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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	27 September 2019
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2019) 438 final - ANNEX I
Subject:	ANNEX to the Proposal for a COUNCIL DECISION on the position to be adopted, on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Protocol 31 to the EEA Agreement, on cooperation in specific fields outside the four freedoms [Extended Climate Cooperation EU - Iceland - Norway]

Delegations will find attached document COM(2019) 438 final - ANNEX I.

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ANNEX

ANNEX

to the

Proposal for a

COUNCIL DECISION

on the position to be adopted, on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Protocol 31 to the EEA Agreement, on cooperation in specific fields outside the four freedoms

[Extended Climate Cooperation EU - Iceland - Norway]

ANNEX

DECISION OF THE EEA JOINT COMMITTEE

No […]

of […]

amending Protocol 31 to the EEA Agreement, on cooperation in specific fields outside the four freedoms

THE EEA JOINT COMMITTEE,

Having regard to the Agreement on the European Economic Area ("the EEA Agreement"), and in particular Articles 86 and 98 thereof,

Whereas:

(1) The European Union, Iceland and Norway are committed to reduce their overall greenhouse gas emissions, in view of holding 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.

(2) It is appropriate to extend the cooperation of the Contracting Parties to the EEA Agreement to Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU[1].

(3) It is appropriate to extend the cooperation of the Contracting Parties to the EEA Agreement to 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[2].

(4) It is appropriate to extend the cooperation of the Contracting Parties to the EEA Agreement to certain provisions of 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

[1] OJ L 156, 19.06.2018, p. 1.
[2] OJ L 156, 19.06.2018, p. 26.

of the Council[3], which are essential for the implementation of Regulations (EU) 2018/841 and (EU) 2018/842.

(5) It is appropriate to extend the cooperation of the Contracting Parties to the EEA Agreement to certain provisions of Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC[4], which are essential for the implementation of Regulation (EU) 2018/842.

(6) It is appropriate to extend the cooperation of the Contracting Parties to the EEA Agreement to certain provisions of Commission Implementing Regulation (EU) No 749/2014 of 30 June 2014 on structure, format, submission processes and review of information reported by Member States pursuant to Regulation (EU) No 525/2013 of the European Parliament and of the Council[5], which are essential for the implementation of Regulation (EU) 2018/842.

(7) By this Decision, Iceland and Norway are taking action to fulfil their emissions reduction targets of an at least 40% reduction of greenhouse gas emissions by 2030 compared to 1990 levels.

(8) This Decision is without prejudice to how the EU, Iceland and Norway implement the Paris Agreement.

(9) Budgetary issues are not part of the EEA Agreement. The application of Article 5(6) of Regulation (EU) 2018/842 is therefore without prejudice to the scope of the EEA Agreement.

(10) The EFTA Surveillance Authority should coordinate closely with the Commission whenever it is called to undertake tasks relating to Iceland and Norway pursuant to this Decision.

(11) The competences of the EFTA Surveillance Authority and the EFTA Court pursuant to this Decision are limited to the obligations hereby undertaken.

(12) Protocol 31 to the EEA Agreement should therefore be amended in order to allow for this extended cooperation to take place,

HAS ADOPTED THIS DECISION:

Article 1

The following paragraph shall be inserted after paragraph 7 of Article 3 (Environment) of Protocol 31 to the EEA Agreement:

[3] OJ L 328, 21.12.2018, p. 1.
[4] OJ L 165, 18.6.2013, p. 13.
[5] OJ L 203, 11.7.2014, p. 23.

‘8. (a) Iceland and Norway will fulfil their respective greenhouse gas emission reduction targets for the period from 1 January 2021 to 31 December 2030 in accordance with the following acts:

- **32018 R 0841**: Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.06.2018, p. 1).

  The Regulation shall, for the purposes of the present Agreement, be read with the following adaptations:

  (i) In Article 6(2), the words “30 years” shall, for Iceland, be read as “50 years”.

  (ii) The following shall be added to Article 8(7):

  “The EFTA States shall communicate their revised proposed forest reference levels to the EFTA Surveillance Authority no later than nine months after the entry into force of Decision of the EEA Joint Committee No xx of xx/xxxx [this decision] for the period from 2021-2025. The EFTA Surveillance Authority shall publish the proposed forest reference levels communicated to it by the EFTA States.”

  (iii) Article 13(2)(a) shall, for the EFTA States, read as follows:

  “The EFTA State has submitted a strategy as set out below for the land use, land use change and forestry sector with a perspective of at least 30 years, including also ongoing or planned specific measures to ensure the conservation or enhancement, as appropriate, of forest sinks and reservoirs;

  1. By 1 January 2020, each EFTA State shall prepare and submit to the EFTA Surveillance Authority its strategy for the land use, land use change and forestry sector with a perspective of at least 30 years. EFTA States should, where necessary, update these strategies by 1 January 2025.

  2. The EFTA States' strategies shall contribute to:

  (a) fulfilling the EFTA States' commitments under the UNFCCC and the Paris Agreement to reduce anthropogenic greenhouse gas emissions and enhance removals by sinks and to promote increased carbon sequestration;

  (b) fulfilling the objective of the Paris Agreement of holding the increase in the global average temperature to 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;

(c) achieving long-term greenhouse gas emission reductions and enhancements of removals by sinks to the extent relevant for the LULUCF sector, in accordance with the objective, in the context of necessary reductions according to the Intergovernmental Panel on Climate Change (IPCC) to reduce EFTA states greenhouse gas emissions in a cost-effective manner and enhance removals by sinks in pursuit of the temperature goals in the Paris Agreement so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

3. The EFTA States' strategies shall cover:

(a) emission reductions and enhancements of removals in land use, land-use change and forestry (LULUCF); taking into account bioenergy and biomaterials from this sector.

(b) To the extent it is relevant to land use, land use change and forestry, links to other national long-term objectives, planning and other policies and measures.

4. The EFTA States shall inform and make available to the public forthwith their respective strategies and any updates thereof.

5. The EFTA Surveillance Authority shall assess whether the EFTA States' strategies are adequate for documenting fulfilment under this Article.

6. The EFTA States' strategies for the land use, land use change and forestry sector should contain the elements set out below:

A. OVERVIEW AND PROCESS FOR DEVELOPING THE STRATEGIES

A.1. Executive summary

A.2. Legal and policy context, including where appropriate, indicative milestones for 2040 and 2050

B. CONTENT

B.1. LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

B.1.1. Projected emission reductions and enhancement of removals by 2050

B.1.2 To the extent feasible, expected emissions by sources and by individual GHGs

B.1.3. Emission reduction options and options for enhancement of sinks envisaged

B.1.4. To the extent it is relevant for the conservation or enhancement, as appropriate, of forest sinks and reservoirs; adaptation policies and measures

B.1.5 Aspects related to market demand for forest biomass and impact on harvest

B.1.6. As necessary, details on modelling (including assumptions) and/or analysis, indicators, etc."

(iv) The following shall be added to Article 15(2):

"The Central Administrator shall be competent to perform the tasks referred to in this Article when EFTA States are concerned. The EFTA Surveillance Authority shall be informed if the Central Administrator blocks a transaction concerning or conducted by the EFTA States."

(v) The following shall be added to the table in Annex II:

"Iceland	0,5	10	2
Norway	0,1	10	5"

(vi) The following shall be added to the table in Annex III:

"Iceland	1990
Norway	1990"

(vii) The following shall be added to point (g) of section A of Annex IV:

"For the EFTA States, the reference level for the period 2021-2025 shall be consistent with projections reported to the European Environment Agency on a voluntary basis in accordance with Regulation (EU) No 525/2013 and, for Iceland, also in accordance with the bilateral Agreement between Iceland and the European Union and its Member States concerning Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland for the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change[6]."

(viii) The following shall be added to the table in Annex VII:

"Iceland	-0,0224	-0,0045
Norway	-29,6	-35,5"

[6] OJ L 207, 4.8.2015, p. 1.

- **32018 R 0842**: 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, 19.06.2018, p. 26).

  The Regulation shall, for the purposes of the present Agreement, be read with the following adaptations:

  (i) The following shall be added, for the EFTA States, to Article 4(3):

  "In respect of the EFTA States, for the purpose of setting out the annual emission allocations for the years from 2021 to 2030 in terms of tonnes of CO_2 equivalent as specified in paragraphs 1 and 2 of this Article, the 2005 base year for the emission allocation 2030 will be based on the difference between total greenhouse gas emissions in 2005 resulting from the comprehensive review, which treat CO_2 emissions from aviation as zero, and the stationary EU ETS 2005 emissions in 2013 ETS scope as reported in Part B of the Appendix to the Decision of the EEA Joint Committee No 152/2012 of 26 July 2012[7], adapted with the values for global warming potentials adopted in a delegated act referred to in Article 26(6)(b) of Regulation (EU) 2018/1999 or those identified by the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change until the delegated act becomes applicable. The stationary EU ETS 2005 emissions figures as reported in the Decision of the EEA Joint Committee No 152/2012 (AR2) and the same figures with updated values for global warming potentials (AR4) to be taken into account for the purpose of setting out the annual emission allocations for the years from 2021 to 2030 pursuant to this Article are set out in the Appendix."

  (ii) The following shall be added after Annex IV:

  "Appendix

  EFTA States' stationary EU ETS 2005 emissions figures as reported in the Decision of the EEA Joint Committee No 152/2012 (AR2) and the same figures with updated values for global warming potentials (AR4) to be taken into account for the purpose of setting out the annual emission allocations for the years from 2021 to 2030 pursuant to Article 4(3)

  Table 1: 2005 ETS emissions for Norway:

Greenhouse gas (tons)	**CO_2-eq (AR2)**	**CO_2-eq (AR4)**	***N_2O/PFC***
CO_2	23 090 000	23 090 000	
N_2O	1 955 000	1 880 000	*6 308*

[7] OJ L 309, 8.11.2012, p. 38.

PFC	829 000	955 000	
CF_4			*116.698*
C_2F_6			*7.616*
Total	**25 874 000**	**25 925 000**	

Table 2: 2005 ETS emissions for Iceland:

Greenhouse gas (tons)	**CO_2-eq (AR2)**	**CO_2-eq (AR4)**	***N_2O/PFC***
CO_2	909 132	909 132	
PFC	26 709	31 105	
CF_4			*3.508*
C_2F_6			*0.424*
Total	**935 841**	**940 237**	

(iii) In Article 6(1), the words "100 million EU ETS allowances" shall read "107 million EU ETS allowances"

(iv) The following shall be added to Article 12(2):

"The Central Administrator shall be competent to perform the tasks referred to in this Article when EFTA States are concerned. The EFTA Surveillance Authority shall be informed if the Central Administrator blocks a transaction concerning or conducted by the EFTA States."

(v) The following shall be added to the table in Annex I:

"Iceland - 29 %

Norway - 40 %"

(vi) The following shall be added to the table in Annex II:

"Iceland 4 %

Norway 2 %"

(vii) The table in Annex III shall be amended as follows:

(a) The following shall be added to the table:

"Iceland 0,2

Norway 1,6"

(b) The number "280" for the maximum total shall read "281,8"

- **32018 R 1999**: Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).'

  The applicable provisions of this Regulation are listed below and shall, for the purpose of the present Agreement, be read with the following adaptations:

  (i) Only the following provisions of the Regulation shall apply:

  Articles 2(1)-2(10), 2(12)-(13), 2(15)-2(17), 18, 26(2)-(7), 29(5)(b), 37-42, 44(1)(a), (2)-(3) and (6), 57-58, and Annexes V-VII and XII-XIII.

  (ii) Article 2(1)-(10) and 2(12)-(13) and 2(15)-(17) shall, for the purposes of this paragraph only apply to the EFTA States to the extent they relate to the implementation of Regulations (EU) 2018/841 and (EU) 2018/842.

  (iii) Article 26(4) shall, for the EFTA States, read as follows:

  "Iceland and Norway shall, by 15 April each year, submit to the EFTA Surveillance Authority a copy of the final greenhouse gas inventory data reported to the UNFCCC in accordance with paragraph 3."

  (iv) Article 41 shall, for the EFTA States, only apply to the extent the provisions or parts thereof mentioned in the Article are referred to or set out in [this decision].

  (v) The following sentence shall, for the EFTA States, be added after the first sentence of Article 42:

  "The European Environment Agency shall only assist the EFTA Surveillance Authority in its work as regards Articles 18, 26(2)-(7), 29(5)(b), 37-39 and 41."

- **32013 R 0525**: Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (OJ L 165, 18.6.2013, p. 13).

The applicable provisions of this Regulation are listed below and shall, for the purposes of the present Agreement, be read with the following adaptations:

(i) Only the following provisions of the Regulation shall apply:

Articles 7, 19(1) and (3).

(ii) Articles 7, 19(1) and (3) shall, for the purposes of this paragraph, only apply to the EFTA States to the extent they relate to the implementation of Regulation (EU) 2018/842.

- **32014 R 0749**: Commission Implementing Regulation (EU) No 749/2014 of 30 June 2014 on structure, format, submission processes and review of information reported by Member States pursuant to Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 203, 11.7.2014, p. 23).

The applicable provisions of this Regulation are listed below and shall, for the purposes of the present Agreement be read with the following adaptations:

(i) Only the following provisions of the Regulation shall apply:

Articles 3-5, 7-10, 12-14, 16, 29, 32-34, 36-37 and Annexes I-VIII and Table 2 of Annex XVI.

(ii) Articles 3-5, 7-10, 12-14, 16, 29, 32-34, 36-37 and Annexes I-VIII and Table 2 of Annex XVI shall, for the purposes of this paragraph, only apply to the EFTA States to the extent they relate to the implementation of Regulation (EU) 2018/842.

(b) By virtue of Article 79(3) of the EEA Agreement, Part VII (Institutional Provisions) of the Agreement shall apply to this paragraph.

(c) Protocol 1 to the EEA Agreement (Horizontal Adaptations) shall apply *mutatis mutandis* to this paragraph.

(d) References to Union legislation, acts, rules, policies and measures in the acts and provisions referred to or contained in this paragraph shall apply to the extent and in the form that the relevant legislation, acts, rules policies and measures are incorporated into this Agreement.

(e) Iceland and Norway shall participate fully in the work of the Climate Change Committee pursuant to the acts and provisions referred to or contained in this paragraph but shall not have the right to vote.

(f) When the Commission consults experts designated by the Member States pursuant to the acts and provisions referred to or contained in this paragraph, it shall consult experts designated by the EFTA States on the same basis.

(g) The European Environment Agency shall assist the EFTA Surveillance Authority in its work pursuant to Regulations (EU) 2018/841 and (EU) 2018/842.

(h) This paragraph shall not apply to Liechtenstein.'

Article 2

This Decision shall enter into force on […], provided that all the notifications under Article 103(1) of the EEA Agreement have been made*.

Article 3

This Decision shall be published in the EEA Section of, and in the EEA Supplement to, the *Official Journal of the European Union*.

Done at Brussels, […].

For the EEA Joint Committee

The President

[…]

The Secretaries
To the EEA Joint Committee
[…]

* [No constitutional requirements indicated.] [Constitutional requirements indicated.]

Declaration by Iceland and Norway

on national plans related to Decision of the EEA Joint Committee No [this Decision]

Iceland and Norway will, on a voluntary basis, develop national plans describing how Iceland and Norway intend to fulfil the commitments they have undertaken by including the following acts in Protocol 31 to the EEA Agreement:

- Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (the LULUCF Regulation) and

- 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 (the Effort Sharing Regulation – ESR).

Iceland and Norway will develop their respective national plans and make them available to the EU Member States, the European Commission, the EFTA Surveillance Authority and the public, by 31 December 2019.

The plans will contain the following main elements:

- An executive summary of the plan;
- An overview of current national climate policies;
- A description of the national Effort Sharing target and LULUCF commitment;
- A description of the main existing and planned policies and measures foreseen to achieve the Effort Sharing target and LULUCF commitment;
- A description of the current national greenhouse gas emissions and removals as well as projections of the Effort Sharing target and LULUCF commitment based on already existing policies and measures;
- An assessment of impacts of the planned national policies and measures to meet the Effort Sharing target and LULUCF commitment, comparing with the projections based on existing policies and measures and describing interactions between existing and planned policies and measures.