

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of

amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in view of the implementation by 2020 of an international agreement applying a single global market-based measure to international aviation emissions

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 192(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

After consulting the Committee of the Regions¹,

Acting in accordance with the ordinary legislative procedure,

¹ OJ C , , p. .

Whereas:

- (-1) *The aviation sector has a strong international character. A global approach to addressing emissions from international aviation offers the best prospects of ensuring sustainability in the long term.***
- (1) The Union is endeavouring to secure a future international agreement to control greenhouse gas impacts from aviation and, in the meantime, is limiting climate change impacts from aviation activities to and from aerodromes in the Union by autonomous action. In order to ensure that these objectives are mutually supportive and not in conflict, it is appropriate to take account of developments at and positions taken in international fora and in particular to take account of the Resolution containing the "Consolidated statement of continuing ICAO policies and practices related to environmental protection" adopted at the 38th session of the Assembly of the International civil Aviation Organisation (ICAO).

- (2) Consequently, *in order to sustain the momentum reached at the 38th Session of the ICAO Assembly in 2013 and facilitate progress at the upcoming 39th session in 2016*, it is desirable to temporarily consider the requirements set out in Directive 2003/87/EC of the European Parliament and of the Council² as satisfied *for the period until and including 2016* in respect of ■ flights to and from aerodromes in ■ countries *outside the EEA*. In doing so, the Union emphasises that requirements can be applied in respect of ■ flights to and from aerodromes in countries of the European Economic Area (EEA), in the same manner as legal requirements can be placed on more of the emissions from flights to and from such aerodromes. *In order to ensure legal certainty, for the purposes of this derogation, flights between countries of the EEA and countries that have acceded to the Union in 2013 should be considered as flights between countries of the EEA.*

² 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)

(2a) *It is recalled that under Directive 2003/87/EC, it should be for Member States to determine the use to be made of revenues generated from the auctioning of allowances. Those revenues, or their equivalent in financial value, should be used to tackle climate change in the EU and third countries, inter alia, to reduce greenhouse gas emissions, to adapt to the impacts of climate change in the EU and third countries, especially developing countries, to fund research and development for mitigation and adaptation, including in particular in the fields of aeronautics and air transport, to reduce emissions through low-emissions transport and to cover the costs of administering the Union scheme. The proceeds of auctioning, or their equivalent in financial value, should also be used to fund contributions to the Global Energy Efficiency and Renewable Energy Fund, and measures to avoid deforestation. Transparency on the use of revenues generated from the auctioning of allowances under Directive 2003/87/EC is key to underpinning Union commitments. Under Regulation (EU) No 525/2013 Member States are to submit to the Commission a report on the use of revenues from the auctioning of such allowances.*

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- (3a) *For the application of this derogation, it is important to recall that the methods for the allocation and issuance of allowances to aircraft operators remain those established by Directive 2003/87/EC, ie a calculation based on the verified tonne-kilometre data in respect of the relevant periods referred thereto.*
- (4) The derogations provided for in this **Regulation** take into account the results of bilateral and multilateral contacts with third countries, which the Commission will continue to pursue on behalf of the Union, *in order to promote the use of market-based mechanisms to reduce emissions from aviation.*
- (4a) *It is recalled that Directive 2003/87/EC foresees the possibility of adopting measures amending the aviation activities listed in Annex I to that Directive where a third country introduces measures to reduce the climate change impact of aviation.*
- (4b) *The negotiation of all Union aviation agreements with third countries should be aimed at safeguarding the Union's flexibility to take action in respect of environmental issues, including with regard to measures to mitigate the impact of aviation on climate change.*

(5) In order to avoid distortions of competition, it is important that all flights on the same route are treated in the same way.

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(8) *To further avoid disproportionate administrative burden for the smallest aircraft operators, a temporary exemption should be added to Annex I to Directive 2003/87/EC. Non-commercial aircraft operators emitting less than 1000 tonnes CO2 per annum should, therefore, be exempt from the scope of that Directive, from and including 2013 to and including 2020.*

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(9a) *It would be appropriate to enable the use of an alternative approach by aircraft operators that are small emitters, for the verification of their emissions in order to reduce their administrative burden further. Member States should be able to implement simplification measures that address in particular the needs of non-commercial operators who are small emitters.*

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- (10a) *Special consideration should be given to mitigating or even eliminating any accessibility and competitiveness problems arising for the outermost regions of the Union. With this in mind, flights between an airport located in an outermost region listed in Article 349 of the Treaty on the Functioning of the European Union (TFEU) and an airport located in another region of the EEA should also be included in the derogation established under this Regulation.***
- (11) In order to ensure legal certainty for aircraft operators and national authorities it is appropriate to allow until 2015 for the surrender and reporting deadlines for 2013 emissions.

- (12) After the 2016 ICAO Assembly *and in the light of its outcome*, the Commission should *provide a full* report to the European Parliament and to the Council. *In this report, the Commission should, inter alia, consider all options for the coverage of emissions from aviation activities and, if appropriate, swiftly propose measures* in order to ensure that international developments can be taken into account and any issues about the application of the derogation be addressed. *The Commission should also give particular consideration to the environmental effectiveness of the EU ETS and, in this context, to the particular contribution of the aviation sector, including to modalities for better aligning the rules applicable respectively to aviation activities and stationary installations.*

- (12a) *Since the objectives of the Regulation, namely to introduce a temporary derogation for the monitoring, reporting and surrendering of allowances from flights to and from countries outside the European Economic Area from 2013 until 2016 inclusive, to lighten the administrative burden and simplify the administration of the scheme, cannot be sufficiently achieved by the Member States, but can rather, by reason of scale and effects of the action, 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. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.***
- (12b) *It is essential to ensure legal certainty for aircraft operators and national authorities in view of the surrender deadline of 30 April 2014 as referred to in Directive 2003/87/EC. Accordingly, this Regulation should apply from the date of its adoption.***
- (13) Directive 2003/87/EC should be amended accordingly,**

HAVE ADOPTED THIS **REGULATION**:

Article 1

Directive 2003/87/EC is hereby amended as follows:

(1) The following Article 28a is inserted after Article 28:

"Article 28a

Derogations applicable in advance of the implementation by 2020 of an international agreement applying a single global market-based measure

1. By way of derogation from Article 12(2a), Article 14(3) **and 16**, Member States shall consider the requirements set out in those paragraphs satisfied and ***shall take no action against aircraft operators*** in respect of:

(a) all emissions from flights to and from countries outside the European Economic Area (***EEA***) in ***each calendar year from, and including, 2013 to, and including, 2016***;

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(ba) all emissions from flights between an airport located in an outermost region listed in Article 349 of the Treaty on the Functioning of the European Union (TFEU) and an airport located in another region of the EEA in each calendar year from, and including, 2013 to, and including, 2016.

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(d) the surrender of allowances corresponding to verified 2013 emissions from flights between countries in the EEA taking place by 30 April 2015 instead of 30 April 2014, and verified 2013 emissions for those flights being reported by 31 March 2015 instead of 31 March 2014.

For the purposes of Articles 11a, 12 and 14, the verified emissions from flights other than those referred to in this paragraph █ shall be considered to be the verified emissions of the aircraft operator █.

2. By way of derogation from Article 3e(5) and Article 3f, an aircraft operator benefitting from the derogations provided for in *points (a) and (ba) of paragraph 1 of this Article* shall be issued a number of free allowances reduced in proportion to *the* reduction of the surrender obligation provided for in those paragraphs.

By way of derogation from Article 3f(8), allowances that are not allocated as a result of the application of this paragraph shall be cancelled.

As regards activity in 2013 to **2016**, Member States shall publish the number of free aviation allowances allocated to each operator by [*OP: insert a date 4 months after the entry into force of this Regulation*].

3. By way of derogation from Article 3d, Member States shall auction a number of aviation allowances reduced in proportion to the reduction in the total number of allowances issued.

4. By way of derogation from Article 3d(3), the number of allowances to be auctioned by each Member State in respect of the period from 2013 to **2016** shall be reduced to correspond with its share of attributed aviation emissions *for flights which are not subject to the derogation in points (a) and (ba) of paragraph 1 of this Article.*
- 4a. *By way of derogation from Article 3g, aircraft operators are not required to submit monitoring plans setting out measures to monitor and report emissions in respect of flights which are subject to the derogations in points (a) and (ba) of paragraph 1 of this Article.*
5. By way of derogation from Articles 3g, 12, 15 and 18a, where an aircraft operator has total annual emissions lower than 25000 tonnes, its emissions shall be considered to be verified emissions if determined using *the* small emitters tool approved by **Commission Regulation 606/2010** and populated by Eurocontrol with data from its ETS support facility. ■ Member States may implement simplified procedures for non-commercial aircraft operators as long as there is no less accuracy than *this* tool provides.

5a. For the purposes of this Article, flights between countries of the EEA and countries that have acceded to the Union in 2013 shall be considered as flights between countries of the EEA.

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7. The Commission shall regularly, and at least once a year, inform the European Parliament and the Council on the progress of the ICAO negotiations as well as on its efforts to promote the international acceptance of market based mechanisms among third countries. Following the 2016 ICAO Assembly, the Commission shall report to the European Parliament and the Council on the actions to implement **an international agreement on a global market-based measure █ from 2020, that will reduce greenhouse gas emissions from aviation in a non-discriminatory manner, including on information with regard to the use of revenues submitted by Member States in accordance with Article 17 of Regulation (EU) No 525/2013.**

█ That report shall consider *and, if appropriate, include proposals in reaction to those developments on* the appropriate scope for coverage of emissions from activity to and from countries outside the EEA from **2017** onwards █ . In its report, the Commission shall also consider solutions to other issues that may arise in the application of paragraphs 1 to 4 *of this Article*, while preserving equal treatment for all operators on the same route. "

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(2a) *The following point is added after point (j) of activity "Aviation" in Annex I:*

"(k) From 1 January 2013 until 31 December 2020, flights which, but for this point, would fall within this activity, performed by a non-commercial aircraft operator operating flights with total annual emissions lower than 1000 tonnes CO2 per year."

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Article 3

This **Regulation** shall enter into force on the date of its publication in the *Official Journal of the European Union*.

It shall apply from...*

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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Done at Brussels,

For the European Parliament

The President

For the Council

The President

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Note to OJ: Please insert the date of adoption of this Regulation.