>		
Article 3, (Regulation (EU) 2015/757)				
385c		<u>"2a. By 1 July 2023, the Commission shall adopt delegated acts in accordance with Article 23 to supplement this Regulation by specifying the methods for determining and reporting greenhouse gas emissions other than CO₂. Such methods shall be based on the same principles as the methods for monitoring CO₂ emissions as set out in Annex I, with the adjustments necessary due to the nature of the relevant greenhouse gas emissions."</u>		

		”		
Article 3, (Regulation (EU) 2015/757: ARTICLE 6)				
Y	386	(4) Article 6 is amended as follows:	(4) Article 6 is amended as follows:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	386a		(-a) paragraph 3, point (b) is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	386b		"(b) the name of the company and the address, telephone and e-mail details of a contact person and the IMO unique company and registered owner identification number";	Y

Article 3, (Regulation (EU) 2015/757)				
386c		<u><i>(-a) paragraph 4 is replaced by the following:</i></u>		
Article 3, (Regulation (EU) 2015/757)				
386d		<u><i>"4. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions or both under Directive 2003/87/EC, the monitoring plan shall also contain information on the ice class of the ship and/or the procedures, responsibilities, formulae and data sources for determining and recording the distance travelled and the time spent at sea when navigating through ice."</i></u>		

		Amending present text		
Article 3, (Regulation (EU) 2015/757)				
387	(a) paragraph 5 is replaced by the following:		(a) paragraph 5 is replaced by the following:	
Article 3, (Regulation (EU) 2015/757)				
388	“ 5. Companies shall use standardised monitoring plans based on templates and monitoring plans shall be submitted using automated systems and data exchange formats. Those templates, including the technical rules for their uniform application and automatic transfer, shall be determined by the Commission by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article		“ 5. Companies shall use standardised monitoring plans based on templates and monitoring plans shall be submitted using automated systems and data exchange formats. Those templates, including the technical rules for their uniform application and automatic transfer, shall be determined by the Commission by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article	

	24(2).;	”	24(2).;	”
Article 3, (Regulation (EU) 2015/757)				
Y	389	(b) the following paragraphs 6, 7 and 8 are added:	(b) the following paragraphs 6, 7 and 8 are added:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	390	“ 6. Within three months of [date of entry into force of revised ETS Directive], companies shall submit to the responsible administering authority a monitoring plan for each of their ships falling under the scope of this Regulation, which shall first be assessed as being in conformity with this Regulation by the verifier.	“ 6. Within three months of [date of entry into force of revised ETS Directive] By [1 April 2024] , companies shall submit to the responsible administering authority a monitoring plan for each of their ships falling under the scope of this Regulation, which shall first be assessed as being in conformity with this Regulation by the verifier and which shall reflect the inclusion of methane and nitrous oxide emissions in the scope of	Y

			this Regulation.	
Article 3, (Regulation (EU) 2015/757)				
391	7. Notwithstanding paragraph 6, for ships falling under the scope of this Regulation for the first time after the entry into force of [date of entry into force of the revised ETS Directive], companies shall submit a monitoring plan in conformity with the requirements of this Regulation to the responsible administering authority without undue delay and no later than three months after each ship's first call in a port under the jurisdiction of a Member State.		7. Notwithstanding paragraph 6, for ships falling under the scope of this Regulation for the first time after the entry into force of [date of entry into force of the revised ETS Directive] 1 January 2024 , companies shall submit a monitoring plan in conformity with the requirements of this Regulation to the responsible administering authority without undue delay and no later than three months after each ship's first call in a port under the jurisdiction of a Member State.	
Article 3, (Regulation (EU) 2015/757)				
392	8. Within two years of entry into force of [revised ETS Directive], the responsible administering authorities shall approve the		8. Within By [insert date] two years of after entry into force of [revised ETS Directive] this amending Regulation , the	

	<p>monitoring plans submitted by companies in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph. For ships falling under the scope of [revised ETS Directive] for the first time after its entry into force, the responsible administering authority shall approve the submitted monitoring plan within four months after the ship's first call in a port under the jurisdiction of a Member State in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph.</p>		<p>responsible administering authorities shall approve the monitoring plans submitted by companies in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph. For ships falling under the scope of [revised ETS Directive] for the first time after its entry into force [1 January 2024], the responsible administering authority shall approve the submitted monitoring plan within four months after the ship's first call in a port under the jurisdiction of a Member State in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph.</p>	
Article 3, (Regulation (EU) 2015/757)				
Y 392a			<p>The Commission shall by [1 October 2023] adopt delegated acts in accordance with Article 23 to amend the provisions concerning the rules for monitoring plans as contained in</p>	Y

			Articles 6, 7, 8, 9 and 10 to take account of the inclusion of methane and nitrous oxide emissions in the scope of this Regulation.";	
Article 3, (Regulation (EU) 2015/757)				
393	The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation concerning rules for the approval of monitoring plans by administering authorities.; ”		The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation concerning rules for the approval of monitoring plans by administering authorities.; ”	
Article 3, (Regulation (EU) 2015/757: ARTICLE 7)				
394	(5) Article 7 is amended as follows:		(5) Article 7 is amended as follows:	
Article 3, (Regulation (EU) 2015/757)				

Y	395	(a) in paragraph 4, the second sentence is replaced by the following:		(a) in paragraph 4, the second sentence is replaced by the following:		Y
Article 3, (Regulation (EU) 2015/757)						
Y	396	<p>“</p> <p>Following the assessment, the verifier shall notify the company whether those modifications are in conformity. The company shall submit its modified monitoring plan to the responsible administering authority once it has received a notification from the verifier that the monitoring plan is in conformity.;</p> <p>”</p>		<p>“</p> <p>Following the assessment, the verifier shall notify the company whether those modifications are in conformity. The company shall submit its modified monitoring plan to the responsible administering authority once it has received a notification from the verifier that the monitoring plan is in conformity.;</p> <p>”</p>		Y
Article 3, (Regulation (EU) 2015/757)						
Y	397					Y

	(b) the following paragraph 5 is added:		(b) the following paragraph 5 is added:	
Article 3, (Regulation (EU) 2015/757)				
398	<p>“</p> <p>5. The administering authority shall approve modifications of the monitoring plan under paragraph 2, points (a), (b), (c), (d), in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph of this paragraph.</p>		<p>“</p> <p>5. The administering authority shall approve modifications of the monitoring plan under paragraph 2, points (a), (b), (c), (d), in accordance with the rules laid down in the delegated acts adopted by the Commission pursuant to the second subparagraph of this paragraph.</p>	
Article 3, (Regulation (EU) 2015/757)				
399	The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation concerning rules for the approval of changes in the monitoring plans		The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation concerning rules for the approval of changes in the monitoring plans	

	by administering authorities.;	”	by administering authorities.;	”
Article 3, (Regulation (EU) 2015/757)				
399a		“ <u>(5a) in Article 9(1), the second subparagraph is replaced by the following:</u>		
Article 3, (Regulation (EU) 2015/757)				
399b		<u>"Companies may also monitor information relating to the ship's ice class and to navigation in ice conditions, where applicable. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions or both under Directive 2003/87/EC, monitoring shall include information on whether the voyage involved</u>		

		<p><u>navigation in ice conditions, including information on the date, time, and location of the navigation in ice conditions, the method used to measure fuel oil consumption, fuel consumption and the fuel's emission factor for each type of fuel when navigating in ice conditions, and the distance travelled when navigating in ice conditions. Information on whether the voyage occurs between ports under the jurisdiction of a Member State, departs from a port under the jurisdiction of a Member State or arrives in a port under the jurisdiction of a Member State shall also be provided. "</u></p> <p>”</p> <p>Amending present text</p>		
Article 3, (Regulation (EU) 2015/757: ARTICLE 10)				
Y	400	(6) in Article 10, first subparagraph, the following point	(6) in Article 10, first subparagraph, the following point	Y

	(k) is added:		(k) is added:	
Article 3, (Regulation (EU) 2015/757)				
401	<p>“</p> <p>(k) total aggregated CO₂ emissions to be reported under Directive 2003/87/EC in relation to maritime transport activities.;</p> <p>”</p>		<p>“</p> <p>(k) total aggregated CO₂ emissions emissions of greenhouse gases covered by Directive 2003/87/EC in relation to maritime transport activities in accordance with Annex I of that Directive to be reported under that Directive 2003/87/EC in relation to maritime transport activities, together with the necessary information to justify the application of any relevant derogation from Article 12(3) of that Directive provided for in Article 12, paragraphs 3-e, 3-d, 3-c and 3-b thereof."</p> <p>”</p>	
Article 3, (Regulation (EU) 2015/757)				

401a		<p>“</p> <p><u>(6a) in Article 10, the second paragraph is replaced by the following:</u></p>		
Article 3, (Regulation (EU) 2015/757)				
401b		<p><u>"Companies may monitor information relating to the ship's ice class and to navigation through ice, where applicable. For shipping companies that wish to surrender fewer emission allowances on the basis of their ships' ice class or navigation in ice conditions, or both, under Directive 2003/87/EC, monitoring shall include aggregated greenhouse gas emissions from all voyages that involved navigating in ice conditions and the total distance travelled during voyages that involved navigating in ice conditions."</u></p> <p>”</p>		

		Amending present text		
Article 3, (Regulation (EU) 2015/757: ARTICLE 11)				
Y	401c		(6a) In Article 11, paragraph 1 the following subparagraph is added:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	401d		"Starting from 2025 and by 31 March of each year, companies shall submit to their responsible administering authority, to the authorities of the flag States concerned for ships flying the flag of a Member State and to the Commission an emissions report for the entire reporting period for each ship under their responsibility, which has been verified as satisfactory by a verifier in accordance with	Y

			Article 13. The administering authority may require companies to submit their emissions reports by a date earlier than 31 March, but not earlier than by 28 February.";	
Article 3, (Regulation (EU) 2015/757)				
Y	401e		(6b) In Article 11, paragraph 2 is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	401f		"2. Where there is a change of company, the previous company shall submit to their responsible administering authority, to the authorities of the flag States concerned for ships flying the flag of a Member State, to the new company and to the Commission, as close as practical to the day of the completion of the change and no later than	Y

			three months thereafter, a report covering the same elements as the emissions report but limited to the period corresponding to the activities carried out under its responsibility.";	
Article 3, (Regulation (EU) 2015/757)				
Y	401g		(6c) In Article 11, the following paragraph is added:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	401h		"4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to amend the provisions concerning the rules for reporting as contained in Articles 11, 11a and 12 to take account of the inclusion of methane and nitrous oxide emissions in the scope of this Regulation. The first such delegated act shall be	Y

			adopted by [1 October 2023].";	
Article 3, (Regulation (EU) 2015/757: ARTICLE 11a)				
Y	402	(7) the following Article 11a is inserted:	(7) the following Article 11a is inserted:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	403	“ Article 11a	“ Article 11a	Y
Article 3, (Regulation (EU) 2015/757)				
Y	404	Reporting and submission of the aggregated emissions data at company level	Reporting and submission of the aggregated emissions data at company level	Y

Article 3, (Regulation (EU) 2015/757)

405

1. Companies shall determine the aggregated emissions data at company level during a reporting period, based on the data of the emissions report and the report referred to in Article 11(2) for each ship that was under their responsibility during the reporting period, in accordance with the rules laid down in the delegated acts adopted pursuant to paragraph 4.

1. Companies shall determine the aggregated emissions data at company level during a reporting period, based on the data of the emissions report and the report referred to in Article 11(2) for each ship that was under their responsibility during the reporting period, in accordance with the rules laid down in the delegated acts adopted pursuant to paragraph 4.

Article 3, (Regulation (EU) 2015/757)

406

2. From 2024, the company shall submit to the responsible administering authority by 31 March of each year the aggregated emissions data at company level that covers the emissions in the reporting period to be reported under Directive 2003/87/EC in relation to maritime transport activities, in accordance with the rules laid down in the delegated acts adopted pursuant to paragraph

2. **Starting from 2025**From 2024, the company shall submit to the responsible administering authority by 31 March of each year the aggregated emissions data at company level that covers the emissions in the reporting period to be reported under Directive 2003/87/EC in relation to maritime transport activities, in accordance with the rules laid down in the delegated acts adopted pursuant to

	4 and that is verified in accordance with Chapter III of this Regulation (the ‘verified aggregated emissions data at company level’).		paragraph 4 and that is verified in accordance with Chapter III of this Regulation (the ‘verified aggregated emissions data at company level’).	
Article 3, (Regulation (EU) 2015/757)				
407	3. The administering authority may require companies to submit the verified aggregated emissions data at company level by a date earlier than 31 March, but not earlier than by 28 February.		3. The administering authority may require companies to submit the verified aggregated emissions data at company level by a date earlier than 31 March, but not earlier than by 28 February.	
Article 3, (Regulation (EU) 2015/757)				
408	4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation with the rules for the monitoring and reporting of the aggregated data at company level and the submission of the aggregated emissions data at		4. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation with the rules for the monitoring and reporting of the aggregated data at company level and the submission of the aggregated emissions data at	

	company level to the administering authority.;	”	company level to the administering authority.;	”	
Article 3, (Regulation (EU) 2015/757: ARTICLE 12)					
Y	409	(8) Article 12 is amended as follows:		(8) Article 12 is amended as follows:	Y
Article 3, (Regulation (EU) 2015/757)					
Y	410	(a) the title is replaced by the following:		(a) the title is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)					
Y	411	“ Format of the emissions report and reporting of aggregated emissions		“ Format of the emissions report and reporting of aggregated emissions	Y

	data at company level”;		data at company level”;	
	“		“	
Article 3, (Regulation (EU) 2015/757)				
Y	412	(b) paragraph 1 is replaced by the following:	(b) paragraph 1 is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	413	“ 1. The emissions report and the reporting of aggregated emissions data at company level shall be submitted using automated systems and data exchange formats, including electronic templates.; ”	“ 1. The emissions report and the reporting of aggregated emissions data at company level shall be submitted using automated systems and data exchange formats, including electronic templates.; ”	Y
Article 3, (Regulation (EU) 2015/757: ARTICLE 13)				

Y	414	(9) Article 13 is amended as follows:		(9) Article 13 is amended as follows:		Y
Article 3, (Regulation (EU) 2015/757)						
Y	415	(a) paragraph 2 is replaced by the following:		(a) paragraph 2 is replaced by the following:		Y
Article 3, (Regulation (EU) 2015/757)						
Y	416	“ 2. The verifier shall assess the conformity of the emissions report and the report referred to in Article 11(2) with the requirements laid down in Articles 8 to 12 and Annexes I and II.; ”		“ 2. The verifier shall assess the conformity of the emissions report and the report referred to in Article 11(2) with the requirements laid down in Articles 8 to 12 and Annexes I and II.; ”		Y

Article 3, (Regulation (EU) 2015/757)				
Y	417	(b) the following paragraphs 5 and 6 are added:	(b) the following paragraphs 5 and 6 are added:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	418	“ 5. The verifier shall assess the conformity of the aggregated emissions data at company level with the requirements laid down in the delegated acts adopted pursuant to paragraph 6.	“ 5. The verifier shall assess the conformity of the aggregated emissions data at company level with the requirements laid down in the delegated acts adopted pursuant to paragraph 6.	Y
Article 3, (Regulation (EU) 2015/757)				
Y	419	Where the verifier concludes, with reasonable assurance, that the aggregated emissions data at company level are free from material misstatements, the verifier	Where the verifier concludes, with reasonable assurance, that the aggregated emissions data at company level are free from material misstatements, the verifier	Y

	shall issue a verification report stating that the aggregated emissions data at company level have been verified as satisfactory in accordance with the rules laid down in the delegated acts adopted pursuant to paragraph 6.		shall issue a verification report stating that the aggregated emissions data at company level have been verified as satisfactory in accordance with the rules laid down in the delegated acts adopted pursuant to paragraph 6.	
Article 3, (Regulation (EU) 2015/757)				
420	6. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation with the rules for the verification of the aggregated emissions data at company level and the issuance of a verification report.; ”		6. The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this Regulation with the rules for the verification of the aggregated emissions data at company level and the issuance of a verification report.; ”	
Article 3, (Regulation (EU) 2015/757: ARTICLE 14)				
421	(10) Article 14 is amended as follows:		(10) Article 14 is amended as follows:	

Article 3, (Regulation (EU) 2015/757)				
Y	422	(a) in paragraph 2, point (d) is replaced by the following:		(a) in paragraph 2, point (d) is replaced by the following:
Article 3, (Regulation (EU) 2015/757)				
Y	423	<p>“</p> <p>(d) the calculations leading to the determination of the overall CO₂ emissions and of the total aggregated CO₂ emissions to be reported under Directive 2003/87/EC in relation to maritime transport activities;;</p> <p>”</p>		<p>“</p> <p>(d) the calculations leading to the determination of the overall CO₂ greenhouse gas emissions and of the total aggregated CO₂ emissions of greenhouse gases covered by Directive 2003/87/EC in relation to maritime transport activities in accordance with Annex I of that Directive to be reported under that Directive 2003/87/EC in relation to maritime transport activities;”;</p> <p>”</p>

Article 3, (Regulation (EU) 2015/757)				
Y	424	(b) the following paragraph 4 is added:		(b) the following paragraph 4 is added:
Article 3, (Regulation (EU) 2015/757)				
Y	425	“ 4. When considering the verification of the aggregated emissions data at company level, the verifier shall assess the completeness and the consistency of the reported data with the information provided by the company, including its verified emissions reports and the report referred to in Article 11(2).; ”		“ 4. When considering the verification of the aggregated emissions data at company level, the verifier shall assess the completeness and the consistency of the reported data with the information provided by the company, including its verified emissions reports and the report referred to in Article 11(2).; ”
Article 3, (Regulation (EU) 2015/757: ARTICLE 15)				
Y	426			

	(11) in Article 15, the following paragraph 6 is added:		(11) in Article 15, the following paragraph 6 is added:	
Article 3, (Regulation (EU) 2015/757)				
427	<p>“</p> <p>6. In respect of the verification of aggregated emissions data at company level, the verifier and the company shall comply with the verification rules laid down in the delegated acts adopted pursuant to the second subparagraph. The verifier shall not verify the emissions report and the report referred to in Article 11(2) of each ship under the responsibility of the company.</p>		<p>“</p> <p>6. In respect of the verification of aggregated emissions data at company level, the verifier and the company shall comply with the verification rules laid down in the delegated acts adopted pursuant to the second subparagraph. The verifier shall not verify the emissions report and the report referred to in Article 11(2) of each ship under the responsibility of the company.</p>	
Article 3, (Regulation (EU) 2015/757)				
428	The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this		The Commission is empowered to adopt delegated acts in accordance with Article 23 to supplement this	

	Regulation with the rules for the verification of aggregated emissions data at company level, including the verification methods and verification procedure.; ”		Regulation with the rules for the verification of aggregated emissions data at company level, including the verification methods and verification procedure.; ”	
Article 3, (Regulation (EU) 2015/757: ARTICLE 16)				
429	(12) in Article 16, paragraph 1 is replaced by the following:		(12) in Article 16, paragraph 1 is replaced by the following:	
Article 3, (Regulation (EU) 2015/757)				
430	“ 1. Verifiers that assess the monitoring plans, the emissions reports and the aggregated emissions data at company level, and issue verification reports and documents of compliance referred to in this Regulation shall be accredited for activities under the scope of this Regulation by a		“ 1. Verifiers that assess the monitoring plans, the emissions reports and the aggregated emissions data at company level, and issue verification reports and documents of compliance referred to in this Regulation shall be accredited for activities under the scope of this Regulation by a	

	national accreditation body pursuant to Regulation (EC) No 765/2008.;	”	national accreditation body pursuant to Regulation (EC) No 765/2008.;	”
Article 3, (Regulation (EU) 2015/757: ARTICLE 20)				
Y	431	(13) in Article 20, paragraph 3 is replaced by the following:	(13) in Article 20, paragraph 3 is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	432	“ 3. In the case of ships that have failed to comply with the monitoring and reporting requirements for two or more consecutive reporting periods and where other enforcement measures have failed to ensure compliance, the competent authority of the Member State of the port of entry may, after giving the opportunity to the company concerned to submit	“ 3. In the case of ships that have failed to comply with the monitoring and reporting requirements for two or more consecutive reporting periods and where other enforcement measures have failed to ensure compliance, the competent authority of the Member State of the port of entry may, after giving the opportunity to the company concerned to submit	Y

its observations, issue an expulsion order which shall be notified to the Commission, EMSA, the other Member States and the flag State concerned. As a result of the issuing of such an expulsion order, every Member State, with the exception of the Member State whose flag the ship is flying, shall refuse entry of the ship concerned into any of its ports until the company fulfils its monitoring and reporting obligations in accordance with Articles 11 and 18. Where the ship flies the flag of a Member State, the Member State concerned shall, after giving the opportunity to the company concerned to submit its observations, order the ship to be detained until the company fulfils its obligations. The fulfilment of those obligations shall be confirmed by the notification of a valid document of compliance to the competent national authority which issued the expulsion order. This paragraph shall be without prejudice to international maritime rules applicable in the case of ships in distress.;

”

its observations, issue an expulsion order which shall be notified to the Commission, EMSA, the other Member States and the flag State concerned. As a result of the issuing of such an expulsion order, every Member State, with the exception of the Member State whose flag the ship is flying, shall refuse entry of the ship concerned into any of its ports until the company fulfils its monitoring and reporting obligations in accordance with Articles 11 and 18. Where the ship flies the flag of a Member State **and enters or is found in one of its ports**, the Member State concerned shall, after giving the opportunity to the company concerned to submit its observations, ~~order detain~~ **order detain** the ship ~~to be detained~~ until the company fulfils its obligations. ~~The fulfilment of those obligations shall be confirmed by the notification of a valid document of compliance to the competent national authority which issued the expulsion order.~~ This paragraph shall be without prejudice to international maritime rules applicable in the case of ships in distress.;

Article 3, (Regulation (EU) 2015/757)

432a

Where a ship that flies the flag of a Member is found with a failure referred to in the first subparagraph while in one of the ports of the Member State whose flag the ship is flying, the Member State concerned may, after giving the opportunity to the company concerned to submit its observations, issue a flag detention order until the shipping company fulfils its obligations. It shall inform the Commission, EMSA and the other Member States thereof.

Article 3, (Regulation (EU) 2015/757)

432b

The fulfilment of those obligations shall be confirmed by the notification of a valid document of compliance to the competent national authority which issued the expulsion order. This paragraph shall be without prejudice to international

			<p>maritime rules applicable in the case of ships in distress."</p> <p>”</p> <p>Council: Text same as COM proposal (see end of paragraph 3).</p>	
Article 3, (Regulation (EU) 2015/757: ARTICLE 20(5))				
Y	432c		<p>(13a) In Article 20 (5), the following subparagraph is added:</p>	Y
Article 3, (Regulation (EU) 2015/757)				
Y	432d		<p>"The possibility to derogate under this paragraph shall not apply to a Member State whose responsible authority is the administering authority of a shipping company.";</p>	Y

Article 3, (Regulation (EU) 2015/757: ARTICLE 21)				
Y	432e		(13b) In Article 21, paragraph 2 (a) is replaced by the following:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	432f		"(a) the identity of the ship (name, company, IMO identification number and port of registry or home port)";	Y
Article 3, (Regulation (EU) 2015/757)				
Y	432g		(13c) In Article 21, paragraph 5 is amended as follows:	Y
Article 3, (Regulation (EU) 2015/757)				

Y	432h			<p>"5. The Commission shall every two years assess the maritime transport sector's overall impact on the global climate including through non-CO₂-related emissions or effects from other greenhouse gases and of particles with a global warming potential not covered by this Regulation.";</p>	Y
Article 3, (Regulation (EU) 2015/757: ARTICLE 22a)					
Y	432i			<p>(13d) The following Article is inserted:</p>	Y
Article 3, (Regulation (EU) 2015/757)					
Y	432j			<p><i>"Article 22a</i></p> <p>Review</p>	Y

Article 3, (Regulation (EU) 2015/757)

Y	432k		<p>The Commission shall, no later than 31 December 2024, review this Regulation, taking into account in particular further experience gained in its implementation notably in view of including ships below 5000 gross tonnage but not below 400 gross tonnage in the scope of this Regulation with a view to a possible subsequent inclusion thereof in Directive 2003/87/EC or to proposing other measures to reduce greenhouse gas emissions from such ships. The review shall, if appropriate, be accompanied by a proposal to amend this Regulation."</p>	Y
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Article 3, (Regulation (EU) 2015/757: ARTICLE 23)

Y	433	(14) Article 23 is amended as follows:	(14) Article 23 is amended as follows:	Y
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Article 3, (Regulation (EU) 2015/757)				
Y	434	(a) in paragraph 2, the following subparagraph is added:	(a) in paragraph 2, the following subparagraph is added:	Y
Article 3, (Regulation (EU) 2015/757)				
Y	435	<p>“</p> <p>The power to adopt delegated acts referred to in Article 5(2), as regards ensuring the functioning of the EU ETS, and Articles 6(8), 7(5), 11a(4), 13(6) and 15(6) shall be conferred on the Commission for an indeterminate period of time from the entry into force of [revised MRV Regulation].”;</p> <p>“</p>	<p>“</p> <p>The power to adopt delegated acts referred to in Article 5(2), as regards ensuring the functioning of the EU ETS, and Articles 6(8), 7(5), 11a(4), 13(6) and 15(6) shall be conferred on the Commission for an indeterminate <u>time five years</u> from the entry into force of [revised MRV Regulation]. <u>The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension</u></p> <p>“</p>	<p>“</p> <p>"The power to adopt delegated acts referred to in Article 5(2), as regards ensuring the functioning of the EU ETS, and Articles 6(8), 7(5), 11a(4), 13(6) and 15(6) shall be conferred on the Commission for an indeterminate period of time from the entry into force of [revised MRV Regulation].";</p> <p>“</p>

		<u>not later than three months before the end of each period."</u> ;		
	Article 3, (Regulation (EU) 2015/757)			
Y	436	(b) in paragraphs 3 and 5, the words "Articles 5(2), 15(5), 16(3)" are replaced by the words "Articles 5(2), 6(8), 7(5), 11a(4), 13(6) 15(5), 15(6) and 16(3)".	(b) in paragraphs 3 and 5, the words "Articles 5(2), 15(5), 16(3)" are replaced by the words "Articles 5(2), 6(8), 7(5), 11a(4), 13(6) 15(5), 15(6) and 16(3)".	Y
	Article 3, (Regulation (EU) 2015/757)			
Y	436a		(c) paragraph 5 the following subparagraph is added:	Y
	Article 3, (Regulation (EU) 2015/757)			
Y	436b		However, the last sentence of	Y

			the first subparagraph shall not apply to delegated acts adopted by 1 October 2023 pursuant to the second subparagraph of Article 5(2), the second subparagraph of Article 6(8), Article 11(4) and Article 15(5).	
Article 3, (Regulation (EU) 2015/757)				
Y	436c		Article 2 Entry into force and application	Y
Article 3, (Regulation (EU) 2015/757)				
Y	436d		1. This Regulation shall enter into force on the twentieth day following that of its publication in the <i>Official Journal of the European Union</i> .	Y
Article 3, (Regulation (EU) 2015/757)				

Y	436e			2. It shall apply from the date of entry into force. However, Article 1, paragraph (1), point (b) shall apply from 1 January 2024.		Y
Article 3, (Regulation (EU) 2015/757)						
Y	436f			This Regulation shall be binding in its entirety and directly applicable in all Member States.		Y
Article 4						
437	Article 4 Transposition			Article 4 Transposition		
Article 4(1)						

438	1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 and 2 of this Directive by 31 December 2023 at the latest. They shall forthwith communicate to the Commission the text of those provisions.		1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 and 2 of this Directive by 31 December 2023 at the latest. They shall forthwith communicate to the Commission the text of those provisions.	
Article 4(1a)				
438a		<u><i>1a. 1a. By way of derogation from paragraph 1, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 1, point (15)(-a), of this Directive by 1 January 2025 at the latest. They shall forthwith communicate to the Commission the text of those provisions.</i></u>		
Article 4(2)				

439	2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.		2. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.	
Article 4(3)				
440	3. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.		3. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	
Article 5				
441	Article 5 Transitional provisions		Article 5 Transitional provisions	

Article 5(1)				
442	<p>1. When complying with their obligation set out in Article 4(1) of this Directive, Member States shall ensure that their national legislation transposing Article 3, point (u), Article 10a(3) and 10a(4), Article 10c(7) and Annex I, point 1, of Directive 2003/87/EC, in its version applicable on [the day before the date of entry into force of this Directive], continue to apply until 31 December 2025.</p>		<p>1. When complying with their obligation set out in Article 4(1) of this Directive, Member States shall ensure that their national legislation transposing Article 3, point (u), Article 10a(3) and 10a(4), Article 10c(7) and Annex I, point 1, of Directive 2003/87/EC, in its version applicable on <i>[the day before the date of entry into force of this Directive]</i>the day before the date of entry into force of this Directive, continue to apply until 31 December 2025. They shall apply their national measures transposing amendments to those provisions from 1 January 2026.</p>	
Article 6				
443	Article 6			Article 6

	Date of application of Article 3		<i>deleted</i>	As a consequence of the splitting of the amendments to Regulation (EU) 2015/757 from the Directive, Article 6 is to be deleted. In substance replaced by Article 2 of the amending Regulation as set out below.
Article 6, first paragraph				
444	Article 3 shall apply from [date of entry into force of the revised ETS Directive].		<i>deleted</i>	
Article 7				
445	Article 7 Entry into force		Article 7 Entry into force and date of application of Article 2	
Article 7, first paragraph				

446	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.		1. This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	
Article 7, first paragraph a				
446a			<p>2. Article 2 shall apply from 1 January 2024¹.</p> <p>_____</p> <p>1. This replaces the reference to article 2 in the provision of transposition. The date mentioned ensures that the changes in Article 2 starts to apply at the same time as the national measures transposing article 1.</p>	
Article 8				
447	Article 8		Article 8	

	Addressees		Addressees	
Article 8, first paragraph				
448	This Directive is addressed to the Member States. Article 3 shall, however, be binding in its entirety and directly applicable in all Member States.		This Directive is addressed to the Member States. Article 3 shall, however, be binding in its entirety and directly applicable in all Member States.	
Formula				
449	Done at Brussels,		Done at Brussels,	
Formula				
450	For the European Parliament		For the European Parliament	

Formula				
451	The President		The President	
Formula				
452	For the Council		For the Council	
Formula				
453	The President		The President	
Annex, first paragraph, introductory part				
454	Annex I to Directive 2003/87/EC is amended as follows:		Annex I to Directive 2003/87/EC is amended as follows:	

Annex, first paragraph, point (a), introductory part				
455	(a) Points 1 and 2 are replaced by the following:		(a) Points 1 and 2 3 are replaced by the following:	
Annex, first paragraph, point (a), amending provision, numbered paragraph (1)				
456	<p>“</p> <p>1. Installations or parts of installations used for research, development and testing of new products and processes, and installations where emissions from the combustion of biomass that complies with the criteria set out pursuant to Article 14 contribute to more than 95 % of the total greenhouse gas emissions are not covered by this Directive.</p>	<p>“</p> <p>1. Installations or parts of installations used for research, development and testing of new products and processes, and installations where emissions from the combustion of <u>exclusively using biomass that complies with the criteria set out pursuant to Article 14 contribute to more than 95 % of the total greenhouse gas emissions</u> are not covered by this Directive.</p>	<p>“</p> <p>1. Installations or parts of installations used for research, development and testing of new products and processes, and are not covered by this Directive. Installations, where during the preceding relevant five year period referred to in Article 11(1), second subparagraph, emissions from the combustion of biomass that complies with the criteria set out pursuant to Article 14 contribute on average to more than 95 % of the total average greenhouse gas emissions, -are not covered by this Directive.</p>	

Annex, first paragraph, point (a), amending provision, Annex, first paragraph, point (a)(a), introductory part				
456a		<u>(aa) point 5 is replaced by the following:</u>		
Annex, first paragraph, point (a a), amending provision, numbered point (5)				
456b		<u>"5. When the capacity threshold of any activity in this Annex is found to be exceeded in an installation, all units in which fuels are combusted, other than units for the incineration of hazardous waste, shall be included in the greenhouse gas emission permit."</u> <p>”</p> <p>Amending present text</p>		
Annex, first paragraph, point (a), amending provision, numbered paragraph (2)				

457	<p>2. When the total rated thermal input of an installation is calculated in order to decide upon its inclusion in the EU ETS, the rated thermal inputs of all technical units which are part of it, in which fuels are combusted within the installation, shall be added together. These units may include all types of boilers, burners, turbines, heaters, furnaces, incinerators, calciners, kilns, ovens, dryers, engines, fuel cells, chemical looping combustion units, flares, and thermal or catalytic post-combustion units. Units with a rated thermal input under 3 MW shall not be taken into account for the purposes of this calculation.;</p> <p>”</p>		<p>23. When the total rated thermal input of an installation is calculated in order to decide upon its inclusion in the EU ETS, the rated thermal inputs of all technical units which are part of it, in which fuels are combusted within the installation, shall be added together. These units may include all types of boilers, burners, turbines, heaters, furnaces, incinerators, calciners, kilns, ovens, dryers, engines, fuel cells, chemical looping combustion units, flares, and thermal or catalytic post-combustion units. Units with a rated thermal input under 3 MW shall not be taken into account for the purposes of this calculation.;</p> <p>”</p>	
Annex, first paragraph, point (b), introductory part				
458	<p>(b) the table is amended as follows:</p>		<p>(b) the table is amended as follows:</p>	

Annex, first paragraph, point (b)(-i), introductory part				
458a		<u>(-i) the first row is replaced by the following:</u>		
Annex, first paragraph, point (b)(-i), Table 1, Column 1, Row 1				
458b		<u>Combustion of fuels in installations with a total rated thermal input exceeding 20 MW (except in installations for the incineration of hazardous waste) including, from 1 January 2026, the combustion of fuels in installations for the incineration of municipal waste</u> Amending present text		
Annex, first paragraph, point (b)(-i), Table 1, Column 2, Row 1				

458c		<u>Carbon dioxide</u>		
Annex, first paragraph, point (b)(i), introductory part				
459	(i) The second row is replaced by the following:		(i) The second row is replaced by the following:	
Annex, first paragraph, point (b)(i), Table 1, Column 1, Row 1				
460	“Refining of oil, where combustion units with a total rated thermal input exceeding 20 MW are operated		“Refining of oil, where combustion units with a total rated thermal input exceeding 20 MW are operated	
Annex, first paragraph, point (b)(i), Table 1, Column 2, Row 1				
461	Carbon dioxide" ;		Carbon dioxide" ;	

Annex, first paragraph, point (b)(ii), introductory part				
462	(ii) The fifth row is replaced by the following:		(ii) The fifth row is replaced by the following:	
Annex, first paragraph, point (b)(ii), Table 2, Column 1, Row 1				
463	“Production of iron or steel (primary or secondary fusion) including continuous casting, with a capacity exceeding 2,5 tonnes per hour		“Production of iron or steel (primary or secondary fusion) including continuous casting, with a capacity exceeding 2,5 tonnes per hour	
Annex, first paragraph, point (b)(ii), Table 2, Column 2, Row 1				
464	Carbon dioxide" ;		Carbon dioxide" ;	
Annex, first paragraph, point (b)(iii), introductory part				

465	(iii) The seventh row is replaced by the following:		(iii) The seventh row is replaced by the following:	
Annex, first paragraph, point (b)(iii), Table 3, Column 1, Row 1				
466	“Production of primary aluminium or alumina		“Production of primary aluminium or alumina	
Annex, first paragraph, point (b)(iii), Table 3, Column 2, Row 1				
467	Carbon dioxide" ;		Carbon dioxide and perfluorocarbons " ;	
Annex, first paragraph, point (c), introductory part				
468	(c) The fifteenth row of categories of activities is replaced by the following:		(c) (iv) The fifteenth row of categories of activities is replaced by the following:	

Annex, first paragraph, point (c), Table 4, Column 1, Row 1				
469	(2) "Drying or calcination of gypsum or production of plaster boards and other gypsum products, with a production capacity of calcined gypsum or dried secondary gypsum exceeding a total of 20 tonnes per day		(2) "Drying or calcination of gypsum or production of plaster boards and other gypsum products, with a production capacity of calcined gypsum or dried secondary gypsum exceeding a total of 20 tonnes per day	
Annex, first paragraph, point (c), Table 4, Column 2, Row 1				
470	(3) Carbon dioxide" ;		(3) Carbon dioxide" ;	
Annex, first paragraph, point (c)(iv), introductory part				
471	(iv) The eighteenth row is replaced by the following:		(iv) (v) The eighteenth row is replaced by the following:	

Annex, first paragraph, point (c)(iv), Table 5, Column 1, Row 1				
472	“Production of carbon black involving the carbonisation of organic substances such as oils, tars, cracker and distillation residues with a production capacity exceeding 50 tonnes per day		“Production of carbon black involving the carbonisation of organic substances such as oils, tars, cracker and distillation residues with a production capacity exceeding 50 tonnes per day	
Annex, first paragraph, point (c)(iv), Table 5, Column 2, Row 1				
473	Carbon dioxide" ;		Carbon dioxide" ;	
Annex, first paragraph, point (c)(v), introductory part				
474	(v) The twenty-fourth row is replaced by the following:		(v) (vi) The twenty-fourth row is replaced by the following:	
Annex, first paragraph, point (c)(v), Table 6, Column 1, Row 1				

475	“Production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25 tonnes per day	<u>“Production of hydrogen(H2) and synthesis gas with a production capacity exceeding 25 tonnes per day and production of hydrogen (H2) and synthesis gas where the energy content is derived from renewable energy sources with a production capacity exceeding 5 tonnes per day</u> production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25 tonnes per day	“Production of hydrogen (H2) and synthesis gas with a production capacity exceeding 25 tonnes per day	
Annex, first paragraph, point (c)(v), Table 6, Column 2, Row 1				
476	Carbon dioxide" ;		Carbon dioxide" ;	
Annex, first paragraph, point (c)(vi), introductory part				
477	(vi) The twenty-seventh row is replaced by the following:		(v vii) The twenty-seventh row is replaced by the following:	

Annex, first paragraph, point (c)(vi), Table 7, Column 1, Row 1				
478	“Transport of greenhouse gases for geological storage in a storage site permitted under Directive 2009/31/EC, with the exclusion of those emissions covered by another activity under this Directive		“Transport of greenhouse gases for geological storage in a storage site permitted under Directive 2009/31/EC, with the exclusion of those emissions covered by another activity under this Directive	
Annex, first paragraph, point (c)(vi), Table 7, Column 2, Row 1				
479	Carbon dioxide" ;		Carbon dioxide" ;	
Annex, first paragraph, point (c)(vii), introductory part				
480	(vii) the following row is added after the last new row, with a separation line in between:		(vii viii) the following row is added after the last new row, with a separation line in between:	
Annex, first paragraph, point (c)(vii), Table 8, Column 1, Row 1				

481	<p>"Maritime transport</p> <p>Maritime transport activities of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council performing voyages with the purpose of transporting passengers or cargo for commercial purposes</p>	<p><u><i>Carbon dioxide (CO₂), nitrous oxides (N₂O) and methane (CH₄) in line with Regulation (EU) 2015/757" Maritime transport</i></u></p> <p>Maritime transport activities of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council performing voyages with the purpose of transporting passengers or cargo for commercial purposes <u><i>and, from 2024, performing service activities for offshore installations.</i></u></p> <p><u><i>Such activities shall not include: (a) voyages performed in the framework of a public service contract or subject to public service obligations in accordance to Council Regulation (EEC) No 3577/92; (b) humanitarian voyages; (c) search and rescue voyages or parts of normal voyages by ships where search and rescue activities had to be carried out; (d) force majeure for all or part of the voyage.</i></u></p>	<p>"Maritime transport</p> <p>Maritime transport activities of ships covered by Regulation (EU) 2015/757 of the European Parliament and of the Council performing voyages with the purpose of transporting passengers or cargo for commercial purposes</p>	
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Annex, first paragraph, point (c)(vii), Table 8, Column 2, Row 1				
482	Greenhouse gases covered by Regulation (EU) 2015/757”;		Greenhouse gases covered by Regulation (EU) 2015/757 Carbon dioxide”;	
Annex, point (1), introductory part				
483	(1) Annex IIb to Directive 2003/87/EC is replaced by the following:		(1) Annex IIb to Directive 2003/87/EC is replaced by the following:	
Annex, point (1), amending provision, first paragraph				
484	“ ANNEX IIb		“ ANNEX IIb	

Annex, point (1), amending provision, second paragraph				
485	Part A - DISTRIBUTION OF FUNDS FROM THE MODERNISATION FUND CORRESPONDING TO ARTICLE 10(1), THIRD SUBPARAGRAPH		Part A - DISTRIBUTION OF FUNDS FROM THE MODERNISATION FUND CORRESPONDING TO ARTICLE 10(1), THIRD SUBPARAGRAPH	
Annex, point (1), amending provision, Table 9, Column 1, Row 1				
486				
Annex, point (1), amending provision, Table 9, Column 1, Row 2				
487	Bulgaria		Bulgaria	
Annex, point (1), amending provision, Table 9, Column 1, Row 3				
488				

	Czechia		Czechia	
Annex, point (1), amending provision, Table 9, Column 1, Row 4				
489	Estonia		Estonia	
Annex, point (1), amending provision, Table 9, Column 1, Row 5				
490	Croatia		Croatia	
Annex, point (1), amending provision, Table 9, Column 1, Row 6				
491	Latvia		Latvia	
Annex, point (1), amending provision, Table 9, Column 1, Row 7				
492				

	Lithuania		Lithuania	
Annex, point (1), amending provision, Table 9, Column 1, Row 8				
493	Hungary		Hungary	
Annex, point (1), amending provision, Table 9, Column 1, Row 9				
494	Poland		Poland	
Annex, point (1), amending provision, Table 9, Column 1, Row 10				
495	Romania		Romania	
Annex, point (1), amending provision, Table 9, Column 1, Row 11				
496				

	Slovakia		Slovakia	
Annex, point (1), amending provision, Table 9, Column 2, Row 1				
497	Share		Share	
Annex, point (1), amending provision, Table 9, Column 2, Row 2				
498	5,84 %		5,84 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 3				
499	15,59 %		15,59 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 4				
500				

	2,78 %		2,78 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 5				
501	3,14 %		3,14 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 6				
502	1,44 %		1,44 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 7				
503	2,57 %		2,57 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 8				
504				

	7,12 %		7,12 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 9				
505	43,41 %		43,41 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 10				
506	11,98 %		11,98 %	
Annex, point (1), amending provision, Table 9, Column 2, Row 11				
507	6,13 %		6,13 %	
Annex, point (1), amending provision, third paragraph				
508				

	Part B - DISTRIBUTION OF FUNDS FROM THE MODERNISATION FUND CORRESPONDING TO ARTICLE 10(1), FOURTH SUBPARAGRAPH		Part B - DISTRIBUTION OF FUNDS FROM THE MODERNISATION FUND CORRESPONDING TO ARTICLE 10(1), FOURTH SUBPARAGRAPH	
Annex, point (1), amending provision, Table 10, Column 1, Row 1				
509				
Annex, point (1), amending provision, Table 10, Column 1, Row 2				
510	Bulgaria Czechia Estonia Greece Croatia		Bulgaria Czechia Estonia Greece Croatia	

	Latvia Lithuania Hungary Poland Portugal Romania Slovakia		Latvia Lithuania Hungary Poland Portugal Romania Slovakia Slovenia	
Annex, point (1), amending provision, Table 10, Column 2, Row 1				
511	Share			
Annex, point (1), amending provision, Table 10, Column 2, Row 2				
512	5,0 %		5,0 %	

	12,9 %		12,9 %	
	2,2 %		2,2 %	
	10,3 %		10,3 4,9 %	
	2,3 %		12,6 %	
	1,1 %		2,1 %	
	1,9 %		10,1 %	
	5,9 %		2,3 %	
	34,8 %		1,1 1,0 %	
	8,8 %		1,9 %	
	9,9 %		5,9 %	
	4,9 %		34,8 %	
			8,8 %	
			9,9 %	
			4,9 5,8 %	
			34,2 %	
			8,6 %	
			9,7 %	
			4,8 %	

			2,0 %	“
Annex, point (1), amending provision, fourth paragraph				
513	“			
Annex, point (2), introductory part				
514	(2) The following Annexes are inserted as Annexes III, IIIa and IIIb to Directive 2003/87/EC:		(2) The following Annexes are inserted as Annexes III, IIIa and IIIb to Directive 2003/87/EC:	
Annex, point (2), amending provision, first paragraph				
515	"		"	

	“ANNEX III		“ANNEX III	
Annex, point (2), amending provision, second paragraph				
516	ACTIVITY COVERED BY CHAPTER IVa		ACTIVITY COVERED BY CHAPTER IVa	
Annex, point (2), amending provision, Table 11, Column 1, Row 1				
517	<p>Activity:</p> <p>1. Release for consumption of fuels which are used for combustion in the sectors of buildings and road transport.</p> <p>This activity shall not include:</p> <p>(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive, except if used for combustion in the activities of transport of</p>	<p>"</p> <p>Activity:</p> <p>1. Release for consumption of fuels which are used for combustion in the sectors of buildings and road transport.</p> <p>This activity shall not include:</p> <p><u>(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive,</u></p>	<p>Activity:</p> <p>1. Release for consumption of fuels which are used for combustion in the sectors of buildings and road transport.</p> <p>This activity shall not include:</p> <p>(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive, except if used for combustion in the activities of transport of</p>	

	<p>greenhouse gases for geological storage (activity row twenty seven);</p> <p>(b) the release for consumption of fuels for which the emission factor is zero.</p> <p>2. The sectors of buildings and road transport shall correspond to the following sources of emissions, defined in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with the necessary modifications to those definitions as follows:</p> <p>(a) Combined Heat and Power Generation (CHP) (source category code 1A1a ii) and Heat Plants (source category code 1A1a iii), insofar as they produce heat for categories under (c) and (d) of this point, either directly or through district heating networks;</p> <p>(b) Road Transportation (source category code 1A3b), excluding the use of agricultural vehicles on paved roads;</p> <p>(c) Commercial / Institutional (source category code 1A4a);</p> <p>(d) Residential (source category</p>	<p><u><i>except if used for combustion in the activities of transport of greenhouse gases for geological storage (activity row twenty seven);</i></u></p> <p><u><i>(b) the release for consumption of fuels for which the emission factor is zero.</i></u></p> <p><u><i>(c) the release for consumption of fuels used in agriculture;</i></u></p> <p><u><i>(d) the release for consumption of fuels used in ships or activities referred to in Article 2(2) of Regulation (EU) 2015/757;</i></u></p> <p><u><i>(e) the release for consumption of fuels used in the activity 'Aviation' referred to in Annex I;</i></u></p> <p><u><i>(f) the release for consumption of fuels used for private road transport and for private heating</i></u></p>	<p>greenhouse gases for geological storage (activity row twenty seven);</p> <p>(b) the release for consumption of fuels for which the emission factor is zero.</p> <p>2. The sectors of buildings and road transport shall correspond to the following sources of emissions, defined in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with the necessary modifications to those definitions as follows:</p> <p>(a) Combined Heat and Power Generation (CHP) (source category code 1A1a ii) and Heat Plants (source category code 1A1a iii), insofar as they produce heat for categories under (c) and (d) of this point, either directly or through district heating networks;</p> <p>(b) Road Transportation (source category code 1A3b), excluding the use of agricultural vehicles on paved roads;</p> <p>(c) Commercial / Institutional (source category code 1A4a);</p> <p>(d) Residential (source category</p>	
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	code 1A4b).	<p><u>and cooling of residential buildings until 1 January 2029, subject to the assessment provided for in Article 30a(1b).</u>÷</p> <p>(a) the release for consumption of fuels used in the activities set out in Annex I to this Directive, except if used for combustion in the activities of transport of greenhouse gases for geological storage (activity row twenty seven);</p> <p>(b) the release for consumption of fuels for which the emission factor is zero.</p> <p>2. The sectors of buildings and road transport shall correspond to the following sources of emissions, defined in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with the necessary modifications to those definitions as follows:</p> <p>(a) Combined Heat and Power Generation (CHP) (source category code 1A1a ii) and Heat Plants (source category code 1A1a iii), insofar as they produce heat for categories under (c) and (d) of this point, either directly or through district heating networks;</p>	code 1A4b).	
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		(b) Road Transportation (source category code 1A3b), excluding the use of agricultural vehicles on paved roads; (c) Commercial / Institutional (source category code 1A4a); (d) Residential (source category code 1A4b);		
Annex, point (2), amending provision, Table 11, Column 2, Row 1				
518	Greenhouse gases Carbon dioxide (CO2)	Greenhouse gases Carbon dioxide (CO2)	Greenhouse gases Carbon dioxide (CO2)	"
Annex, point (2), amending provision, third paragraph				
519	_____		_____	

Annex, point (2), amending provision, fourth paragraph				
520	ANNEX IIIa		ANNEX IIIa	
Annex, point (2), amending provision, fifth paragraph				
521	ADJUSTMENT OF LINEAR REDUCTION FACTOR IN ACCORDANCE WITH ARTICLE 30c(2)		ADJUSTMENT OF LINEAR REDUCTION FACTOR IN ACCORDANCE WITH ARTICLE 30c(2)	
Annex, point (2), amending provision, numbered paragraph (1)				
522	1. If the average emissions reported under Chapter IVa for the years 2024 to 2026 are more than 2% higher compared to the value of the 2025 quantity defined in accordance with Article 30c(1), and if these differences are not due		1. If the average emissions reported under Chapter IVa for the years 2024 to 2026 are more than 2% higher compared to the value of the 2025 quantity defined in accordance with Article 30c(1), and if these differences are not due	

	to the difference of less than 5% between the emissions reported under Chapter IVa and the inventory data of 2025 Union greenhouse gas emissions from UNFCCC source categories for the sectors covered under Chapter IVa, the linear reduction factor shall be calculated by adjusting the linear reduction factor referred to in Article 30c(1).		to the difference of less than 5% between the emissions reported under Chapter IVa and the inventory data of 2025 Union greenhouse gas emissions from UNFCCC source categories for the sectors covered under Chapter IVa, the linear reduction factor shall be calculated by adjusting the linear reduction factor referred to in Article 30c(1).	
Annex, point (2), amending provision, numbered paragraph (2), introductory part				
523	2. The adjusted linear reduction factor in accordance with point 1 shall be determined as follows:		2. The adjusted linear reduction factor in accordance with point 1 shall be determined as follows:	
Annex, point (2), amending provision, numbered paragraph (2), first paragraph				
524	$[LRF_{adj} = 100\% * ((MRV_{[2024-2026]} - (MRV_{[2024-2026]} + (ESR_{[2024]} - 6 * LRF_{\square 2024\square} * ESR_{\square 2024\square}) - MRV_{[2024-2026]}) / 5)) / MRV_{[2024-2026]}$), where,		$[LRF_{adj} = 100\% * ((MRV_{[2024-2026]} - (MRV_{[2024-2026]} + (ESR_{[2024]} - 6 * LRF_{\square 2024\square} * ESR_{\square 2024\square}) - MRV_{[2024-2026]}) / 5)) / MRV_{[2024-2026]}$), where,	

Annex, point (2), amending provision, numbered paragraph (2), second paragraph				
525	LRF _{adj} is the adjusted linear reduction factor;		LRF _{adj} is the adjusted linear reduction factor;	
Annex, point (2), amending provision, numbered paragraph (2), third paragraph				
526	MRV _[2024-2026] is the average of verified emissions under Chapter IVa for the years 2024 to 2026;		MRV _[2024-2026] is the average of verified emissions under Chapter IVa for the years 2024 to 2026;	
Annex, point (2), amending provision, numbered paragraph (2), fourth paragraph				
527	ESR _[2024] is the value of 2024 emissions defined in accordance with Article 30c(1) for the sectors covered under Chapter IVa;		ESR _[2024] is the value of 2024 emissions defined in accordance with Article 30c(1) for the sectors covered under Chapter IVa;	

Annex, point (2), amending provision, numbered paragraph (2), fifth paragraph				
528	LRF ₂₀₂₄ is the linear reduction factor referred to in Article 30c(1).]		LRF ₂₀₂₄ is the linear reduction factor referred to in Article 30c(1).]	
Annex, point (2), amending provision, eighth paragraph				
529	_____	"	_____	"
Annex, point (3), introductory part				
530	(3) Annex IV to Directive 2003/87/EC is amended as follows:		(3) Annex IV to Directive 2003/87/EC is amended as follows:	
Annex, point (3)(a), introductory part				
531				

	(a) in Part A, the section “Calculation” is amended as follows:		(a) in Part A, the section “Calculation” is amended as follows:	
Annex, point (3)(a)(i), introductory part				
532	(i) in the fourth subparagraph, the last sentence “The emission factor for biomass shall be zero.” is replaced by the following:		(i) in the fourth subparagraph, the last sentence “The emission factor for biomass shall be zero.” is replaced by the following:	
Annex, point (3)(a)(i), amending provision, first paragraph				
533	“ The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the implementing acts referred to in	“ The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the implementing <u>delegated</u> acts	“ The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the implementing acts referred to in	

	Article 14, shall be zero.; ”	referred to in Article 14, shall be zero-; ”	Article 14, shall be zero.; ”	
Annex, point (3)(a)(ii), introductory part				
534	(ii) the sixth subparagraph is replaced by the following:		(ii) the sixth subparagraph is replaced by the following:	
Annex, point (3)(a)(ii), amending provision, first paragraph				
535	“ Default oxidation factors developed pursuant to Directive 2010/75/EU shall be used, unless the operator can demonstrate that activity-specific factors are more accurate.; ”		“ Default oxidation factors developed pursuant to Directive 2010/75/EU shall be used, unless the operator can demonstrate that activity-specific factors are more accurate.; ”	

Annex, point (3)(b), introductory part				
536	(b) in Part B, section “Monitoring of carbon dioxide emissions”, fourth subparagraph, the last sentence “The emission factor for biomass shall be zero.” is replaced by the following:		(b) in Part B, section “Monitoring of carbon dioxide emissions”, fourth subparagraph, the last sentence “The emission factor for biomass shall be zero.” is replaced by the following:	
Annex, point (3)(b), amending provision, first paragraph				
537	<p>“</p> <p>The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the implementing acts referred to in Article 14, shall be zero.;</p> <p>”</p>		<p>“</p> <p>The emission factor for biomass that complies with the sustainability criteria and greenhouse gas emission saving criteria for the use of biomass established by Directive (EU) 2018/2001, with any necessary adjustments for application under this Directive, as set out in the implementing acts referred to in Article 14, shall be zero.;</p> <p>”</p>	

Annex, point (3)(c), introductory part				
538	(c) the following Part C is added:		(c) the following Part C is added:	
Annex, point (3)(c), amending provision, first paragraph				
539	“ PART C — Monitoring and reporting of emissions corresponding to the activity referred to in Annex III		“ PART C — Monitoring and reporting of emissions corresponding to the activity referred to in Annex III	
Annex, point (3)(c), amending provision, second paragraph				
540	Monitoring of emissions		Monitoring of emissions	
Annex, point (3)(c), amending provision, third paragraph				

541	Emissions shall be monitored by calculation.		Emissions shall be monitored by calculation.	
Annex, point (3)(c), amending provision, fourth paragraph				
542	Calculation		Calculation	
Annex, point (3)(c), amending provision, fifth paragraph				
543	Emissions shall be calculated using the following formula:		Emissions shall be calculated using the following formula:	
Annex, point (3)(c), amending provision, sixth paragraph				
544	Fuel released for consumption × emission factor		Fuel released for consumption × emission factor	

Annex, point (3)(c), amending provision, seventh paragraph				
545	Fuel released for consumption shall include the quantity of fuel released for consumption by the regulated entity.		Fuel released for consumption shall include the quantity of fuel released for consumption by the regulated entity.	
Annex, point (3)(c), amending provision, eighth paragraph				
546	Default IPCC emission factors, taken from the 2006 IPCC Inventory Guidelines or subsequent updates of these Guidelines, shall be used unless fuel-specific emission factors identified by independent accredited laboratories using accepted analytical methods are more accurate.		Default IPCC emission factors, taken from the 2006 IPCC Inventory Guidelines or subsequent updates of these Guidelines, shall be used unless fuel-specific emission factors identified by independent accredited laboratories using accepted analytical methods are more accurate.	
Annex, point (3)(c), amending provision, ninth paragraph				
547	A separate calculation shall be made for each regulated entity, and		A separate calculation shall be made for each regulated entity, and	

	for each fuel.		for each fuel.	
Annex, point (3)(c), amending provision, tenth paragraph				
548	Reporting of emissions		Reporting of emissions	
Annex, point (3)(c), amending provision, eleventh paragraph, introductory part				
549	Each regulated entity shall include the following information in its report:		Each regulated entity shall include the following information in its report:	
Annex, point (3)(c), amending provision, eleventh paragraph(A), introductory part				
550	A. Data identifying the regulated entity, including:		A. Data identifying the regulated entity, including:	
Annex, point (3)(c), amending provision, eleventh paragraph(A), first indent				

551	- name of the regulated entity;		- name of the regulated entity;	
Annex, point (3)(c), amending provision, eleventh paragraph(A), second indent				
552	- its address, including postcode and country;		- its address, including postcode and country;	
Annex, point (3)(c), amending provision, eleventh paragraph(A), third indent				
553	- type of the fuels it releases for consumption and its activities through which it releases the fuels for consumption, including the technology used;		- type of the fuels it releases for consumption and its activities through which it releases the fuels for consumption, including the technology used;	
Annex, point (3)(c), amending provision, eleventh paragraph(A), fourth indent				
554	- address, telephone, fax and email		- address, telephone, fax and email	

	details for a contact person; and		details for a contact person; and	
Annex, point (3)(c), amending provision, eleventh paragraph(A), fifth indent				
555	- name of the owner of the regulated entity, and of any parent company.		- name of the owner of the regulated entity, and of any parent company.	
Annex, point (3)(c), amending provision, eleventh paragraph(B), introductory part				
556	B. For each type of fuel released for consumption and which is used for combustion in the buildings and road transport sectors as defined in Annex III, for which emissions are calculated:		B. For each type of fuel released for consumption and which is used for combustion in the buildings and road transport sectors as defined in Annex III, for which emissions are calculated:	
Annex, point (3)(c), amending provision, eleventh paragraph(B), first indent				
557	- quantity of fuel released for		- quantity of fuel released for	

	consumption;		consumption;	
Annex, point (3)(c), amending provision, eleventh paragraph(B), second indent				
558	- emission factors;		- emission factors;	
Annex, point (3)(c), amending provision, eleventh paragraph(B), third indent				
559	- total emissions;		- total emissions;	
Annex, point (3)(c), amending provision, eleventh paragraph(B), fourth indent				
560	- end use(s) of the fuel released for consumption; and		- end use(s) of the fuel released for consumption; and	
Annex, point (3)(c), amending provision, eleventh paragraph(B), fifth indent				
561				

	- uncertainty.		- uncertainty.	
Annex, point (3)(c), amending provision, twelfth paragraph				
562	Member States shall take measures to coordinate reporting requirements with any existing reporting requirements in order to minimise the reporting burden on businesses.; ”		Member States shall take measures to coordinate reporting requirements with any existing reporting requirements in order to minimise the reporting burden on businesses.; ”	
Annex, point (4), introductory part				
563	(4) in Annex V to Directive 2003/87/EC, the following Part C is added:		(4) in Annex V to Directive 2003/87/EC, the following Part C is added:	
Annex, point (4), amending provision, first paragraph				
564				

	“ PART C — Verification of emissions corresponding to the activity referred to in Annex III		“ PART C — Verification of emissions corresponding to the activity referred to in Annex III	
Annex, point (4), amending provision, second paragraph				
565	General Principles		General Principles	
Annex, point (4), amending provision, numbered paragraph (1)				
566	1. Emissions corresponding to the activity referred to in Annex III shall be subject to verification.		1. Emissions corresponding to the activity referred to in Annex III shall be subject to verification.	
Annex, point (4), amending provision, numbered paragraph (2), introductory part				
567	2. The verification process shall include consideration of the report		2. The verification process shall include consideration of the report	

	pursuant to Article 14(3) and of monitoring during the preceding year. It shall address the reliability, credibility and accuracy of monitoring systems and the reported data and information relating to emissions, and in particular:		pursuant to Article 14(3) and of monitoring during the preceding year. It shall address the reliability, credibility and accuracy of monitoring systems and the reported data and information relating to emissions, and in particular:	
Annex, point (4), amending provision, numbered paragraph (2)(a)				
568	(a) the reported fuels released for consumption and related calculations;		(a) the reported fuels released for consumption and related calculations;	
Annex, point (4), amending provision, numbered paragraph (2)(b)				
569	(b) the choice and the employment of emission factors;		(b) the choice and the employment of emission factors;	
Annex, point (4), amending provision, numbered paragraph (2)(c)				

570	(c) the calculations leading to the determination of the overall emissions.		(c) the calculations leading to the determination of the overall emissions.	
Annex, point (4), amending provision, numbered paragraph (3), introductory part				
571	3. Reported emissions may only be validated if reliable and credible data and information allow the emissions to be determined with a high degree of certainty. A high degree of certainty requires the regulated entity to show that:		3. Reported emissions may only be validated if reliable and credible data and information allow the emissions to be determined with a high degree of certainty. A high degree of certainty requires the regulated entity to show that:	
Annex, point (4), amending provision, numbered paragraph (3)(a)				
572	(a) the reported data is free of inconsistencies;		(a) the reported data is free of inconsistencies;	
Annex, point (4), amending provision, numbered paragraph (3)(b)				

573	(b) the collection of the data has been carried out in accordance with the applicable scientific standards; and		(b) the collection of the data has been carried out in accordance with the applicable scientific standards; and	
Annex, point (4), amending provision, numbered paragraph (3)(c)				
574	(c) the relevant records of the regulated entity are complete and consistent.		(c) the relevant records of the regulated entity are complete and consistent.	
Annex, point (4), amending provision, numbered paragraph (4)				
575	4. The verifier shall be given access to all sites and information in relation to the subject of the verification.		4. The verifier shall be given access to all sites and information in relation to the subject of the verification.	
Annex, point (4), amending provision, Annex, point (4 a), introductory part				

575a		<p>“</p> <p><u>4a. the following annex is added to Directive 2003/87/EC:</u></p>		
Annex, point (4), amending provision, Annex Va				
575b		<p><u>"Annex Va</u></p> <p><u>Option to surrender a readjusted amount of allowances for ice class ships</u></p> <p><u>The readjusted amount of emission allowances to be surrendered for ice class ships shall correspond to a readjusted amount of emissions that is calculated based on the formula presented in this Annex. The readjusted amount of emissions shall take into account the technical characteristics that increase emissions of ships</u></p>		

		<p><u>belonging to a Finnish-Swedish ice class IA or IA Super or an equivalent ice class during navigation at all times and the further increase of emissions due to navigating in ice conditions.</u></p> <p><u>Readjusted amount of emission allowances to be surrendered annually means readjusted amount of annual emissions CO₂ R.</u></p> <p><u>The annual total emission CO₂ T within the scope of the EU ETS are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:</u></p> <p><u>CO₂ T = CO₂ T voyages between MS + CO₂ B + 0,5 × (CO₂ voyages from MS + CO₂ voyages to MS) (1).</u></p> <p><u>where CO₂ T voyages between MS denotes the aggregated CO₂ emissions from all voyages</u></p>		
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		<p><u>between ports under the jurisdiction of a Member State, CO₂ B the emissions which occurred within ports under the jurisdiction of a Member State at berth, CO₂eq voyages from MS the aggregated CO₂ emissions from all voyages which departed from ports under the jurisdiction of a Member State and CO₂ voyages to MS the aggregated CO₂ emissions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>Similarly, the annual total emissions of an ice-class ship when navigating in ice conditions within the scope of the EU ETS CO₂eI are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:</u></p> <p><u>CO₂ eI = CO₂ eq I voyages between MS + 0,5 × (CO₂ eq I voyages from MS + CO₂ eq I voyages to MS) (2),</u></p> <p><u>where CO₂eq I voyages between</u></p>		
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		<p><u>MS denotes the aggregated CO₂ emissions of an ice-classed ship when navigating in ice conditions between ports under the jurisdiction of a Member, CO₂eq I voyages from MS emissions of an ice-classed ship when navigating in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and CO₂eq I voyages to MS emissions of an ice-classed ship when navigating in ice conditions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The annual total distance travelled within the scope of the EU ETS is calculated as follows:</u></p> <p><u>$DT = DT \text{ voyages between MS} + 0,5 \times (DT \text{ voyages from MS} + DT \text{ voyages to MS}) (3),$</u></p> <p><u>where DT voyages between MS denotes the aggregated distance of all voyages between ports under the jurisdiction of a Member</u></p>		
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		<p><u>State, DT voyages from MS the aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State and DT voyages to MS the aggregated distance of all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The aggregated distance travelled when navigating in ice conditions within the scope of the EU ETS is calculated as follows:</u></p> <p><u>DI= DI voyages between MS + 0,5 ×(DI voyages from MS +DI voyages to MS) (4).</u></p> <p><u>where DI voyages between MS denotes the aggregated distance sailed in ice conditions from all voyages between ports under the jurisdiction of a Member State, DI voyages from MS the aggregated distance sailed in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and DI voyages to MS the aggregated distance</u></p>		
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		<p><u>sailed in ice conditions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The readjusted amount of annual emissions CO₂eq R are calculated as follows:</u></p> <p><u>CO₂ R = CO₂ T - CO₂ TF - CO₂ NI (5).</u></p> <p><u>where CO₂ TF denotes the increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an equivalent ice class and CO₂ NI the increase in annual emissions of an ice-class ship due to navigating in ice conditions.</u></p> <p><u>The increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an equivalent ice class CO₂ TF is calculated as follows:</u></p>		
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		<p><u>$CO_2 TF = 0,05 \times (CO_2 T - CO_2 B - CO_2 NI)$ (6) <i>The increase in annual emissions due to navigating in ice conditions is calculated as follows:</i></u></p> <p><u>$CO_2 NI = CO_2 I - CO_2 RI$ (7)</u></p> <p><u>where the readjusted annual emissions for navigating in ice conditions $CO_2 RI$ are:</u></p> <p><u>$CO_2 RI = DI \times (CO_{2eq}/D)_{open water}$, (8)</u></p> <p><u>where $(CO_{2eq}/D)_{ow}$ denotes the emissions for voyages per distance travelled in open water. The latter is defined as follows:</u></p> <p><u>$(CO_{2eq}/D)_{ow} = (CO_2 T - CO_2 B - CO_2 I)/(DT - DI)$ (9)</u></p>		
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		<p><u>List of all symbols:</u></p> <p><u>CO2 T annual total emissions within the geographical scope of the EU ETS</u></p> <p><u>CO2 T voyages between MS aggregated CO2 emissions from all voyages between ports under the jurisdiction of a Member State</u></p> <p><u>CO2 B emissions which occurred within ports under the jurisdiction of a Member State at berth</u></p> <p><u>CO2 eq voyages from MS aggregated CO2 emissions from all voyages which departed from ports under the jurisdiction of a Member State</u></p> <p><u>CO2 voyages to MS aggregated CO2 emissions from all voyages to</u></p>		
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		<p><u>ports under the jurisdiction of a Member State</u></p> <p><u>DT annual total distance travelled within the scope of the EU ETS</u></p> <p><u>DT voyages between MS aggregate distance of all voyages between ports under the jurisdiction of a Member State</u></p> <p><u>DT voyages from MS aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State</u></p> <p><u>DT voyages to MS aggregated distance of all voyages to ports under the jurisdiction of a Member State</u></p> <p><u>DI aggregated distance travelled when navigating in ice conditions within the geographical scope of the EU ETS</u></p>		
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		<p><u>DI voyages between MS aggregated distance sailed in ice conditions of all voyages between ports under the jurisdiction of a Member State</u></p> <p><u>DI voyages from MS aggregated distance sailed in ice conditions of all voyages which departed from ports under the jurisdiction of a Member State</u></p> <p><u>DI voyages to MS aggregated distance sailed in ice conditions of all voyages to ports under the jurisdiction of a Member State</u></p> <p><u>CO2 I annual emissions of an ice-class ship when navigating in ice conditions</u></p> <p><u>CO2 NI increase of annual emissions of an ice-class ship due to navigating in ice conditions</u></p>		
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		<p><u>CO2 R readjusted annual emissions</u></p> <p><u>CO2 RI readjusted annual emissions for navigating in ice conditions</u></p> <p><u>CO2 TF annual emissions due to technical characteristics of a ship with a Finnish-Swedish ice class IA or IA Super or an equivalent ice class on average, compared to ships designed to sail only in open water</u></p> <p><u>(CO2eq/D)ow annual average of emissions for distance travelled in open water only."Annex Va</u></p> <p><u>Option to surrender a readjusted amount of allowances for ice class ships</u></p>		
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		<p><u>The readjusted amount of emission allowances to be surrendered for ice class ships shall correspond to a readjusted amount of emissions that is calculated based on the formula presented in this Annex. The readjusted amount of emissions shall take into account the technical characteristics that increase emissions of ships belonging to a Finnish-Swedish ice class IA or IA Super or an equivalent ice class during navigation at all times and the further increase of emissions due to navigating in ice conditions.</u></p> <p><u>Readjusted amount of emission allowances to be surrendered annually means readjusted amount of annual emissions CO₂ R.</u></p> <p><u>The annual total emission CO₂ T within the scope of the EU ETS are calculated on the basis of reporting under Regulation (EU) 2015/757 as follows:</u></p>		
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		<p><u>CO2 T = CO2 T voyages between MS + CO2 B + 0,5 × (CO2 voyages from MS + CO2 voyages to MS) (1).</u></p> <p><u>where CO2 T voyages between MS denotes the aggregated CO2 emissions from all voyages between ports under the jurisdiction of a Member State, CO2 B the emissions which occurred within ports under the jurisdiction of a Member State at berth, CO2eq voyages from MS the aggregated CO2 emissions from all voyages which departed from ports under the jurisdiction of a Member State and CO2 voyages to MS the aggregated CO2 emissions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>Similarly, the annual total emissions of an ice-class ship when navigating in ice conditions within the scope of the EU ETS CO2eI are calculated on the basis of reporting under Regulation</u></p>		
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		<p><u>(EU) 2015/757 as follows:</u></p> <p><u>CO₂ eI = CO₂ eq I voyages between MS + 0,5 × (CO₂ eq I voyages from MS + CO₂ eq I voyages to MS) (2),</u></p> <p><u>where CO₂eq I voyages between MS denotes the aggregated CO₂ emissions of an ice-classed ship when navigating in ice conditions between ports under the jurisdiction of a Member, CO₂eq I voyages from MS emissions of an ice-classed ship when navigating in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and CO₂eq I voyages to MS emissions of an ice-classed ship when navigating in ice conditions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The annual total distance travelled within the scope of the EU ETS is calculated as follows:</u></p>		
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		<p><u>$DT = DT \text{ voyages between MS} + 0,5 \times (DT \text{ voyages from MS} + DT \text{ voyages to MS}) (3),$</u></p> <p><u>where DT voyages between MS denotes the aggregated distance of all voyages between ports under the jurisdiction of a Member State, DT voyages from MS the aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State and DT voyages to MS the aggregated distance of all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The aggregated distance travelled when navigating in ice conditions within the scope of the EU ETS is calculated as follows:</u></p> <p><u>$DI = DI \text{ voyages between MS} + 0,5 \times (DI \text{ voyages from MS} + DI \text{ voyages to MS}) (4),$</u></p>		
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		<p><u>where DI voyages between MS denotes the aggregated distance sailed in ice conditions from all voyages between ports under the jurisdiction of a Member State, DI voyages from MS the aggregated distance sailed in ice conditions from all voyages which departed from ports under the jurisdiction of a Member State and DI voyages to MS the aggregated distance sailed in ice conditions from all voyages to ports under the jurisdiction of a Member State.</u></p> <p><u>The readjusted amount of annual emissions CO_{2eq} R are calculated as follows:</u></p> <p><u>CO₂ R = CO₂ T - CO₂ TF - CO₂ NI (5).</u></p> <p><u>where CO₂ TF denotes the increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an</u></p>		
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		<p><u>equivalent ice class and CO2 NI the increase in annual emissions of an ice-class ship due to navigating in ice conditions.</u></p> <p><u>The increase in annual emissions due to technical characteristics of ships having a Finnish-Swedish ice class IA or IA Super or an equivalent ice class CO2 TF is calculated as follows:</u></p> <p><u>CO2 TF = 0,05 × (CO2 T - CO2 B - CO2 NI) (6) The increase in annual emissions due to navigating in ice conditions is calculated as follows:</u></p> <p><u>CO2 NI = CO2 I - CO2 RI (7)</u></p> <p><u>where the readjusted annual emissions for navigating in ice conditions CO2 RI are:</u></p> <p><u>CO2 RI = DI × (CO2eq/D)open</u></p>		
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		<p><u>water, (8)</u></p> <p><u>where (CO₂eq/D)_{ow} denotes the emissions for voyages per distance travelled in open water. The latter is defined as follows:</u></p> <p><u>(CO₂eq/D)_{ow} = (CO₂ T - CO₂ B - CO₂ I)/(DT - DI) (9)</u></p> <p><u>List of all symbols:</u></p> <p><u>CO₂ T annual total emissions within the geographical scope of the EU ETS</u></p> <p><u>CO₂ T voyages between MS aggregated CO₂ emissions from all voyages between ports under the jurisdiction of a Member State</u></p> <p><u>CO₂ B emissions which occurred within ports under the jurisdiction</u></p>		
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		<p><u>of a Member State at berth</u></p> <p><u>CO2 eq voyages from MS aggregated CO2 emissions from all voyages which departed from ports under the jurisdiction of a Member State</u></p> <p><u>CO2 voyages to MS aggregated CO2 emissions from all voyages to ports under the jurisdiction of a Member State</u></p> <p><u>DT annual total distance travelled within the scope of the EU ETS</u></p> <p><u>DT voyages between MS aggregate distance of all voyages between ports under the jurisdiction of a Member State</u></p> <p><u>DT voyages from MS aggregated distance of all voyages which departed from ports under the jurisdiction of a Member State</u></p>		
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		<p><u><i>DT voyages to MS aggregated distance of all voyages to ports under the jurisdiction of a Member State</i></u></p> <p><u><i>DI aggregated distance travelled when navigating in ice conditions within the geographical scope of the EU ETS</i></u></p> <p><u><i>DI voyages between MS aggregated distance sailed in ice conditions of all voyages between ports under the jurisdiction of a Member State</i></u></p> <p><u><i>DI voyages from MS aggregated distance sailed in ice conditions of all voyages which departed from ports under the jurisdiction of a Member State</i></u></p> <p><u><i>DI voyages to MS aggregated distance sailed in ice conditions of all voyages to ports under the</i></u></p>		
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		<p><u><i>jurisdiction of a Member State</i></u></p> <p><u><i>CO2 I annual emissions of an ice-class ship when navigating in ice conditions</i></u></p> <p><u><i>CO2 NI increase of annual emissions of an ice-class ship due to navigating in ice conditions</i></u></p> <p><u><i>CO2 R readjusted annual emissions</i></u></p> <p><u><i>CO2 RI readjusted annual emissions for navigating in ice conditions</i></u></p> <p><u><i>CO2 TF annual emissions due to technical characteristics of a ship with a Finnish-Swedish ice class IA or IA Super or an equivalent ice class on average, compared to ships designed to sail only in open water</i></u></p>		
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		<u>(CO₂eq/D)ow annual average of emissions for distance travelled in open water only.</u>		
Annex, point (4), amending provision, numbered paragraph (5)				
576	5. The verifier shall take into account whether the regulated entity is registered under the Union Eco-Management and Audit Scheme (EMAS).		5. The verifier shall take into account whether the regulated entity is registered under the Union Eco-Management and Audit Scheme (EMAS).	
Annex, point (4), amending provision, eighth paragraph				
577	Methodology		Methodology	
Annex, point (4), amending provision, ninth paragraph				

578	Strategic analysis		Strategic analysis	
Annex, point (4), amending provision, numbered paragraph (6)				
579	6. The verification shall be based on a strategic analysis of all the quantities of fuels released for consumption by the regulated entity. This requires the verifier to have an overview of all the activities through which the regulated entity is releasing the fuels for consumption and their significance for emissions.		6. The verification shall be based on a strategic analysis of all the quantities of fuels released for consumption by the regulated entity. This requires the verifier to have an overview of all the activities through which the regulated entity is releasing the fuels for consumption and their significance for emissions.	
Annex, point (4), amending provision, eleventh paragraph				
580	Process analysis		Process analysis	
Annex, point (4), amending provision, numbered paragraph (7)				

581	7. The verification of the information submitted shall, where appropriate, be carried out on the site of the regulated entity. The verifier shall use spot-checks to determine the reliability of the reported data and information.		7. The verification of the information submitted shall, where appropriate, be carried out on the site of the regulated entity. The verifier shall use spot-checks to determine the reliability of the reported data and information.	
Annex, point (4), amending provision, thirteenth paragraph				
582	Risk analysis		Risk analysis	
Annex, point (4), amending provision, numbered paragraph (8)				
583	8. The verifier shall submit all the means through which the fuels are released for consumption by the regulated entity to an evaluation with regard to the reliability of the data on the overall emissions of the regulated entity.		8. The verifier shall submit all the means through which the fuels are released for consumption by the regulated entity to an evaluation with regard to the reliability of the data on the overall emissions of the regulated entity.	

Annex, point (4), amending provision, numbered paragraph (9)				
584	<p>9. On the basis of this analysis the verifier shall explicitly identify any element with a high risk of error and other aspects of the monitoring and reporting procedure which are likely to contribute to errors in the determination of the overall emissions. This especially involves the calculations necessary to determine the level of the emissions from individual sources. Particular attention shall be given to those elements with a high risk of error and the abovementioned aspects of the monitoring procedure.</p>		<p>9. On the basis of this analysis the verifier shall explicitly identify any element with a high risk of error and other aspects of the monitoring and reporting procedure which are likely to contribute to errors in the determination of the overall emissions. This especially involves the calculations necessary to determine the level of the emissions from individual sources. Particular attention shall be given to those elements with a high risk of error and the abovementioned aspects of the monitoring procedure.</p>	
Annex, point (4), amending provision, numbered paragraph (10)				
585	<p>10. The verifier shall take into consideration any effective risk control methods applied by the regulated entity with a view to minimising the degree of uncertainty.</p>		<p>10. The verifier shall take into consideration any effective risk control methods applied by the regulated entity with a view to minimising the degree of uncertainty.</p>	

Annex, point (4), amending provision, seventeenth paragraph				
586	Report		Report	
Annex, point (4), amending provision, numbered paragraph (11)				
587	11. The verifier shall prepare a report on the validation process stating whether the report pursuant to Article 14(3) is satisfactory. This report shall specify all issues relevant to the work carried out. A statement that the report pursuant to Article 14(3) is satisfactory may be made if, in the opinion of the verifier, the total emissions are not materially misstated.		11. The verifier shall prepare a report on the validation process stating whether the report pursuant to Article 14(3) is satisfactory. This report shall specify all issues relevant to the work carried out. A statement that the report pursuant to Article 14(3) is satisfactory may be made if, in the opinion of the verifier, the total emissions are not materially misstated.	
Annex, point (4), amending provision, nineteenth paragraph				
588				

	Minimum competency requirement for the verifier		Minimum competency requirement for the verifier	
Annex, point (4), amending provision, numbered paragraph (12), introductory part				
589	12. The verifier shall be independent of the regulated entity, carry out his or her activities in a sound and objective professional manner, and understand:		12. The verifier shall be independent of the regulated entity, carry out his or her activities in a sound and objective professional manner, and understand:	
Annex, point (4), amending provision, numbered paragraph (12)(a)				
590	(a) the provisions of this Directive, as well as relevant standards and guidance adopted by the Commission pursuant to Article 14(1);		(a) the provisions of this Directive, as well as relevant standards and guidance adopted by the Commission pursuant to Article 14(1);	
Annex, point (4), amending provision, numbered paragraph (12)(b)				
591				

	(b) the legislative, regulatory, and administrative requirements relevant to the activities being verified; and		(b) the legislative, regulatory, and administrative requirements relevant to the activities being verified; and	
Annex, point (4), amending provision, numbered paragraph (12)(c)				
592	(c) the generation of all information related to all the means through which the fuels are released for consumption by the regulated entity, in particular, relating to the collection, measurement, calculation and reporting of data.. ”		(c) the generation of all information related to all the means through which the fuels are released for consumption by the regulated entity, in particular, relating to the collection, measurement, calculation and reporting of data.. ”	