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European Union

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2021/0202(COD)**

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NOTE

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| From: | General Secretariat of the Council |
| To: | Permanent Representatives Committee |
| Subject: | Proposal for a Decision of the European Parliament and of the Council amending Decision (EU) 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030 - Preparation for the trilogue - Four-column table |

In view of preparing the trilogue scheduled for 16 December 2022, delegations find attached the four column table.

**Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending
Decision (EU) 2015/1814 as regards the amount of allowances to be placed in the market stability reserve
for the Union greenhouse gas emission trading scheme until 2030**

2021/0202(COD)

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
|----------------|--|--|--|-----------------------------|
| Formula | | | | |
| 1 | 2021/0202 (COD) | 2021/0202 (COD) | 2021/0202 (COD) | |
| Proposal Title | | | | |
| 2 | Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) | Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) | Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Decision (EU) | |

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| | 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030 | 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030 | 2015/1814 as regards the amount of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading scheme until 2030 | |
| 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, | |

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| 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. . | |

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| 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> | |

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| 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. The Parties to the Paris Agreement 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> <p>_____</p> <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. The Parties to the Paris Agreement 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</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. The Parties to the Paris Agreement 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> <p>_____</p> <p>1. Paris Agreement (OJ L 282, 19.10.2016, p. 4).</p> | <p><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</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'). 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. <i>This has been reinforced with the adoption of the Glasgow Climate Pact in November 2021, in which the Conference of the Parties recognises that the impacts of climate change will be much lower at the temperature increase of 1,5°C, compared with 2°C, and resolve to pursue efforts to limit the temperature increase to 1,5°C.</i></p> |

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| | | <p><u>should be done in a manner that is equitable and respects the principle of common but 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 to contribute to stepping up the Union's climate action before the 27th session of the Conference of the Parties (COP 27) to the UNFCCC in Egypt.</u></p> <p>_____</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</u></p> | | <p><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</p> |

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| | | <u>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 emissions, it will no longer be possible to limit global warming to close to 1,5 °C or even 2 °C.</u> | | <i>(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 Sixth Assessment Report, that global warming can only be limited to 1.5°C, if strong and sustained reductions in global greenhouse gas (GHG) emissions within this decade are immediately undertaken</i> |
| Recital 1b | | | | |
| 11b | | <u>(1b) In its resolution of 28 November 2019 on the climate and environment emergency^{1a}, 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 the inconsistencies of current Union policies on the climate and</u> | | EP can drop its amendment |

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| | | <p><u>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> <p>_____</p> <p><u>1a. OJ C 232, 16.6.2021, p. 28.</u></p> | | |
| Recital 1c | | | | |
| 11c | | <p><u>(1c) 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 losses have nearly doubled in the last 20 years, much of which increase corresponds to the</u></p> | | EP can drop its amendment |

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| | | <u>significant rise in the number of climate-related disasters.</u> | | |
| Recital 1d | | | | |
| 11d | | <u>(1d) 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> | | EP can drop its amendment |
| Recital 2 | | | | |
| 12 | (2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of | (2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are <u>therefore</u> at | (2) Tackling climate and environmental-related challenges and reaching the objectives of the Paris Agreement are at the core of | EP can drop its amendment |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| | <p>the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019¹.</p> <p>_____</p> <p>1. COM(2019)640 final.</p> | <p>the core of the Communication on "The European Green Deal", adopted by the Commission on 11 December 2019¹.</p> <p>_____</p> <p>1. COM(2019)640 final.</p> | <p>the Communication on “The European Green Deal”, adopted by the Commission on 11 December 2019¹.</p> <p>_____</p> <p>1. COM(2019)640 final.</p> | |
| 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</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,</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</p> | <p><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</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</p> |

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| | <p>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 transition is just and inclusive, leaving no one behind.</p> | <p>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-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>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 transition is just and inclusive, leaving no one behind.</p> | <p>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. <u>At the same time, that transition has gender equality aspects as well as</u> a particular impact on some disadvantaged <u>and vulnerable</u> groups, such as older people, persons with disabilities, 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> |

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| | | <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> | | |
| 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>(4) The necessity and value of the <u>a 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</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><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</p> <p>(4) The necessity and value of delivering on 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</p> |

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| | <p>_____</p> <p>1. Special Eurobarometer 513 on Climate Change, 2021 (https://ec.europa.eu/clima/citizens/support_en).</p> | <p>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>_____</p> <p>1. Special Eurobarometer 513 on Climate Change, 2021 (https://ec.europa.eu/clima/citizens/support_en).</p> | <p>economy need to improve their resilience to external shocks and act early to prevent or mitigate them <i>in a manner that is just and results in no one being left behind, including those at risk of energy poverty.</i> →European citizens continue to express strong views that this applies in particular to climate change¹.</p> |
| Recital 4a | | | | |
| 14a | | <p><u><i>(4a) The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), in its report of 29 October 2020 entitled ‘Biodiversity and Pandemics’, pointed out that the underlying causes of pandemics are the same global environmental changes that drive biodiversity loss and climate change. Climate change should therefore be mitigated in order to sustain and improve the health of our biodiversity, in turn</i></u></p> | | <p>EP can drop its amendment</p> |

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| | | <u>protecting human health.</u> | | |
| Recital 5 | | | | |
| 15 | <p>(5) The Union committed 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. https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European %20Union %20First/EU_NDC_Submission_December %202020.pdf</p> | <p>(5) The Union committed 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. https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European %20Union %20First/EU_NDC_Submission_December %202020.pdf</p> | <p>(5) The Union committed 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. https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European %20Union %20First/EU_NDC_Submission_December %202020.pdf</p> | |
| Recital 6 | | | | |
| 16 | <p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has</p> | <p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has</p> | <p>(6) In Regulation (EU) 2021/1119 of the European Parliament and of the Council¹ the Union has</p> | <p><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</p> |

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| | <p>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>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</u> 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. <u>This should be carried out as a just transition where no one is left behind.</u></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>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</u> 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. <i>That Regulation also establishes that the Commission should endeavour to align all future legislative and budgetary proposals with the objectives and targets set out in that Regulation and, in any case of non-alignment, provide the reasons as part of the impact assessment accompanying those proposals.</i></p> |
| Recital 7 | | | | |

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| 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, should be adjusted to be in line with the economy-wide net greenhouse gas emissions reduction commitment 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 Council¹, should be adjusted to be in line with the economy-wide net greenhouse gas emissions reduction commitment 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>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 Council¹, should be adjusted to be in line with the economy-wide net greenhouse gas emissions reduction commitment 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><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</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, should be adjusted to be in line with the economy-wide net greenhouse gas emissions reduction commitment for 2030, and be in line with the objective of achieving climate neutrality 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.</p> |

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| Recital 8 | | | | |
| 18 | <p>(8) In order to address the structural imbalance between supply and demand of allowances in the market, Decision (EU) 2015/1814 of the European Parliament and of the Council¹ established a market stability reserve (the ‘reserve’) in 2018, which has been operational since 2019.</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>(8) In order to address the structural imbalance between supply and demand of allowances in the market, <u>which weakened the EU ETS through lower carbon prices, thus preventing the EU ETS from providing strong incentives for emissions reduction</u>, Decision (EU) 2015/1814 of the European Parliament and of the Council¹ established a market stability reserve (the ‘reserve’) in 2018, which has been operational since 2019. <u>The creation of the reserve contributed to reducing the surplus of allowances in circulation by 29 % in 2019 from its record level in 2013. However, according to the 2021 Carbon Market Report, the total number of allowances in circulation increased again in 2020 to 1 579 billion allowances, compared to 1 385 billion allowances in 2019. That sharp increase in the overall surplus was linked to a lower demand due to the COVID-19 crisis. The Commission estimates</u></p> | <p>(8) In order to address the structural imbalance between supply and demand of allowances in the market, Decision (EU) 2015/1814 of the European Parliament and of the Council¹ established a market stability reserve (the ‘reserve’) in 2018, which has been operational since 2019.</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>COUNCIL:</p> <p>Accept text agreed provisionally at technical level</p> <p>(8) In order to address the structural imbalance between supply and demand of allowances in the market, Decision (EU) 2015/1814 of the European Parliament and of the Council¹ established a market stability reserve (the ‘reserve’) in 2018, which has been operational since 2019. <i>Without prejudice to further revisions of the reserve as part of the general revision of Directive 2003/87/EC and Decision (EU) 2015/1814 taking place in 2022, the Commission should continuously monitor the functioning of the reserve and ensure that the reserve is kept fit for purpose in case of future unforeseeable external shocks. A robust and forward-looking</i></p> |

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| | | <p><u>that it will take up to four years for that additional 2020 surplus to be absorbed, thereby further delaying the urgent need to absorb the historical surplus and make the EU ETS fit for purpose. Therefore, and without prejudice to further revisions of the reserve as part of the general revision of Directive 2003/87/EC and Decision (EU) 2015/1814 taking place in 2022, the Commission should continuously monitor the functioning of the reserve and ensure that the reserve is kept fit for purpose in case of future unforeseeable external shocks.</u></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>reserve is essential to ensure the integrity of and effectively steer the EU ETS in order for it to contribute, as a policy tool, to 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.</p> |
| Recital 8a | | | | |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| 18a | | <p><u>(8a) A robust and forward-looking reserve is essential to ensure the integrity of and effectively steer the EU ETS in order for it to contribute, as a policy tool, to 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. The EU ETS, and therefore the reserve, should also be aligned with the efforts to limit the global temperature increase to 1,5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change, while reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, as laid down in Article 2 of the Paris Agreement.</u></p> | | (Amendment partly included above) |
| Recital 9 | | | | |

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| 19 | (9) The reserve functions by triggering adjustments to the annual volumes of allowances to be auctioned. In order to preserve a maximum degree of predictability, Decision (EU) 2015/1814 established clear rules for placing and releasing allowances in the reserve. | (9) The reserve functions by triggering adjustments to the annual volumes of allowances to be auctioned. In order to preserve a maximum degree of predictability, Decision (EU) 2015/1814 established clear rules for placing and releasing allowances in the reserve. | (9) The reserve functions by triggering adjustments to the annual volumes of allowances to be auctioned. In order to preserve a maximum degree of predictability, Decision (EU) 2015/1814 established clear rules for placing and releasing allowances in the reserve. | |
| Recital 10 | | | | |
| 20 | (10) Where the number of allowances in circulation is above the established upper threshold, an amount of allowances corresponding to a given percentage of these allowances is deducted from the volumes of allowances to be auctioned and placed in the reserve. Meanwhile, a corresponding number of allowances is released from the reserve to Member States, and added to the volumes of the | (10) <u>Currently</u> , where the number of allowances in circulation is above the established upper threshold, an amount of allowances corresponding to a given percentage of these allowances is deducted from the volumes of allowances to be auctioned and placed in the reserve. Meanwhile, a corresponding number of allowances is released from the reserve to Member States, and added to the volumes of the | (10) Where the number of allowances in circulation is above the established upper threshold, an amount of allowances corresponding to a given percentage of these allowances is deducted from the volumes of allowances to be auctioned and placed in the reserve. Meanwhile, a corresponding number of allowances is released from the reserve to Member States, and added to the volumes of the | EP can drop its amendment |

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| | allowances to be auctioned, if the total number of allowances in circulation falls below the established lower threshold. | allowances to be auctioned, if the total number of allowances in circulation falls below the established lower threshold. | allowances to be auctioned, if the total number of allowances in circulation falls below the established lower threshold. | |
| Recital 11 | | | | |
| 21 | <p>(11) Directive (EU) 2018/410 of the European Parliament and of the Council¹ amended Decision (EU) 2015/1814 by doubling the percentage rate to be used for determining the number of allowances to be placed each year in the reserve from 12 % to 24 % until 31 December 2023.</p> <p>_____</p> <p>1. 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>(11) Directive (EU) 2018/410 of the European Parliament and of the Council¹ amended Decision (EU) 2015/1814 by doubling the percentage rate to be used for determining the number of allowances to be placed each year in the reserve from 12 % to 24 % until 31 December 2023, <u>as a way of rapidly absorbing the historical surplus in order to provide a stronger price signal to reduce greenhouse gas emissions in a cost-efficient manner. That decision was taken in the context of the former Union 2030 climate target of reducing economy-wide greenhouse gas emissions by at least 40 % compared to 1990 levels.</u></p> <p>_____</p> | <p>(11) Directive (EU) 2018/410 of the European Parliament and of the Council¹ amended Decision (EU) 2015/1814 by doubling the percentage rate to be used for determining the number of allowances to be placed each year in the reserve from 12 % to 24 % until 31 December 2023.</p> <p>_____</p> <p>1. 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><u>COUNCIL:</u></p> <p>Accept text agreed provisionally at technical level</p> <p>(11) Directive (EU) 2018/410 of the European Parliament and of the Council¹ amended Decision (EU) 2015/1814 by doubling the percentage rate to be used for determining the number of allowances to be placed each year in the reserve from 12 % to 24 % until 31 December 2023 to deliver a credible investment signal to reduce CO₂ emissions in a cost-efficient manner. That decision was taken in the context of the former Union 2030 climate target of reducing economy-wide greenhouse gas emissions by at least 40 % compared to 1990</p> |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| | | 1. 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). | | <i>levels.</i> |
| Recital 12 | | | | |
| 22 | (12) In accordance with Decision (EU) 2015/1814, within three years of the start of the operation of the reserve, the Commission is to carry out its first review on the basis of an analysis of the orderly functioning of the European carbon market and, where appropriate, submit a proposal to the European Parliament and to the Council. | (12) In accordance with Decision (EU) 2015/1814, within three years of the start of the operation of the reserve, the Commission is to carry out its first review on the basis of an analysis of the orderly functioning of the European carbon market and, where appropriate, submit a proposal to the European Parliament and to the Council. | (12) In accordance with Decision (EU) 2015/1814, within three years of the start of the operation of the reserve, the Commission is to carry out its first review on the basis of an analysis of the orderly functioning of the European carbon market and, where appropriate, submit a proposal to the European Parliament and to the Council. | |
| Recital 13 | | | | |
| 23 | (13) The review paid particular | (13) The review paid particular | (13) The review paid particular | |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| | attention to the percentage figure for the determination of the number of allowances to be placed in the reserve, as well as to the numerical value of the threshold for the total number of allowances in circulation and the number of allowances to be released from the reserve. | attention to the percentage figure for the determination of the number of allowances to be placed in the reserve, as well as to the numerical value of the threshold for the total number of allowances in circulation and the number of allowances to be released from the reserve. | attention to the percentage figure for the determination of the number of allowances to be placed in the reserve, as well as to the numerical value of the threshold for the total number of allowances in circulation and the number of allowances to be released from the reserve. | |
| Recital 14 | | | | |
| 24 | (14) The analysis carried out in the context of the reserve's review and the expected developments relevant to the carbon market demonstrate that a rate of 12 % of the total number of allowances in circulation to be placed in the reserve each year after 2023 is insufficient to prevent a significant increase of the surplus of allowances in the EU ETS. Therefore, after 2023 the percentage figure should continue to be 24 %, and the minimum number of allowances to be placed in the reserve should also continue | (14) The analysis carried out in the context of the reserve's review and the expected developments relevant to the carbon market demonstrate that a rate of 12 % of the total number of allowances in circulation to be placed in the reserve each year after 2023 is insufficient to prevent a significant increase of the surplus of allowances in the EU ETS. Therefore, after 2023 the percentage figure should continue <u>If the rate of the total number of allowances in circulation to be placed in the</u> | (14) The analysis carried out in the context of the reserve's review and the expected developments relevant to the carbon market demonstrate that a rate of 12 % of the total number of allowances in circulation to be placed in the reserve each year after 2023 is insufficient to prevent a significant increase of the surplus of allowances in the EU ETS. Therefore, after 2023 the percentage figure should continue to be 24 %, and the minimum number of allowances to be placed in the reserve should also continue | <u>COUNCIL:</u> Accept text agreed provisionally at technical level (14) The analysis carried out in the context of the reserve's review and the expected developments relevant to the carbon market demonstrate that a rate of 12 % of the total number of allowances in circulation to be placed in the reserve each year after 2023 is insufficient to prevent a significant increase of the surplus of allowances in the EU ETS. |

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| | to be 200 million. | <u>reserve each year reverts to 12 % after 2023, a significant and harmful surplus of allowances in the EU ETS could disturb market stability and the proper functioning of the EU ETS, and as a result jeopardise the achievement of greenhouse gas emission reductions necessary to meet legally binding climate targets, as referred to in the impact assessment that was carried out by the Commission for this Decision.</u> to be 24 %, and the minimum number of allowances to be placed in the reserve should also continue to be 200 million. | to be 200 million. | <i>Maintaining the rate of 24 % in this Decision should be without prejudice to further revisions of the reserve, including, if appropriate, revision of the rate of allowances to be placed in the reserve, as part of the general revision of Directive 2003/87/EC and Decision (EU) 2015/1814 taking place in 2022.</i> |
| Recital 15 | | | | |
| 25 | (15) If the rate of the total number of allowances in circulation to be placed in the reserve each year reverts to 12 % after 2023, a potentially harmful surplus of allowances in the EU ETS may disturb market stability. In addition, the rate of 24 % after | (15) If the rate of the total number of allowances in circulation to be placed in the reserve each year reverts to 12 <u>Therefore, it is important to ensure that the rate does not revert to below 24 % after 2023 and that the minimum number</u> % after 2023, a potentially | (15) If the rate of the total number of allowances in circulation to be placed in the reserve each year reverts to 12 % after 2023, a potentially harmful surplus of allowances in the EU ETS may disturb market stability. In addition, the rate of 24 % after | <u>COUNCIL:</u> Accept deletion agreed provisionally at technical level |

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| | <p>2023 should be established separately from the general review of Directive 2003/87/EC and Decision (EU) 2015/1814 to strengthen the EU Emissions Trading System in line with the Union's increased climate ambition for 2030 to ensure market predictability.</p> | <p>harmful surplus of allowances in the EU ETS may disturb market stability. In addition, the rate of 24 % after 2023<u>to be placed in the reserve does not fall below 200 million. This</u> should be established<u>done</u> separately from the general review of Directive 2003/87/EC and Decision (EU) 2015/1814 to strengthen the EU Emissions Trading System in line with the Union's increased climate ambition for 2030 to ensure <u>its timely entry into force, and thereby provide</u> market predictability <u>by eliminating the risk that the rate falls back below 24 %. Maintaining the rate of 24 % in this Decision should be without prejudice to further revisions of the reserve, including, if appropriate, revision of the rate of allowances to be placed in the reserve, as part of the general revision of Directive 2003/87/EC and Decision (EU) 2015/1814 taking place in 2022.</u></p> | <p>2023 should be established separately from the general review of Directive 2003/87/EC and Decision (EU) 2015/1814 to strengthen the EU Emissions Trading System in line with the Union's increased climate ambition for 2030 to ensure market predictability.</p> | <p>(deleted)</p> |
| Recital 15a | | | | |

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| 25a | | <u>(15a) The rate of 24 % after 2023 should be established separately from the general review of Directive 2003/87/EC and Decision (EU) 2015/1814 to strengthen the EU ETS in line with the Union's increased climate ambition for 2030 to ensure that there is market predictability.</u> | | EP can drop its amendment |
| Recital 15b | | | | |
| 25b | | <u>(15b) Since the objective of this Decision, namely the continuation of the current parameters of the market stability reserve as established pursuant to Directive (EU) 2018/410, 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.</u> | | <p><u>COUNCIL:</u></p> <p>Accept EP amendment</p> <p><u>(15b) Since the objective of this Decision, namely the continuation of the current parameters of the market stability reserve as established pursuant to Directive (EU) 2018/410, 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</u></p> |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| | | <u><i>In accordance with the principle of proportionality as set out in that Article, this Decision does not go beyond what is necessary in order to achieve that objective.</i></u> | | <i>subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Decision does not go beyond what is necessary in order to achieve that objective.</i> |
| Recital 16 | | | | |
| 26 | (16) Decision (EU) 2015/1814 should therefore be amended accordingly, | (16) Decision (EU) 2015/1814 should therefore be amended accordingly, | (16) Decision (EU) 2015/1814 should therefore be amended accordingly, | |
| Formula | | | | |
| 27 | HAVE ADOPTED THIS DECISION: | HAVE ADOPTED THIS DECISION: | HAVE ADOPTED THIS DECISION: | |
| Article 1 | | | | |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
|---|--|--|--|----------------------|
| 28 | Article 1 Amendments to Decision (EU) 2015/1814 | Article 1 Amendments to Decision (EU) 2015/1814 | Article 1 Amendments to Decision (EU) 2015/1814 | |
| Article 1, first paragraph, introductory part | | | | |
| 29 | In Article 1(5), first subparagraph, of Decision (EU) 2015/1814, the last sentence is replaced by the following: | In Article 1(5), first subparagraph, of Decision (EU) 2015/1814, the last sentence is replaced by the following: | In Article 1(5), first subparagraph, of Decision (EU) 2015/1814, the last sentence is replaced by the following: | |
| Article 1, first paragraph, amending provision, first paragraph | | | | |
| 30 | ‘ By way of derogation from the first and second sentences, until 31 December 2030, the percentages and the 100 million allowances referred to in those sentences shall | ‘ By way of derogation from the first and second sentences, until 31 December 2030, the percentages and the 100 million allowances referred to in those sentences shall | ‘ By way of derogation from the first and second sentences, until 31 December 2030, the percentages and the 100 million allowances referred to in those sentences shall | |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
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| | be doubled. | be doubled. | be doubled. | |
| Article 2 | | | | |
| 31 | Article 2 Entry into force | Article 2 Entry into force | Article 2 Entry into force | |
| Article 2, first paragraph | | | | |
| 32 | This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. | This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. | This Decision shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. | |
| Formula | | | | |
| 33 | Done at Brussels, | Done at Brussels, | Done at Brussels, | |
| Formula | | | | |

| | Commission Proposal | EP Mandate | Council Mandate | Comments/suggestions |
|---------|-----------------------------|-----------------------------|-----------------------------|----------------------|
| 34 | For the European Parliament | For the European Parliament | For the European Parliament | |
| Formula | | | | |
| 35 | The President | The President | The President | |
| Formula | | | | |
| 36 | For the Council | For the Council | For the Council | |
| Formula | | | | |
| 37 | The President | The President | The President | |