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NOTE

From:	General Secretariat of the Council
To:	Permanent Representative Committee 2
Subject:	Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060 , Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814 - Analysis of the final compromise text with a view to agreement

I. INTRODUCTION

1. The Commission tabled the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814 on 18 May 2022. The proposal provides for targeted amendments to the Recovery and Resilience Facility (RRF) Regulation to achieve the following objectives:
 - Adding in the Recovery and Resilience Plans dedicated chapters including new reforms and investments to deliver on the REPowerEU objectives, and

- Ensuring synergies and complementarity between measures funded under the Recovery and Resilience Facility and actions supported via other national or Union funds.

The amendments to the RRF Regulation should be complemented by legislative amendments to establish additional funding sources to help finance the new REPowerEU objectives under the RRF framework. To this end, revenues generated by the auctioning of a limited portion of Emissions Trading System ('ETS') allowances should be allocated to the financing of new REPowerEU-related measures. Member States should also be granted a higher flexibility to achieve REPowerEU objectives through shared management programmes under the Common Provisions Regulation (EU) 2021/1060 and the Brexit Adjustment Reserve Regulation (EU) 2021/1755.

2. The Economic and Social Committee and the Committee of the Regions have been consulted. The Economic and Social Committee adopted its opinion on 21 September. The opinion of the Committee of the Regions is pending.
3. The European Court of Auditors has also been consulted and has adopted its opinion on 26 July 2022.
4. At the European Parliament, the BUDG-ECON joint committee is in the lead for the file (with REGI, ENVI, ITRE and AGRI with associated status).

II. STATE OF PLAY OF INTER-INSTITUTIONAL NEGOTIATIONS

5. The Commission proposal was presented to the Financial Counsellors Working Party on 24 May 2022.
6. The article-by-article examination of the file took place at the Financial Counsellors Working Party from June to September 2022. On 4 October, the Council approved a general approach, constituting a mandate for negotiations with the European Parliament¹.
7. On 9 November, Parliament voted its mandate in the form of amendments. Four political trilogues took place on 16 November, 23 November, 29 November, and 13-14 December. Four technical meetings took place on 18 November, 28 November, 30 November and 14

¹ Doc. 12662/2/22.

December. The Presidency informed the Coreper on the progress of the negotiations with the European Parliament on 7 December².

8. At the last conclusive political trilogue on 13- 14 December, an agreement on the compromise text was reached. On 14 December, another technical meeting was held to make the necessary alignments between the compromises reached and the text of the Regulation.
9. On 19 December 2022, the Financial Counsellors Working Party examined the compromise text set out in document 16078/1/22 REV 1.
10. Following the discussion at the Financial Counsellors Working Party on 19 December, **the Presidency is of the view that a final and balanced compromise text has emerged which has been supported by the majority of Member States.**

III. WAY FORWARD

11. On that basis, the Permanent Representatives Committee is, therefore, invited to:
 - analyse the final compromise text with a view to an agreement concerning the Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814, as set out in document 16078/1/22 REV 1.
 - authorise the Presidency to send a letter to the Chairs of the European Parliament's Committees on Budget and on Economic and Monetary Affairs confirming that, should the European Parliament adopt its position at first reading, in accordance with Article 294 paragraph 3 of the Treaty, in the form set out in the compromise text contained in document 16078/1/22 REV 1 (subject to revision by the lawyer-linguists of both institutions), the Council would, in accordance with Article 294, paragraph 4 of the Treaty, approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position.

² Doc. 15612/22.