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CONTRIBUTION

From:	General Secretariat of the Council
To:	Coreper I
Subject:	Fit for 55 package - ETS: Comments from a delegation

In view of Coreper I meeting on 22 June 2022, delegations will find attached a proposal by the SK delegation on ETS BRT.

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SLOVAKIA

COREPER_22.6.2022: FIT FOR 55 – ETS

Proposals for extension of the ETS to buildings and road transport (separate ETS)

- 1) **The Slovak Republic proposes to delay not only the start of the ETS BRT for at least one year, but also to delay the issuance of permit and monitoring phase by one year.**

Justification:

The implementation of this new ETS will be challenging, considering the smooth transposition and setting up the national system. There will be necessary to revise more than one legislation and develop new statistical methodologies in order to correctly track use of the fuels. It will also require increase of administrative capacities, number of verifiers and provide adequate training.

- 2) **The Slovak Republic proposes that the 150 million allowances issued under Chapter IV will not be transferred directly to the Innovation Fund but instead they will be transferred to the Modernisation Fund.**

Recital 54	
CION proposal	SK amendments
Innovation and development of new low-carbon technologies in 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.	Innovation and development of new low-carbon technologies in 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 Modernisation Fund to enlarge the support of households to address energy poverty stimulate the cost-efficient emission reductions.
Article 30d, paragraph 3	
CION proposal	SK amendments
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 paragraph.	150 million allowances issued under this Chapter shall be auctioned and all revenues from these auctions made available for the Innovation Modernisation Fund established under Article 10a(8) 10d . Article 10d shall apply to the allowances referred to in this paragraph. Article 10a(8) shall apply to the allowances referred to in this paragraph.

Justification:

From our point of view, revenues from the ETS BRT should be used to provide financial support for low-income households and to address social aspects concerning low and middle-income transport users. The Innovation Fund is an important and necessary measure to support green investments, but not every Member State is able to use it equally. Therefore, we think that the Innovation Fund is not a right measure for every Member State. It is difficult to politically justify when we would take sources from households and end users in order to fill Innovation Fund.

- 3) **The Slovak Republic proposes to extend the list of activities** that can be supported from the auctioning revenues for the new ETS BRT **to also cover the administrative expenses of the management of this new system.**

Article 30d, paragraph 5	
CION proposal	SK amendments
()	<u>d) covering of administrative expenses of the management of the emissions trading system for buildings and road transport</u>

Justification:

From our point of view, revenues from the ETS BRT should be used to provide financial support for low-income households and to address social aspects concerning low and middle-income transport users, for emission reduction measurements and decarbonisation of these sectors and additionally, to cover administrative expenses of the management of the ETS BRT. Even though, the Article 30d para 5 refers to Article 10 para 3, there is no possibility to finance the administrative expenses from the new ETS, only for the original ETS.
