30 April 2015

Proposal for a Decision of the European Parliament and of the Council concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC

Commission proposal	EP amendments	Council Position	Comments		
	Recital 0 (new)				
		(0) Directive 2003/87/EC of the	Agreed in principle (subject to		
		European Parliament and of the	confirmation at the trilogue and in		
		Council ¹ establishes a system for	the context of overall agreement on		
		greenhouse gas emission allowance	the final compromise package).		
		trading within the Union (EU ETS)			
		in order to promote reductions of			
		greenhouse gas emissions in a cost-			
		effective and economically efficient			
		manner.			
		Directive 2003/87/EC of the			
		European Parliament and of the			
		Council of 13 October 2003			
		establishing a scheme for greenhouse			
		gas emission allowance trading within			
		the Community and amending Council			
		Directive 96/61/EC (OJ L 275,			
		25.10.2003, p. 32).			

Commission proposal	EP amendments	Council Position	Comments	
	Amendment 1			
	Recital	-1 (new)		
	(-1) The European Council	(-1) The European Council	EP amendment acceptable.	
	conclusions of 23 and 24 October	conclusions of 23 and		
	2014 on the 2030 Climate and	24 October 2014 on the 2030		
	Energy Policy Framework state	Climate and Energy Policy		
	that a well-functioning, reformed	Framework state that a well-		
	Emissions Trading System (ETS)	<u>functioning</u> , reformed Emissions		
	with an instrument to stabilise the	Trading System (ETS) with an		
	market will be the main European	instrument to stabilise the market		
	instrument to achieve the Union's	will be the main European		
	greenhouse gas emissions	instrument to achieve the Union's		
	reduction target.	greenhouse gas emissions reduction		
		target.		

Commission proposal	EP amendments	Council Position	Comments			
	Recital 1					
(1) Article 10(5) of Directive		(1) Article 10(5) of Directive	Agreed in principle.			
2003/87/EC of the European		2003/87/EC provides that each year				
Parliament and of the Council ¹		the Commission is to submit a				
provides that an annual report on		report to the European Parliament				
the functioning of the European		and the Council on the functioning				
carbon market should be submitted		of the European carbon market.				
each year to the European		_				
Parliament and the Council.						
1 Directive 2003/87/EC of the						
European Parliament and of the						
Council of 13 October 2003						
establishing a scheme for greenhouse						
gas emission allowance trading within						
the Community and amending Council						
Directive 96/61/EC (OJ L 275,						
25.10.2003, p. 32).						

Commission proposal	EP amendments	Council Position	Comments	
Amendment 2				
	Recital 1	l a (new)		
	(1a) In the light of the need to		Not acceptable.	
	maintain the incentives in the			
	Unions's ETS during the			
	negotiations on Directive			
	2012/27/EU of the European			
	Parliament and of the Council ^{1a} ,			
	the Commission came forward			
	with a declaration to examine			
	options, including among others			
	the permanent withholding of the			
	necessary amount of allowances,			
	for action with a view to adopting			
	as soon as possible further			
	appropriate structural measures to			
	strengthen the ETS during phase			
	3, and make it more effective.			
	 _			
	^{1a} Directive 2012/27/EU of the			
	European Parliament and of the			
	Council of 25 October 2012 on energy			
	efficiency,			

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 3				
	Recital 2				
(2) The report from the	(2) The report from the	(2) The report from the	The EP amendment is partly		
Commission to the European	Commission to the European	Commission to the European	acceptable (see compromise		
Parliament and the Council on the	Parliament and the Council on the	Parliament and to the Council on	proposal in third column).		
state of the European carbon market	state of the European carbon market	the state of the European carbon			
in 2102 ⁷ identified the need for	in 2012 ¹ identified the need for	market in 2012^1 identified the need			
measures in order to tackle	measures in order to tackle	for measures in order to tackle			
structural supply-demand	structural supply-demand	structural supply-demand			
imbalances. The impact assessment	imbalances. The impact assessment	imbalances. The impact assessment			
on the 2030 climate and energy	on the 2030 climate and energy	on the 2030 climate and energy			
policy framework ⁸ indicates that	policy framework ² indicates that	policy framework ² indicates that			
this imbalance is expected to	this imbalance is expected to	this imbalance is expected to			
continue, and would not be	continue, and would not be	continue, and would not be			
sufficiently addressed by adapting	sufficiently addressed by adapting	sufficiently addressed by adapting			
the linear trajectory to a more	the linear trajectory to a more	the linear trajectory to a more			
stringent target within this	stringent target within this	stringent target within this			
framework. A change in the linear	framework. A change in the linear	framework. A change in the linear			
factor only changes gradually the	factor only changes gradually the	factor only changes gradually the			
cap. Accordingly, the surplus would	cap. Accordingly, the surplus would	cap. Accordingly, the surplus would			
also only gradually decline, such	also only gradually decline, such	also only gradually decline, such			
that the market would have to	that the market would have to	that the market would have to			
continue to operate for more than a	continue to operate for more than a	continue to operate for more than a			
decade with a surplus of around 2	decade with a surplus of around 2	decade with a surplus of around			
billion allowances or more. In order	billion allowances or more <i>thereby</i>	2 billion allowances or more,			
to address this problem and to make	preventing the ETS from	thereby preventing the ETS from			
the European Emission Trading	delivering the necessary	<u>delivering the necessary investment</u>			
System more resilient to	investment signal to reduce CO2	signal to reduce CO ₂ emissions in a			
imbalances, a market stability	emissions in a cost efficient	cost-efficient manner and being a			
reserve should be established. <i>To</i>	<i>manner</i> . In order to address this	<u>driver of low-carbon innovation</u>			
ensure regulatory certainty as	problem and to make the ETS	contributing to economic growth			
regards auction supply in phase 3	more resilient to supply-demand	and jobs. In order to address this			
and allow for some lead-time	imbalances, and thus to correct a	problem and to make the <u>EU ETS</u>			

Commission proposal	EP amendments	Council Position	Comments
adjusting to the introduction of the	design error in the system, so as to	more resilient to supply-demand	
design change, the market stability	enable the ETS to function as an	imbalances so as to enable the ETS	
reserve should be established as of	orderly market with stable and	to function in an orderly market, a	
phase 4 <i>starting</i> in 2021. In order to	competitive prices, reflecting the	market stability reserve (the	
preserve a maximum degree of	true value of allowances, a market	"reserve") should be established in	
predictability, clear rules should be	stability reserve should be	2018 and it should be operational as	
set for placing allowances into the	established <i>during phase 3</i> , so as to	of 20 <u>19</u> . The reserve will also	
reserve and releasing them from the	establish the benefits thereof	enhance synergy with other climate	
reserve. Where the conditions are	before the launch of phase 4 in	and energy policies. In order to	
met, beginning in 2021 , allowances	2021. The market stability reserve	preserve a maximum degree of	
corresponding to 12% of the	should also ensure synergy with	predictability, clear rules should be	
number of allowances in circulation	other climate policies such as	set for placing allowances into the	
in year x-2 should be put into the	those on renewable energy and	reserve and releasing them from <u>it</u> .	
reserve. A corresponding number of	energy efficiency. In order to	The reserve should function by	
allowances should be released from	preserve a maximum degree of	triggering adjustments to the annual	
the reserve when the total number	predictability, clear rules should be	<u>auction volumes</u> . Where the	
of allowances in circulation is	set for placing allowances into the	conditions are met, <u>each year</u> ,	
lower than 400 million.	reserve and releasing them from the	beginning in 20 <u>19</u> , allowances	
	reserve. Where the conditions are	corresponding to 12% of the	
	met, beginning in 2018, allowances	number of allowances in	
	corresponding to 12% of the	circulation, as set out in the most	
	number of allowances in circulation	recent publication, should be	
	in year x-1 should be put into the	<u>deducted from the auction volumes</u>	
	reserve. A corresponding number of	and put into the reserve. <u>In any</u>	
	allowances should be released from	<u>year</u> , <u>a</u> corresponding number of	
	the reserve when the total number	allowances should be released from	
	of allowances in circulation is	the reserve and added to auction	
	lower than 400 million.	volumes if the relevant total	
		number of allowances in	
		circulation is <u>fewer</u> than	
		400 million. To this end, the	
		Commission and the Member States	
		should, without undue delay	

Commission proposal	EP amendments	Council Position	Comments
		following the publication of the	
		total number of allowances in	
		circulation by the Commission by	
		15 May of a given year, ensure that	
		the auction calendars of the	
		common auction platform and,	
		where applicable, opt-out auction	
		platforms are adjusted to take into	
		account the allowances placed in or	
		to be released from the reserve. The	
		adjustment of the volume of	
		allowances to be auctioned should	
		be spread over a period of	
		12 months following the change to	
		the relevant auctioning calendar.	
		Taking into account the need for a	
		smooth operation of the auction	
		process, further details on the	
		adjustment, where necessary,	
		should be set out in the regulation	
		adopted pursuant to Article 10(4) of	
		Directive 2003/87/EC.	
1 COM(2012)652 final	1 COM(2012)652 final	16352/12 - COM(2012) 652	
² Insert reference	² Insert reference	final.	
		² Insert reference.	

Commission proposal	EP amendments	Council Position	Comments			
	Amendment 4					
	Recital 3					
(3) Furthermore, in addition to the	(3) Furthermore, in addition to the	(3) Furthermore, in addition to the	Linked to amendments 11, 15 and			
establishment of the market	establishment of the market	establishment of the [] reserve, a	18.			
stability reserve, a few	stability reserve, a few	few consequential amendments				
consequential amendments should	consequential amendments should	should be made to Directive	See compromise proposal in third			
be made to Directive 2003/87/EC to	be made to Directive 2003/87/EC to	2003/87/EC to ensure consistency	column.			
ensure consistency and smooth	ensure consistency and smooth	and smooth operation of the <u>EU</u>				
operation of the ETS. In particular,	operation of the ETS. In particular,	ETS. In particular, the				
the operation of	the operation of	<u>implementation</u> of				
Directive 2003/87/EC may lead to	Directive 2003/87/EC may lead to	Directive 2003/87/EC may lead to				
large volumes of allowances to be	large volumes of allowances to be	large volumes of allowances being				
auctioned at the end of each trading	auctioned at the end of each trading	auctioned at the end of each trading				
period which can undermine market	period which can undermine market	period which can undermine market				
stability. Accordingly, in order to	stability. Accordingly, in order to	stability. Accordingly, in order to				
avoid an imbalanced market	avoid an imbalanced market	avoid an imbalanced market				
situation of supply of allowances at	situation of supply of allowances at	situation of supply of allowances at				
the end of one trading period and	the end of one trading period with	the end of one trading period and				
the beginning of the next with	possibly disruptive effects for the	the beginning of the next with				
possibly disruptive effects for the	market, provision should be made	possibly disruptive effects for the				
market, provision should be made	for the placing of such allowances	market, provision should be made				
for the auctioning of part of any	into the market stability reserve at	for the auctioning of part of any				
large increase of supply at the end	the end of <i>the</i> trading period <i>in</i>	large increase of supply at the end				
of <i>one</i> trading period <i>in the first</i>	question.	of one trading period in the first				
two years of the next period.		two years of the next period. <u>In</u>				
		order to further enhance the				
		stability of the European carbon				
		market and avoid artificially				
		increasing the supply towards the				
		end of the trading period starting in				
		2013, allowances not allocated to				
		installations pursuant to Article				
		10a(7) of Directive 2003/87/EC and				

Commission proposal	EP amendments	Council Position	Comments
		because of the application of	
		Article 10a(19) and (20) of that	
		Directive ("unallocated	
		allowances") should be placed in	
		the reserve in 2020. The	
		Commission should review	
		Directive 2003/87/EC in relation to	
		those unallocated allowances and, if	
		appropriate, submit a proposal to	
		the European Parliament and to the	
		Council on options for further	
		action.	

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 5				
	Recital 3 a (new)				
	(3a) Commission Regulation (EU)	(3a) Moreover, the planned	Agreed in principle.		
	No 176/2014 ^{1a} provided for the	reintroduction of 300 million			
	"back-loading" of 900 million	allowances in 2019 and 600 million			
	allowances from the years 2014 -	allowances in 2020, as determined			
	2016, to years 2019 and 2020 (the	in Commission Regulation (EU) No			
	end of phase 3 of the ETS). The	<u>176/2014¹ pursuant to Article 10(4)</u>			
	impact of the auctioning of those	of Directive 2003/87/EC ² , would			
	back-loaded allowances in 2019	undermine the aim of the reserve to			
	and 2020 would run counter to the	tackle structural supply-demand			
	desired aim of the current proposal	imbalances. Accordingly, the			
	for a market stability reserve,	900 million allowances should not			
	which is a reduction in the surplus	be auctioned in 2019 and 2020 but			
	of allowances. Therefore, the	should instead be placed in the			
	backloaded allowances should not	reserve.			
	be auctioned but instead placed				
	directly in the market stability				
	reserve.	Commission Regulation (EU)			
		No 176/2014 of 25 February 2014			
	1a Commission Regulation (EU)	amending Regulation (EU)			
	No 176/2014 of 25 February 2014	No 1031/2010 in particular to			
	amending Regulation (EU) No	determine the volumes of greenhouse			
	1031/2010 in particular to determine	gas emission allowances to be			
	the volumes of greenhouse gas	auctioned in 2013-20 (OJ L 56, 26.2.2014, p. 11)			
	emission allowances to be auctioned	$\frac{20.2.2014, p. 11}{2}$ Directive as amended by			
	in 2013-20 (OJ L 56, 26.2.2014, p.	Decision No 1359/2013/EU of the			
	11).	European Parliament and of the			
		Council of 17 December 2013			
		amending Directive 2003/87/EC			
		clarifying provisions on the timing of			
		auctions of greenhouse gas allowances			
		(OJ L OJ L 343, 19.12.2013, p. 1)			

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 6				
	Recital 3 b (new)				
	(3b) It is important that the ETS	(3b) It is important that the ETS	The EP amendment is partly		
	incentivises carbon efficient	incentivises carbon efficient growth	acceptable (see compromise		
	growth and that the	and that the competitiveness of the	proposal in third column).		
	competitiveness of Union	European Union's industries at			
	industries at genuine risk of	genuine risk of carbon leakage is	Linked to amendment 19.		
	carbon leakage is protected. The	protected. The European Council			
	European Parliament's resolution	conclusions of 23 and 24 October			
	of 4 February 2014 on the Action	2014 on the 2030 Climate and			
	Plan for a competitive and	Energy Policy Framework gave			
	sustainable steel industry in	clear guidance on the continuation			
	Europe already stressed "that the	of free allocation and carbon			
	Commission should address more	leakage provisions after 2020.			
	concretely and in detail the issue	Building on this strategic guidance,			
	of carbon leakage". The European	the Commission should within 6			
	Council conclusions of 23 and 24	months following the adoption of			
	October 2014 on the 2030 Climate	this Decision make a proposal to			
	and Energy Policy Framework	review Directive 2003/87/EC and in			
	gave clear guidance on the	particular Article 10a thereof. In			
	continuation of free allocations	pursuing the goal of a level playing			
	and carbon leakage provisions	field, that review should also look			
	after 2020 and state that "the most	at harmonised arrangements to			
	efficient installations in the sectors	compensate for indirect costs at the			
	at risk of losing international	<u>Union level.</u>			
	competitiveness should not face				
	undue carbon costs leading to				
	carbon leakage". Proportionate				
	measures reflecting the carbon				
	price prevailing at the time of their				
	introduction should be put in place				
	in order to shelter industries at				
	genuine risk of carbon leakage				

Commission proposal	EP amendments	Council Position	Comments
	from any negative impact on their		
	competitiveness and thus to avoid		
	additional ETS-related costs at the		
	level of the most efficient		
	installations. The Commission		
	should review Directive		
	2003/87/EC and in particular		
	Article 10a thereof in this respect.		
	In pursuing the goal of creating a		
	single energy market, that review		
	should also include harmonised		
	arrangements at Union level		
	compensating for carbon costs		
	passed on in electricity prices,		
	different from the mechanism		
	currently governed by state aid		
	rules so as to secure a fully level		
	playing field.		

Commission proposal	EP amendments	Council Position	Comments			
	Amendment 7					
	Recital 4					
(4) The Commission should review	(4) The Commission should, <i>within</i>	(4) The Commission should	The first part of the amendment is			
the functioning of the market	three years of the date of operation	monitor the functioning of the	acceptable in substance as an			
stability reserve in relation to its	of the market stability reserve,	reserve in the context of the annual	addition to the Council text.			
operation in the light of experience	review the functioning of the	carbon market report. This report				
of its application. The review of the	market stability reserve in relation	should consider relevant	The second part is acceptable in			
functioning of the market stability	to its operation in the light of	competitiveness effects, in	substance.			
reserve should in particular	experience of its application. The	particular in the industrial sector,				
consider whether the rules on	review of the functioning of the	including GDP, employment and	The last part is partly acceptable			
placing allowances in the reserve	market stability reserve should in	investment indicators. In addition,	(see third column) (linked to			
are appropriate with regard to the	particular consider whether the	the Commission should, within	amendment 20).			
aim pursued to tackle structural	rules on placing and releasing	three years of the date of operation				
supply-demand imbalances.	allowances in <i>and from</i> the reserve	of the reserve and periodically				
	are appropriate with regard to the	thereafter review the functioning of				
	aim pursued to tackle structural	the [] reserve [] in the light of				
	supply-demand imbalances. <i>The</i>	experience of its application. The				
	review should also look into the	review of the functioning of the []				
	impact of the market stability	reserve should in particular				
	reserve on the Union's industrial	consider whether the rules on				
	competitiveness and on the risk of	placing allowances in the reserve				
	carbon leakage.	and releasing them are appropriate				
		with regard to the aim pursued to				
		tackle structural supply-demand				
		imbalances []. This should				
		include an analysis of the market				
		balance, including all relevant				
		factors affecting supply and				
		demand, and of the appropriateness				
		of the predefined range triggering				
		adjustments to annual auction				
		volumes, as well as the percentage				
		rate applied to the total number of				

Commission proposal	EP amendments	Council Position	Comments
		allowances in circulation. Where	
		the analysis indicates that the range	
		is no longer appropriate in the light	
		of changed market developments	
		and new information available at	
		the time of the review, the	
		Commission should swiftly submit	
		a proposal to address this situation.	
		The review should also look into	
		the impact of the reserve on growth,	
		jobs, the European Union's	
		industrial competitiveness and on	
		the risk of carbon leakage. The	
		review of the functioning of the	
		reserve should be objective and	
		take into account the need to	
		preserve regulatory stability and	
		ensure long-term predictability in	
		the transition to a low-carbon	
		economy.	
		_	

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 8				
	Rec	ital 5			
(5) Articles 10 and 13(2) of	(5) Directive 2003/87/EC should	(5) [] Directive 2003/87/EC	The EP amendment is acceptable.		
Directive 2003/87/EC should	therefore be amended accordingly,	should therefore be amended			
therefore be amended accordingly,		accordingly,			
	Amend	lment 9			
	Article 1 – j	paragraph 1			
1. A market stability reserve is	1. A market stability reserve is	1. A market stability reserve is	The first part of the amendment is		
established, and shall operate from	established <i>in 2018</i> and shall	established in 2018, and the placing	acceptable.		
1 January 2021 .	operate by 31 December 2018.	of allowances in the reserve shall			
		operate from 1 January 20 <u>19</u> .	The second part is not acceptable.		
	Amend	ment 10			
	Article 1 – para	graph 1 a (new)			
	1a. The Commission shall ensure	1a. The quantity of 900 million	Agreed in principle.		
	that allowances back-loaded in	allowances deducted from			
	accordance with Commission	auctioning volumes during the			
	Regulation (EU) No 176/2014 1a	period 2014-2016, as determined in			
	are directly placed in the market	Commission Regulation (EU)			
	stability reserve.	No 176/2014 pursuant to			
		Article 10(4) of			
		Directive 2003/87/EC, shall not be			
		added to the volumes to be			
		auctioned in 2019 and 2020 but			
	1a Commission Regulation (EU)	shall instead be placed in the			
	No 176/2014 of 25 February 2014	reserve.			
	amending Regulation (EU) No				
	1031/2010 in particular to determine				
	the volumes of greenhouse gas				
	emission allowances to be auctioned				
	in 2013-20 (OJ L 56, 26.2.2014, p.				
	11).				

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 11				
	Article 1 – para	graph 1 b (new)			
	1b. Allowances remaining in the	1b. Allowances not allocated to	The EP amendment is partly		
	new entrants' reserve at the end of	installations pursuant to Article	acceptable		
	a trading period, and allowances	<u>10a(7) of Directive 2003/87/EC and</u>	(see compromise proposal in third		
	not allocated due to closures or	because of the application of	column).		
	under the derogation for the	<u>Article 10a(19) and (20) of that</u>			
	modernisation of the electricity	Directive shall be placed in the	Linked to amendments 4, 15 and		
	sector shall be considered	reserve in 2020. The Commission	18.		
	"unallocated allowances". All	shall review Directive 2003/87/EC			
	such unallocated allowances shall	in relation to those allowances and,			
	not be auctioned at the end of the	if appropriate, submit a proposal to			
	third trading period but shall be	the European Parliament and to the			
	directly placed in the market	Council.			
	stability reserve.				

Commission proposal	EP amendments	Council Position	Comments			
	Amendment 12 - Article 1 – paragraph 2					
2. The Commission shall publish	2. The Commission shall publish	(2) The Commission shall publish				
the total number of allowances in	the total number of allowances in	the total number of allowances in				
circulation each year, by 15 May of	circulation each year, by 15 May of	circulation each year, by 15 May of				
the subsequent year. The total	the subsequent year. The total	the subsequent year. The total				
number of allowances in circulation	number of allowances in circulation	number of allowances in circulation				
for year x shall be the cumulative	for year x shall be the cumulative	in a given year shall be the				
number of allowances issued in the	number of allowances issued in the	cumulative number of allowances				
period since 1 January 2008,	period since 1 January 2008,	issued in the period since				
including the number issued	including the number issued	1 January 2008, including the				
pursuant to Article 13(2) of	pursuant to Article 13(2) of	number issued pursuant to				
Directive 2003/87/EC in that period	Directive 2003/87/EC in that period	Article 13(2) of				
and entitlements to use international	and entitlements to use international	Directive 2003/87/EC in that period				
credits exercised by installations	credits exercised by installations	and entitlements to use international				
under the EU emission trading	under the EU emission trading	credits exercised by installations				
system in respect of emissions up to	system in respect of emissions up to	under the EU <u>ETS</u> in respect of				
31 December of year x, minus the	31 December of year x, minus the	emissions up to 31 December of				
cumulative tonnes of verified	cumulative tonnes of verified	that year [], minus the cumulative				
emissions from installations under	emissions from installations under	tonnes of verified emissions from				
the EU emission trading system	the EU emission trading system	installations under the EU <u>ETS</u>				
between 1 January 2008 and 31	between 1 January 2008 and 31	between 1 January 2008 and				
December of year x, any	December of year x, any	31 December of that same year				
allowances cancelled in accordance	allowances cancelled in accordance	[], any allowances cancelled in				
with Article 12(4) of Directive	with Article 12(4) of Directive	accordance with Article 12(4) of				
2003/87/EC and the number of	2003/87/EC and the number of	Directive 2003/87/EC and the				
allowances in the reserve. No	allowances in the reserve. No	number of allowances in the				
account shall be taken of emissions	account shall be taken of emissions	reserve. No account shall be taken				
during the three-year period starting	during the three-year period starting	of emissions during the three-year				
in 2005 and ending in 2007 and	in 2005 and ending in 2007 and	period starting in 2005 and ending				
allowances issued in respect of	allowances issued in respect of	in 2007 and allowances issued in				
those emissions. The first	those emissions. The first	respect of those emissions. The first				
publication shall take place by	publication shall take place by	publication shall take place by				
15 May 2017.	15 May 2016 .	15 May 2017.	Amendment not acceptable.			

Commission proposal	EP amendments	Council Position	Comments			
	Amendment 13					
Article 1 – paragraph 3						
3. In each year beginning in 2021 , a	3. In accordance with Article 1(1)	3. Each year [], a number of	The amendment is partly acceptable			
number of allowances equal to 12%	providing for timely	allowances equal to 12% of the	in substance (see third column).			
of the total number of allowances in	implementation when the reserve	total number of allowances in				
circulation in year x-2, as published	is established, a number of	circulation, as set out in the most				
in May year x-1, shall be placed in	allowances equal to 12% of the	recent publication under paragraph				
the reserve, unless this number of	total number of allowances in	2, shall be deducted from the				
allowances to be placed in the	circulation in year x-1, as published	volume of allowances to be				
reserve would be less than 100	in May year x, shall be placed in	auctioned by the Member States				
million.	the reserve without undue delay,	under Article 10(2) of Directive				
	unless this number of allowances to	2003/87/EC and shall be placed in				
	be placed in the reserve would be	the reserve over a period of 12				
	less than 100 million.	months beginning in September of				
		that year, unless this number of				
		allowances to be placed in the				
		reserve would be <u>fewer</u> than 100				
		million. <u>In the first year of the</u>				
		reserve's functioning, placements				
		shall also take place between the				
		month referred to in Article 1(1)				
		and September of that year of 8% ¹				
		of the total number of allowances in				
		circulation as set out in the most				
		recent publication.				
		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) (b) of Directive				
		2003/87/EC shall not be taken into				

Commission proposal	EP amendments	Council Position	Comments
		account when determining Member	
		States' shares contributing to that	
		total amount.	
		_	
		$\frac{1}{1}$ 1% for each calendar month which	
		this represents.	
	Article 1 – ₁	paragraph 4	
4. In any year, if the total number of		4. In any year, if the total number of	
allowances in circulation is lower		allowances in circulation is <u>fewer</u>	
than 400 million, 100 million		than 400 million, 100 million	
allowances shall be released from		allowances shall be released from	
the reserve. In case less than 100		the reserve and added to the volume	
million allowances are in the		of allowances to be auctioned by	
reserve, all allowances in the		the Member States under Article	
reserve shall be released under this		<u>10(2) of Directive 2003/87/EC</u> .	
paragraph.		Where fewer than 100 million	
		allowances are in the reserve, all	
		allowances in the reserve shall be	
		released under this paragraph.	

Commission proposal	EP amendments	Council Position	Comments
	Article 1 – _I	paragraph 5	
5. In any year, if paragraph 4 is not		5. In any year, if paragraph 4 is not	
applicable and measures are		applicable and measures are	
adopted under Article 29a of the		adopted under Article 29a of []	
Directive, 100 million allowances		Directive 2003/87/EC, 100 million	
shall be released from the reserve.		allowances shall be released from	
In case less than 100 million		the reserve and added to the volume	
allowances are in the reserve, all		of allowances to be auctioned by	
allowances in the reserve shall be		the Member States under Article	
released under this paragraph.		10(2) 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.	

Commission proposal	EP amendments	Council Position	Comments		
	Article 1 – paragraph 6				
6. Where action is taken pursuant to		6. Where, <u>following the publication</u>			
paragraphs 3 or 5, the auction		of the total number of allowances in			
calendars shall take into account the		<u>circulation</u> , action is taken pursuant			
allowances placed in the reserve or		to the preceding paragraphs [],			
to be released from the reserve.		the auction calendars shall take into			
		account the allowances placed in			
		the reserve or to be released from			
		the reserve. The allowances shall be			
		placed in the reserve or released			
		from it over a period of 12 months.			
		Where there is a release of			
		allowances pursuant to paragraph 4			
		or 5, irrespective of the period			
		during which the release of			
		allowances takes place, it shall			
		follow the Member States' shares			
		applicable at the time of their			
		placement into the reserve and it			
		shall also follow the order in which			
		the allowances were placed into the			
		<u>reserve</u> .			

Commission proposal	EP amendments	Council Position	Comments
	Amend	ment 14	
	Article 2 – paragra	aph 1 (formerly 2)	
	Directive 2003/87/EC - 	Article 10 – paragraph 1	
"1. From 2021 onwards, Member	"1. From 2018 onwards, Member	"1. From 20 <u>19</u> onwards, Member	The EP amendment is not
States shall auction all allowances	States shall auction all allowances	States shall auction all allowances	acceptable.
that are not allocated free of charge	that are not allocated free of charge	that are not allocated free of charge	
in accordance with Article 10a and	in accordance with Article 10a and	in accordance with Article 10a and	
10c and are not placed in the	10c and are not placed in the	10c and are not placed in the	
market stability reserve established	market stability reserve established	market stability reserve established	
by Decision [OPEU please insert	by Decision [OPEU please insert	by Decision [OJ: please insert	
number of this Decision when	number of this Decision when	number of this Decision when	
<i>known</i>] of the European Parliament	known] of the European Parliament	known and add footnote] of the	
and of the Council(*)."	and of the Council(*)."	European Parliament and of the	
		Council(*)."	

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 15				
	Article 2 – paragr	aph 2 (formerly 3)			
	Directive 2003/87/EC- A	rticle 10 – paragraph 1a			
3. In Article 10, the following		$\underline{2}$. In Article 10, the following	Linked to amendments 4, 11 and		
paragraph shall be inserted:		paragraph <u>is</u> inserted:	18.		
"1a. Where the volume of	"la. At the end of a trading period,	"1a. Where the volume of	The amendment is not acceptable as		
allowances to be auctioned by	any allowances remaining in the	allowances to be auctioned by	such but see compromise proposal		
Member States in the last year of	new entrants' reserve and any	Member States in the last year of	in recital 3 (amendment 4) and		
each period referred to in Article	allowances not allocated due to	each period referred to in Article	Article 1 (1b) (amendment 11).		
13(1) exceeds by more than 30%	closures or under the derogation	13(1) exceeds by more than 30%			
the expected average auction	for the electricity sector shall be	the expected average auction			
volume for the first two years of the	considered "unallocated	volume for the first two years of the			
following period before application	allowances". All such unallocated	following period before application			
of Article 1(3) of Decision [OPEU	allowances shall be directly placed	of Article 1(3) of Decision [OJ:			
please insert number of this	in the market stability reserve. "	please insert number of this			
Decision when known], two-thirds		Decision when known], two-thirds			
of the difference between the		of the difference between the			
volumes shall be deducted from		volumes shall be deducted from			
auction volumes in the last year of		auction volumes in the last year of			
the period and added in equal		the period and added in equal			
instalments to the volumes to be		instalments to the volumes to be			
auctioned by Member States in the		auctioned by Member States in the			
first two years of the following		first two years of the following			
period."		period.			

Commission proposal	EP amendments	Council Position	Comments		
	Amendment 16				
		oh 1 – point 3 a (new)			
Directive	<u> 2003/87/EC - Article 10 – paragrap</u>	<u>h 3 – subparagraph 1 – introductory</u>	wording		
	3a. In Article 10(3), the		Not acceptable.		
	introductory wording of the first				
	subparagraph is replaced by the				
	following:				
	"3. Member States shall determine the use of revenues generated from the auctioning of allowances. At least 50 % 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), or the				
	equivalent in financial value of				
	these revenues, shall be used for				
	one or more of the following:"				

Commission proposal	EP amendments	Council Position	Comments	
	Amendme	ent 17		
	Article 2 – paragraph 1 – point 3 b (new)			
	Directive 2003/87/EC - Article 10 – paragraph 4 – subparagraph 1 a (new)			
	3b. In Article 10(4), the following		In substance corresponds to and is	
	subparagraph shall be inserted		already covered by the Council text	
	after the first subparagraph:		in Article 1(1a).	
	"Where the Commission has			
	carried out the adaptation referred			
	to in the first subparagraph, an			
	amount of allowances			
	corresponding to the increase of			
	allowances in 2019 and 2020 as set			
	out in Annex IV to Commission			
	Regulation (EU) No 1031/2010*			
	shall be placed in the market			
	stability reserve established by			
	Decision [OPEU please insert			
	number of this Decision when			
	known]. (EU) No 1031/2010 *shall			
	be placed in the market stability			
	reserve established by Decision			
	[OPEU please insert number of			
	this Decision when known]."			
	* 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 scheme for			
	greenhouse gas emission allowances			

Commission proposal	EP amendments	Council Position	Comments	
	trading within the Community (OJ L			
	302, 18.11.2010, p. 1)."			
		ment 18		
	Article 2 – paragraph 1 – point 3 c (new)			
	Directive 2003/87/EC - Article 10a – paragraph 8 – subparagraph 2 a (new)			
	3c. In Article 10a(8), the following		Not acceptable.	
	subparagraph shall be inserted			
	after the second subparagraph:		Linked to amendments 4, 11 and	
	"300 million allowances shall		15.	
	gradually be made available from			
	the date of operation of the market			
	stability reserve established by			
	Decision [OPEU please insert			
	number of this Decision when			
	known] until 31 December 2025 in			
	line with this paragraph and for			
	breakthrough industrial			
	innovation projects in the sectors			
	listed in Annex I of this Directive			
	on the basis of objective and			
	transparent criteria referred to in			
	this paragraph. Those 300 million			
	allowances shall be taken from the			
	unallocated allowances, as defined			
	in Article 1(1b) of Decision			
	[OPEU please insert number of			
	this Decision when known].			

Commission proposal	EP amendments	Council Position	Comments	
		ragraph 4) - introductory sentence		
	Directive 2003/87/EC Article 13 – paragraph 2			
(4) In the second subparagraph of Article 13(2) the following sentence is added:		(3) In the second subparagraph of Article 13(2), the following sentence is added:	Agreed in principle.	
"Similarly, allowances held in the market stability reserve established by Decision [OPEU please insert number of this Decision when known] and which are no longer valid shall be replaced by allowances which are valid for the current period."		"Similarly, allowances held in the market stability reserve established by Decision [OJ: please insert number of this Decision when known] and which are no longer valid shall be replaced by allowances which are valid for the current period."		
	Amendment 19			
	Article 2	2 a (new)		
	Article 2a Review of Directive 2003/87/EC By+, the Commission shall review Directive 2003/87/EC, with a view to effectively protecting the competitiveness of Union industries at genuine risk of carbon leakage, introducing a		See compromise proposal in recital 3b (new) (amendment 6).	
	more accurate allocation of allowances and incentivising carbon-efficient growth without contributing to the over-supply of allowances. The Commission shall thereby take into account the conclusions of the European			

Commission proposal	EP amendments	Council Position	Comments
	Council of 23 and 24 October		
	2014, in particular with regard to		
	carbon leakage provisions and the		
	continuation of free allocations,		
	better reflecting changing		
	production levels and incentivising		
	the most efficient performance.		
	The Commission shall also		
	consider a Union harmonised		
	mechanism to compensate for		
	indirect carbon costs resulting		
	from this Directive so as so to		
	ensure a level playing field at		
	global and Union level. If		
	appropriate the Commission shall,		
	in accordance with the ordinary		
	legislative procedure, submit a		
	proposal to the European		
	Parliament and the Council.		
	+ OJ: Please, insert the date: six		
	months from the entry into force of		
	this Decision.		

Commission proposal	EP amendments	Council Position	Comments
		ment 20	
		cle 3	
By 31 December 2026, the	Within three years of the date of	The Commission shall monitor the	The first part of the amendment is
Commission shall on the basis of an	operation of the market stability	<u>functioning</u> of the reserve in the	acceptable in substance as an
analysis of the orderly functioning	<i>reserve</i> , the Commission shall on	context of the report provided for in	addition to the Council text (see
of the European carbon market	the basis of an analysis of the	Article 10(5) of	third column).
review the market stability reserve	orderly functioning of the European	Directive 2003/87/EC. This report	
and submit a proposal, where	carbon market review the market	should consider relevant	The second part is partly
appropriate, to the European	stability reserve and submit a	competitiveness effects, in	acceptable.
Parliament and to the Council. The	proposal, where appropriate, to the	particular in the industrial sector,	
review shall pay particular attention	European Parliament and to the	including GDP, employment and	Linked to amendment 7.
to the percentage figure for the	Council. The review shall pay	<u>investment indicators.</u> Within three	
determination of the number of	particular attention to the	years of the start of the operation of	
allowances to be placed into the	percentage figure for the	the reserve and at five year intervals	
reserve according to Article 1(3)	determination of the number of	thereafter, the Commission shall,	
and the numerical value of the	allowances to be placed into the	on the basis of an analysis of the	
threshold for the total number of	reserve according to Article 1(3)	orderly functioning of the European	
allowances in circulation set by	and the numerical value of the	carbon market, review the market	
Article 1(4).	threshold for the total number of	stability reserve and submit a	
	allowances in circulation set by	proposal, where appropriate, to the	
	Article 1(4). <i>In its review, the</i>	European Parliament and to the	
	Commission shall also look into	Council. <u>Each</u> review shall pay	
	the impact of the market stability	particular attention to the	
	reserve on European industrial	percentage figure for the	
	competitiveness and on the risk of	determination of the number of	
	carbon leakage. A periodic review	allowances to be placed into the	
	of the settings of the market	reserve <u>pursuant</u> to Article 1(3), <u>as</u>	
	stability reserve, two years before	well as the numerical value of the	
	the start of every new phase, is	threshold for the total number of	
	necessary in order to ensure the	allowances in circulation and the	
	settings remain appropriate whilst	number of allowances to be	
	preserving certainty for the	released from the reserve pursuant	
	market.	to Article 1(4) or (5). In its	

nciple.
•