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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

149TH COR PLENARY SESSION, 27.4.2022-28.4.2022

Resolution of the European Committee of the Regions on EU regions and cities' support for Ukraine

(2022/C 301/01)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. Condemns the unprovoked and unjustified invasion of Ukraine on 24 February 2022 by the Russian Federation supported by Belarus;

2. Calls for an immediate and unconditional ceasefire and the opening of safe humanitarian corridors; Russia must immediately stop military action and withdraw all military and paramilitary forces and administrative officials from the occupied Ukrainian territories;

3. Stresses that this invasion is a criminal act against the people of Ukraine and Ukraine's sovereignty and territorial integrity, and a brutal violation of democratic principles and the rule of law; stresses that the indiscriminate attacks against civilians including mayors of cities and villages constitute war crimes committed by the Russian army and are in breach of international law, in particular the UN Charter, the Helsinki Final Act, the Charter of Paris for a New Europe and the Budapest Memorandum; all human rights violations, war crimes and crimes against humanity on Ukrainian territory must be recorded, investigated and processed under the jurisdiction of the International Criminal Court;

4. Stands in solidarity with the people of Ukraine, who are defending their country against the Russian invaders; expresses its deepest grief about the loss of life and human suffering caused by the Russian atrocities;

5. Reaffirms its support for Ukrainian local and regional authorities and calls for the immediate release of Ukrainian mayors and civil servants kidnapped by Russian occupation forces in violation of the Fourth Geneva Convention;

6. States that only the people of Ukraine can democratically chose their leaders at national, regional and local level and declares that it will not recognise or collaborate with any regional or local leadership installed by Russia in Ukraine;

Delivering concrete solidarity with local and regional authorities

7. Highlights the extraordinary solidarity with people fleeing the war in Ukraine shown by EU citizens; expresses its concern about Ukrainians being deported against their will to Russian controlled territory; commends the European Union authorities for their unity in the face of Russia's war on Ukraine, for stepping up solidarity through direct humanitarian aid and emergency civil protection assistance, and for activating the immediate protection mechanism for those fleeing the war; highlights that this help will need to be significantly increased in the coming months in order to avoid a humanitarian crisis in EU border regions;

8. Commits to further mobilise cities and regions to deliver aid to refugees from Ukraine; points in particular to the needs in the border regions in terms of logistical support for initial reception and transit;

9. Invites local and regional authorities from Europe to request or offer support via the Help Ukraine: Info-Support Hub [1] launched by the CoR;

10. Echoes the call of Ukrainian and EU local and regional authorities to revitalise or establish partnerships, and city and region twinnings, in view of the reconstruction process;

Strengthening Ukraine's European perspective

11. Underlines that Ukraine's decentralisation and regional development reforms have contributed significantly to the consolidation of local democracy, strengthened self-governance and the overall resilience of the country's local communities, which is an important element of Ukrainian resistance against the Russian invaders. These reforms were implemented with substantial support from the European Union's regions and cities, including through the 'U-LEAD with Europe' programme, and with targeted support from the CoR, within its Ukraine Task Force and through peer-to-peer cooperation activities. The success of these decentralisation reforms have brought Ukraine closer to the European Union and its values of freedom, democracy and the rule of law;

12. Calls on the international community to prepare an assistance and recovery plan for Ukraine to support Ukraine's economy, its institutions and public services, and the reconstruction of its destroyed infrastructure; welcomes in this context the European Council's decision to set up a Ukraine Solidarity Trust Fund and calls for an International Conference to raise funding among partners; underlines that Russia, being responsible for the destruction caused, must also contribute with war reparations to the rebuilding of Ukraine;

13. Supports Ukraine in obtaining EU candidate status in line with Article 49 of the Treaty on European Union and under the same revised accession negotiation methodology applied to the Western Balkans, with a stronger focus on the rule of law and democratic institutions; stresses that Georgia's and Moldova's applications to become EU candidate countries should also be positively treated; in the meantime, Ukraine's integration into the EU single market along the lines of the Association Agreement needs to be pursued without delay;

Financing support measures

14. Welcomes the European Commission's CARE (Cohesion's Action for Refugees in Europe) and CARE+ packages, and the flexibilities in the framework of REACT-EU, and underlines the benefits of directly involving regional and local authorities in the planning, management and implementation of the CARE and REACT-EU packages; stresses that adaptations of cohesion policy programmes need to be consistent with the principle of 'do no harm to cohesion' recently introduced in the 8th Cohesion report;

15. Stresses that, both during the COVID-19 pandemic and in replying to the consequences of the war in Ukraine, cohesion policy has proven that it can deliver short-term results when needed; insists, however, that the actual aim of cohesion policy to strengthen economic social and territorial cohesion by reducing disparities between regions should not be put in competition with these aims;

16. Welcomes the suspension of cross-border cooperation programmes involving Russian and Belarusian partners; calls for the existing programmes between EU regions (Poland, Hungary, Romania, Slovakia) and Ukraine to be strengthened; underlines that the financial support for local and regional authorities bordering Ukraine and non-bordering countries receiving the highest number of refugees is highly insufficient and needs to be significantly boosted given their role not only in providing shelter to refugees but also in integrating them into their education, healthcare and housing systems;

17. Supports the establishment of a permanent crisis reserve to cushion future emergencies, complementing or reinforcing the existing contingency and flexibility instruments; calls for the creation of a single EU-Ukraine Refugees Local Facility gathering all funding available to local and regional authorities for sheltering refugees, with a view to simplifying, mainstreaming, and accelerating the use of funds at their disposal;

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(1) Help Ukraine: Info-Support Hub — is a matchmaking platform to link transit regions and overburdened local and regional authorities with those from other EU Member States that have capacities to help.

18. Notes that, in the case of the most affected Member States and regions, it might be necessary to revise their Recovery and Resilience Plans, on the basis of a proper consultation of regional authorities, particularly in the light of the growing economic impact of the war on EU countries;

Reception of refugees fleeing from Ukraine

19. Stresses that local and regional authorities are on the frontline when it comes to receiving the millions of refugees in neighbouring countries, as well as the internally displaced people in Ukraine [2], this being the biggest refugee crisis in Europe since the Second World War; underlines that all refugees, regardless of their origin and political or sexual affiliation should have the right for an equally positive welcome as the ones coming from Ukraine in all regions and cities in the EU;

20. Welcomes the activation of the Temporary Protection Directive, which now has to be fully implemented in a well-coordinated, generous, inclusive and flexible way, guaranteeing access to the labour market, housing, healthcare, education and welfare support for all people fleeing Ukraine, with a focus on vulnerable groups, especially women and children, and regardless of their origin, ethnicity, political affiliation or sexual orientation;

21. Draws attention to the specific features of the Council Directive 2001/55/EC [3] on Temporary Protection, which gives refugees the freedom to choose the EU Member State in which they wish to settle temporarily (Article 26), and underscores that recognising free movement rights and the autonomy of refugees has the positive result of alleviating pressure on national asylum systems, and on the reception capacities in border regions;

22. Calls for the setting-up of a voluntary European relocation scheme, taking into account the reception capacities of regional and local authorities; reiterates here its call for EU cities and regions to be granted direct access to EU funding for migration and integration; calls on the Commission to put forward a working refugee distribution scheme for future refugee crises; calls on EU Member States to recognise and follow up on such voluntary pledges;

23. Stresses that many Ukrainian refugees are particularly vulnerable and approximately half are minors; points out that, among the hundreds of thousands of children fleeing, many are unaccompanied and need special protection and care; supports a ‘Child Protection Package’ for Ukrainian refugee children, with priority given to the need for them to attend school;

24. Calls for strong measures to prevent human trafficking, as the majority of people fleeing Ukraine are women and children, and human rights reports have shown an increase in cases of organised crime groups targeting and exploiting them, particularly for the purposes of sexual or labour exploitation;

25. Underlines the need to provide language courses, education and training; points in this regard to the potential of the CoR’s Cities and Regions for Integration of Migrants network;

Impact on EU policies

26. Encourages immediate steps in all European regions to reduce the EU’s dependence on third countries, and particularly on Russian energy imports, and calls on the European Commission to support their efforts;

27. Supports the call for a full ban on the imports of Russian gas, oil and coal in Europe and encourages local and regional authorities to start drafting emergency plans to prepare for the consequences of such sanctions;

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(2) Ukraine Refugee Situation (unhcr.org).

(3) Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).

28. Considers the REPowerEU plan ([4]) a way to accelerate the clean energy transition, increase the EU's energy security, reduce the EU's dependence on imports of fossil fuels and raw materials from third countries, particularly from the Russian Federation, and thus diminish the political, economic and security risks resulting from these imports; calls for massive investments and concrete measures to boost renewable energies, energy efficiency and saving, circularity, electrification, and research in alternative sustainable fuels as truly long-term secure and affordable solutions;

29. Insists that the impacts of the war should not come at the detriment of climate action and sustainability, as provided for both in the Paris Agreement and in the UN Agenda 2030 on sustainable development, and reaffirms its commitment to the European Green Deal, which is also the path for strengthening the EU's strategic autonomy;

30. Considers the EU's efforts to increase its energy independence must include the complete abandonment of the Nord Stream and Nord Stream 2 projects;

31. Strongly welcomes the recent synchronisation of Ukrainian and Moldovan electricity grids with the Continental European Grid;

32. Echoes the call of Ukrainian local and regional authorities on the international community to assist them with managing the environmental emergencies caused by the invasion, including at the sites of nuclear power plants and chemical factories;

33. Welcomes the European Commission's decision to start negotiations with Ukraine for the country to join the LIFE programme in order to benefit from financing to help restore its environment after the destruction from the Russian invasion, be it pollution, destruction of ecosystems, or other long-term effects;

34. Stresses that the conflict will inevitably have severe consequences for the EU's agri-food sector, considering that Ukraine and Russia are significant exporters of several agricultural products (such as grain and oilseeds) as well as of nitrogenous fertilisers; underlines that the EU must reinforce its commitment to deliver on sustainable food systems while guaranteeing the affordability of quality food for everyone by reducing dependencies on key imported agricultural products and inputs; expresses deep concern about the fact that the disruption of exports from Ukraine and Russia has already led to huge global increases in the prices of agricultural commodities and that the consequences are being felt especially in the world's poorest countries and regions;

Further considerations

35. Supports the rights of the Russian and Belarusian people who protest against Putin's war and defend their rights to fair elections, freedom of expression and assembly, and demands the immediate release of unjustly detained protesters;

36. Supports further coordinated robust sanctions against Russia and Belarus to effectively thwart Russia's capabilities to continue the aggression; suggests that the Commission present guidelines on the enforcement and implementation of the sanctions, given that there is still divergence, including at regional and local level, in the instruments and procedures being used to verify the ownership status of companies, assets and real estate;

37. Underlines that all candidate and potential candidate countries for EU membership should be encouraged to follow the sanctions agreed upon at EU level to stress their commitment to the EU and its values;

38. Condemns Russian propaganda and hate speech, which fuels the conflict and assists the perpetrators of war crimes; calls for effective measures at European, national, regional and local level to counter and dispel such propaganda; contests demonstrations in support of the Russian aggression in European cities;

([4]) Commission Communication on REPowerEU: joint European action for more affordable, secure and sustainable energy, 8 March 2022.

39. Instructs its president to forward this resolution to the European Commission, the European Parliament, the French and Czech presidencies of the Council of the EU, and the President of the European Council, and to the President, the Government and the Parliament of Ukraine.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Resolution of the European Committee of the Regions — REPowerEU: cities and regions accelerating the energy transition

(2022/C 301/02)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

— having regard to high and increasing energy prices, which have been eroding the purchasing power of households and enterprises since Summer 2021, driven by the global demand for energy, in particular gas, as we recover from the COVID-19 pandemic;

— having regard to the Communication and toolbox of the European Commission (EC) on tackling rising energy prices, of 13 October 2021;

— having regard to the unprovoked and unjustified invasion of Ukraine on 24 February 2022 by the Russian Federation, with the support of Belarus;

— having regard to the EC Communication on REPowerEU: a joint European action for more affordable, secure and sustainable energy of 8 March 2022;

— having regard to the Versailles Declaration issued by the EU Heads of State or Government at the informal meeting held on 10 and 11 March 2022;

— having regard to the EC Communication on Security of supply and affordable energy prices, the Proposal for a Regulation on gas storage, and the Temporary crisis framework for flexibility under State aid rule, of 23 March 2022;

— having regard to the joint Task Force on Energy Security to be immediately established by the European Commission and the United States;

— having regard to the Presidency conclusions of the European Council of 24 and 25 March 2022;

— having regard to its current work on the Fit for 55 package delivered through opinions and the Green Deal Going Local working group;

On facing multiple crises

1. welcomes the initiatives envisaged by the European Commission to address the current high energy prices, which have been increasing since summer 2021, exacerbated by the Russian Federation’s illegal, unprovoked and unjustified war in Ukraine; underlines that it is not sufficient simply to phase out our dependence on the supply of fossil fuels from the Russian Federation only, but considers the REPowerEU plan a way to accelerate the energy transition, to reduce the EU’s dependence on imports of energy and raw materials in general and thus to diminish the political, economic and security risks resulting from these imports; nevertheless, deeply regrets the lack of clear reference to the role of cities and regions, both in terms of facing the current energy crisis and of providing long-lasting solutions to it;

2. also expresses its concern about the expected asymmetric regional impact of the energy crisis on EU cities and regions reflecting their different abilities to respond to the disruption of energy supplies and rising energy prices and calls on the European Commission and Member States to take these asymmetries duly into account when devising and implementing the respective measures;

3. is deeply concerned at the findings presented in the latest IPCC report on Climate Change 2022 — Impacts, Adaptation and Vulnerability ([1]), which confirms that many of the impacts of climate change are already irreversible; underlines the importance of not further delaying adaptation and mitigation measures, in which local and regional authorities are key actors;

([1]) https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_FinalDraft_FullReport.pdf

4. highlights that the objective of energy security should ultimately support the objective of climate neutrality and the energy transition. The pathway to secure, affordable and sustainable energy is the only future-proof approach to the present crisis; in this context, calls on the EU's co-legislators to be more ambitious and to accelerate the adoption of the 'Fit For 55 package', which takes special account of the CoR opinions on the revisions of the Renewable Energy Directive (RED) and the Energy Efficiency Directive (EED) and on the Energy Performance of Buildings Directive (EPBD);

5. welcomes the recognition of energy efficiency as a first principle and reiterates the crucial role of EU regions and cities in boosting energy efficiency gains; calls on the Commission to include in its strategy the concept of energy sufficiency ([2]) — an approach that aims to achieve a situation where '*everyone has access to all the energy services they need and a fair share of the energy services they want whilst, at the same time, the impacts of the energy system do not exceed environmental limits*';

6. highlights the key role played by the existing innovative governance tools for cooperation and capacity-building such as the Covenant of Mayors, the Energy Poverty Advisory Hub, the European Climate Pact, the Clean Energy for EU Islands initiative, and similar EU initiatives to enhance the much-needed transition towards affordable, sustainable and secure energy;

7. calls on the Commission and Member States to support the creation of one-stop-shops to implement the REPowerEU plan at regional and local level, in close cooperation with the European Investment Bank;

8. calls on the Commission to promote the systematic replication of current best practices through dedicated technical and financial support for LRAs, with the aim of reducing the initial cost burden of energy efficiency measures, paying particular attention to vulnerable households, micro and small enterprises and consumers;

9. considers that the Toolbox for tackling energy prices ([3]) has made a first attempt to propose tools to mitigate the social consequences of the current energy crisis, but has not proven to be as effective as needed, and should be reinforced; considers that emphasis should be placed on long-term solutions for a fossil fuel-free and energy-independent Europe, with transformative changes in all sectors to eradicate energy and mobility poverty;

10. asks the Commission to take into account the challenges of regions that depend on fossil fuels and that cannot connect to the continental network — such as the outermost regions — when providing long-term solutions for energy sufficiency;

On boosting renewable energy, energy efficiency and energy savings together through the REPowerEU plan

11. calls on the Commission and Member States to ensure that massive investments and concrete measures to accelerate the deployment of renewable energies and to boost energy efficiency, energy saving and research in alternative sustainable fuels are prioritised and fully coupled together;

12. looks forward to the upcoming EC proposal to ensure a faster permit-granting procedure, in compliance with the principle of subsidiarity in the field of renewable energies and calls for similar action to be put in place for key energy efficiency projects; calls on the Commission to strengthen existing tools that provide technical support to local and regional authorities; therefore welcomes the proposal for a European Solar Rooftops Initiative in the upcoming EC communication on solar energy strategy scheduled for June; calls on the Member States to put in place purchasing incentives, such as short-term grant programmes for consumers;

13. highlights the decisive role that public acceptance of infrastructure projects plays in accelerating planning and permit-granting procedures and calls on the Commission and the Member States to encourage the dissemination of good practices in this field, such as those mentioned in the recent infrastructure report by the CoR's Network of Regional Hubs;

([2]) https://www.energysufficiency.org
([3]) Tackling rising energy prices: a toolbox for action and support, 13 October 2021 (COM(2021) 660 final).

14. considers the decarbonisation of public and private buildings to be a central part of the European Green Deal and a key part of the solution to the current crisis to slash gas demand; urges the Commission to speed up both the rollout of heat pumps ([4]) as part of the REPowerEU plan and research into innovative solutions that make our building stock as smart and climate-neutral as possible;

15. calls on the Commission also to facilitate public-private building renovation consortia of industries and local and regional authorities to showcase integrated renovation packages of heating and cooling upgrades for buildings, to set up an industrial insulation programme to capture cost-effective investments with short pay-back times and to support the training of the renovation workforce;

16. notes that the potential for energy savings is underleveraged in the REPowerEU communication and calls on the Commission and Member States to consider measures such as campaigns to encourage behavioural change;

17. regrets the delay in the adoption of the Nature Restoration Law and stresses that the protection and restoration of biodiversity is inherently linked to climate adaptation and must remain a key pillar of the green transition under the European Green Deal; asks the Commission to fully involve regional and local authorities in the identification of 'go-to' areas for the deployment of renewable energy projects in accordance with the principle of subsidiarity, with a view to ensuring that they fully comply with the '*do-no-harm*' principle;

18. believes that energy security and climate neutrality can only be achieved if the European Union relies on a robust and fully interconnected internal electricity market and a well-functioning carbon market; highlights that any short-term temporary actions, such as improved fossil gas storage and increased LNG imports, should not create additional lock-in and should be 'green gas ready', to prepare for climate neutrality with renewable hydrogen and other renewable fuels; urges that our gas, hydrogen and electricity interconnections be completed and improved throughout the European Union, including the full synchronisation of power grids;

19. stresses the importance of fully encompassing and benefiting from the contributions of 'prosumers' and local renewable communities and suggests a less restrictive definition of smart grids within the Trans-European Networks for Energy (TEN-E) framework and infrastructure; underlines that there is a need to connect new small-scale producers to the low- and medium-voltage networks; calls on the Commission to provide a framework for the aggregation of several smaller projects, with flexibility especially for border regions, to be able to set up certain aggregated cross-border projects and to potentially obtain financing for these efforts; highlights that European Groupings of Territorial Cooperation (EGTC) can play a significant role in these projects; points to the indispensable role played by rural areas in renewable energy production;

20. highlights that the current energy crisis represents an opportunity to significantly increase electrification and the production of renewable hydrogen as clean solutions to decarbonise our economy; calls on the Commission to put forward ambitious and concrete actions to implement the Hydrogen Accelerator, including a fixed timeline for each action; as a key action in this connection, calls on the Commission to establish an EU initiative for hydrogen valleys that should strengthen hydrogen valleys, provide structural support for European networking and cross-border cooperation, and comprise funding from the EU Innovation Fund as well as increased funding via the Clean Hydrogen Partnership Joint Undertaking; welcomes the proposal for a Global European Hydrogen Facility and calls for the structural involvement of those EU regions that are already active in the field; calls on European legislators, when adopting the 'Fit for 55' package, including the legislative package on the decarbonisation of the gas market, to support the accelerated uptake of green hydrogen in a consistent way;

21. calls for an update of current State aid rules to make them optimal for the co-funding, operation and further development of electric public recharging infrastructure and considers that related investment costs should be eligible for public support, as was put forward in the recent infrastructure report by the CoR's Network of Regional Hubs;

([4]) Heat pumps, which resemble air conditioners and are placed outside buildings, warm homes by moving rather than producing heat. Using electricity, they extract and concentrate heat either from outdoor air, the ground or water and then 'pump' that warmth into the house.

Towards a REPowerEU plan in partnership with cities and regions

22. stresses that the upcoming REPowerEU plan should include a plan on financing and channelling existing or new EU funding to support implementation by local and regional authorities; calls on the Member States to redirect unused funds from the Recovery and Resilience Facility to support local planning for energy security and investments in renewable sources;

23. calls on the Commission to be included as institutional partner within the newly established Energy Poverty and Vulnerable Consumers Coordination Group, in order to facilitate the exchange of information and coordination between the Commission and Member States on questions relating to the design and implementation of the upcoming REPowerEU plan, Union legislation, programmes and policies addressing vulnerable households and consumers affected by energy and mobility poverty at all levels. The CoR stands ready to contribute to this interinstitutional cooperation through its Working Group Green Deal Going Local by identifying bottlenecks, ways and means to frontload and ramp-up the Fit-for-55 measures at local and regional level, including through exchange of best practices, experiences and expertise;

24. notes that the European Regional Development Fund (ERDF) regulation requires a minimum level of 30 % of resources in all categories of regions to be dedicated to making Europe and its regions greener, low-carbon and resilient; calls on the Member States and regions to make use of the possibilities offered by the European Structural and Investment Funds (ESIF) to finance projects on the energy transition, including on energy efficiency, renewable energy, and developing smart energy systems, grids and storage outside the TEN-E framework;

25. welcomes the launch of a special call under the Technical Support Instrument (TSI) to support Member States in phasing out their reliance on fossil fuels from Russia but regrets the short deadline for the submission of requests for this specific support; calls on the Commission to make the TSI more readily available to support local and regional authorities, especially those in less-developed regions facing the largest capacity gap, as this discourages them from making the best use of RRF support when implementing investments and reforms; stands ready to support the Commission in ensuring the effective uptake of this instrument by cities and regions;

26. recognises carbon pricing as a crucial tool for driving the EU's increased climate ambitions and supports an all-sector approach to making these ambitions a reality; welcomes the fact that the Commission recognises these risks and the proposals to address them, such as amending the EU Emissions Trading System State aid Guidelines; highlights that some of the proposed measures, such as increased taxation of windfall profits, may not provide reliable support; is aware that the introduction of emissions trading in the road transport and building sector (ETS II), in combination with insufficient investment in these sectors and the increase in fuel prices could exacerbate the risk of energy and mobility poverty; therefore calls on the Commission and the co-legislators to introduce an obligation for Member States to set a minimum percentage threshold of at least 20 % of revenues generated from the auctioning of ETS allowances to be managed directly by local and regional authorities;

27. welcomes the adoption of the Temporary Crisis Framework to enable Member States to use the flexibility provided for under State aid rules to support the economy in the context of Russia's war in Ukraine; highlights that the possible negative effects on competition and distortion of the Single Market must be carefully monitored. Notes that the recent CoR RegHub infrastructure report ([5]) touches upon State aid and expresses the view that the current State aid rules are not optimal for the co-funding, operation and further development of electric public recharging infrastructure; a future review should consider investment costs to be eligible for public support;

28. notes with concern that the current crisis will have a major impact on public finances, and therefore calls on the Commission to extend the application of the general escape clause of the Stability and Growth Pact (SGP) until a new economic governance framework is agreed, and at least until the end of 2023; public investments in support of the environmental transition, and in particular energy efficiency and renewable energies, should not be counted as structural expenditure in the economic governance framework;

([5]) https://cor.europa.eu/en/news/Pages/reghub-launches-consultation-on-21st-century-rules.aspx

29. welcomes the measures provided for in Article 5 of the Electricity Directive regarding the electricity market, as well as the guidelines given [6] on the possibility for Member States to intervene in setting prices for electricity supply; considers that, in view of the current geopolitical situation and its consequences for the energy market, with the increase in and volatility of electricity prices, Member State intervention will be essential, with the dual aim of protecting vulnerable households and micro- and small enterprises and of enhancing competition, to the benefit of consumers over the long term. Nevertheless, it reiterates [7] that these measures must be limited in their duration, linked to the emergency aspect of the energy crisis and must never become a structural change that could undermine the liberalisation of electricity market management; in light of the increasing low cost of renewable power generation, suggests considering decoupling gas and electricity as a possible measure to prevent high gas prices from affecting power prices;

30. welcomes the legislative proposal to ensure an adequate level of energy storage in the EU for next winter and beyond; underlines that the establishment of such minimum levels should take regional risk assessments into consideration;

31. stresses the need for a better understanding of regional re- and upskilling needs and opportunities; calls on the Commission to use initiatives such as Erasmus+ and Horizon Europe to ensure closer collaboration between industry and the academic world and to launch the Pact for Skills in key industrial ecosystems such as the hydrogen, solar, heat pump and wind sectors; calls on the Member States to accelerate their use of the European Social Fund+, the Just Transition Fund and the Recovery and Resilience Facility (RRF) to boost the reskilling and upskilling of the workforce, in line with the need to adapt professional practices to circularity, the use of low-carbon materials and new technologies.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

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(6) See Annex 1 of the European Commission’s REPower EU Communication.

(7) See CoR Opinion on ‘Renewable energy and the internal market in electricity’ (OJ C 342, 12.10.2017, p. 79), by D. Matoniene (LT/ECR), Article 20.

OPINIONS

COMMITTEE OF THE REGIONS

149TH COR PLENARY SESSION, 27.4.2022-28.4.2022

Opinion of the European Committee of the Regions — Strengthening the EU-UK relationship at subnational level and remedying the territorial impact of the UK's withdrawal from the EU

(2022/C 301/03)

Rapporteur: Michael MURPHY (IE/EPP), Councillor, Tipperary County Council, Mayor of Clonmel Borough District

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

General remarks

1. welcomes the Trade and Cooperation Agreement (TCA) between the European Union (EU) and the United Kingdom (UK) which fully entered into force on 1 May 2021 and provides a stable legal framework for the bilateral relationship. The CoR supports a joint and responsible approach to the implementation of the TCA, including the Northern Ireland Protocol and the respect of the level-playing field, and acknowledges the European Commission's efforts to find creative solutions, in particular for issues arising between Northern Ireland and the rest of the UK;

2. recalls that the TCA [1] is a Free Trade Agreement (FTA) [2] and includes provisions for cooperation on economic, social, environmental and fisheries issues, but also entails a 'close partnership on citizens' security' and an overarching governance framework. The CoR notes that the TCA includes areas of Member State competence, which in some EU Member States are in the remits of regions with legislative competences;

3. regrets therefore that the TCA lacks 'territorial depth' and does not duly recognise the role of local and regional authorities (LRAs) in the EU-UK relationship and refers to LRAs only when it comes to adapting some elements of the agreement to specific regional conditions [3] or on very specific issues such as fiscal provisions [4]. The CoR highlights that the TCA includes a defined role for civil society, which is considered an element *per se* of the 'Institutional framework' [5];

4. welcomes the cooperation between the European Union and the United Kingdom in reaction to the Russian aggression in Ukraine and highlights that local authorities across Europe are at the frontline of providing practical and humanitarian support;

(1) Based on Article 217 TFEU.
(2) Based on Article 207 TFEU.
(3) Page 61.
(4) Page 249.
(5) Page 23.

Aiming for a greater institutional recognition of the EU-UK relationship at subnational level

5. stresses that the CoR-UK Contact Group (CG), established in February 2020, is the only institutional channel for providing a forum for continued dialogue and political partnership between the EU and UK local and regional authorities and for exchanging know-how, in particular on territorial cooperation and cross-border issues; Recognises that the CG provides the space for mutual benefit and shared interest to discuss problems or opportunities, particularly in relation to thematic areas that know no boundaries (e.g. climate change, tourism, the digital and green transition and common cultural heritage) arising from the UK's withdrawal from the EU. It also gives CoR representatives the means to discuss such issues with UK local and regional authority representatives, and thus allows for the CoR to maintain and foster such fruitful relationships at the subnational level;

6. recognises that the relationship between the EU and the UK, taking account of the unprecedented withdrawal of a Member State from the EU, will remain the most intense and multi-dimensional of any relationship with a third country and the relationship at the subnational level deserves recognition. It therefore, calls for the formal recognition of the CoR-UK Contact Group and as an official sub-national interlocutor between EU and UK local and regional government under the TCA in order to provide an assessment of the subnational dimension of the key policy and legislative issues that will have an impact on the UK-EU bilateral relationship, just as the Parliamentary Assembly, the Civil Society Forum and the UK-EU specialised committees will undertake in their areas of interest. The CoR also calls on LRAs in the UK to continue to work with the UK Government on formal recognition of the CG;

7. urges the European Commission to re-examine the structures of the Joint Partnership Council, which oversees the implementation and application of the TCA, to seek to address the lack of territorial depth by involving LRAs in the monitoring and governance of the TCA. The establishment of local dialogues (technical concertation) to address topics of local competences (fisheries, training, mobility, territorial cooperation…) would contribute to an improvement in EU/UK relations at the macro level;

8. encourages the European Parliament to adopt a formalised interaction in a mutually beneficial way on points of common concern between the CoR and the European Parliament's Delegation to the UK (D-UK) to the EU-UK Parliamentary Partnership Assembly (PPA) to provide territory-based evidence about the implementation of the TCA;

9. appreciates the ongoing political and technical level talks to resolve the issues arising from the implementation of the Northern Ireland Protocol, is also aware of the ongoing work by the European Commission to finalise a Treaty on Gibraltar, but emphasises nonetheless that such developments that remain to be worked out should not hamper the pressing willingness of Local and Regional Authorities to chart out ways of cooperation;

Remedying the territorial impact of Brexit

10. considers that since early 2020, it remains difficult to disentangle the effects emerging from the negotiation and entry into force of the TCA from those of the COVID-19 pandemic ([6]). Welcomes the recent CoR study on *New trade and economic relations between EU-UK: the impact on regions and cities* which concludes that Brexit effects are asymmetric across sectors and EU regions, impact more heavily on smaller companies, may reduce human capital mobility and cooperation between EU and UK enterprises, and negatively affect regions and communities involved in interregional projects with the UK; welcomes the fact that the study confirms that an increase of the Brexit Adjustment Reserve budget will be necessary to address these asymmetric impacts in Europe;

11. recognises that the territorial impact of Brexit is felt in regions right across the EU and the issues are, amongst others, economic, environmental, social, cultural and educational — from trade at major ports that are particularly exposed, such as those of Antwerp, Calais, Cork, Dover, Dublin, Rotterdam and Zeebrugge, to the future of student exchanges, university sectors collaborating on climate adaptation and change, regional trade agencies scoping alternative markets and working out citizens' issues including mobility and integration;

([6]) See Chapter VI of the CoR's Annual Barometer 2021: https://cor.europa.eu/en/our-work/Documents/barometer-fullreport%20web.pdf

12. stresses the importance of the Brexit Adjustment Reserve (BAR) in mitigating the most immediate costs and assessing the longer-term assessment needs of the impact of Brexit, supporting the Member States' regions and economic sectors, including job creation and protection, such as short-time working schemes, reskilling and training and scoping out new markets;

13. the CoR therefore insists that the provisions of the BAR Regulation relating to the involvement of regions and local communities in the implementation of the BAR and the reporting at NUTS 2 level are fully respected. The CoR also recalls that, with a view to the programming of BAR funds, it had requested a focus on SMEs, on measures aimed at the reintegration of EU citizens and on technical assistance. In terms of distribution of funds, the CoR advocated a minimum coverage/threshold for the new maritime border regions with the UK and an allocation of the envelope on fisheries without national indexation;

14. at present, the CoR shares the concern of regional counterparts in the UK suggest that the strategic planning of regional policy suffers from the loss of EU Cohesion policy funding and the lack of multi-annual programming security;

Charting new avenues of cooperation beyond the TCA

15. stresses the willingness from the grassroots of local government associations and local authorities across the UK and in particular the devolved nations for ongoing, even enhanced, relationships at the sub-national level with EU counterparts in this post-Brexit era;

16. points out that there is real merit in recognising and fostering the subnational relationship, which is important, as local concertation can contribute to better relationships at the macro level; For example, the re-establishment of a local technical concertation on fisheries in the Channel Islands area could contribute to an improvement in EU/UK relations at the macro level;

17. welcomes the fact that even if the UK no longer participates in EU funding programmes, it continues to participate in four technical EU programmes: Horizon Europe, Copernicus and satellite surveillance, Euratom research and training and ITER. In particular, the first two programmes mentioned are relevant to local and regional authorities. Notes that there are a number of initiatives that regions of the UK continue to participate in, including Scotland and Wales continuing to participate in the Horizon Europe-financed Vanguard Initiative ([7]), (which accompanies industrial transformation following an inclusive, interactive, and entrepreneurial process built on the Regions RIS3/I3), and Kent County Council participates in the Straits Committee initiative ([8]);

18. recalls that some UK regions are still involved in the current programming period (up until the end of 2023) including Interreg North Sea, the Channel Interreg and the Interreg Ireland Wales, and notes that the UK is a major budget contributor to these cross-border programmes of up to a third of the budget. The CoR notes that local and regional authorities will most likely not be able to compensate for the loss of Interreg funding by using regional or local funds;

19. recognises that in relation to programme closure, particularly where the Managing Authorities are based in the UK (Interreg France (Channel) England, and Ireland Wales) these must be closed under the best possible conditions in the interest of the British and EU beneficiaries and in line with EU requirements;

20. recognises that the only cross-border cooperation programme surviving Brexit after 2023 will be the PEACE PLUS programme for the period 2021–2027, financed by the EU with approximately EUR 1 billion. PEACE PLUS will combine the existing EU PEACE and Interreg funding components into a single coherent cross-border programme for Northern Ireland and the border counties of Ireland. The programme remains an essential contribution for the implementation of the Good Friday Agreement;

21. notes that the participation of the UK in Interreg programmes — which already have strong third-country participation, such as the Northern Periphery and Arctic Programme, the North Sea Region Programme and the North West Europe Programme — may be possible if the UK government agrees to fund participation;

([7]) http://www.s3vanguardinitiative.eu/members

([8]) The Straits Committee is a multilateral forum for dialogue, providing a flexible framework for its members to work together within the boundaries of their responsibilities and for extending cooperation to local stakeholders such as from the voluntary sector, education or the world of business.

22. stresses that setting up a European Grouping of Territorial Cooperation (EGTC) involving a partner from only one EU Member State, including its outermost regions, and one local or regional authority from the UK may be possible and suggests that EU Member States may consider this tool, if consistent with its territorial cooperation, in seeking collaborations with the UK;

23. regrets that the impact of Brexit has not been taken into account by the European Commission in the 8th Cohesion Report. The impact has contributed to the disruption of the economy, interregional cooperation, research ecosystems, training systems and demography for a certain number of EU regions. The European Committee of the Regions would like to see geopolitical developments better taken into account in the prospective approach to the post-2027 period;

24. welcomes the fact that UK cities and regions are still actively involved in many EU networks and associations, such as the Congress of Local and Regional Authorities of the Council of Europe and are expected to remain within certain European associative frameworks such as the Conference of Peripheral Maritime Regions (CPMR), Eurocities and the Council of European Municipalities and Regions (CEMR) and that these mechanisms provide for excellent exchange of experiences between UK and EU LRAs;

25. expresses confidence that cooperation between EU and UK LRAs will continue through twinning, considering that around 100 UK towns and cities ([9]) have a twinning link with towns and cities in EU Member States; urges the partnerships to continue to explore possible funding methods to support this work, as these partnerships foster sharing of best practices, mutual understanding and common values and are essential to a European way of life;

26. recognises the importance of educational exchanges for students' mobility and joint research, as well as the development of language skills and human ties and supports the efforts of UK devolved administrations to open new avenues for cooperation beyond the TCA framework;

27. pays particular tribute to the Welsh 'Taith' programme ([10]) and welcomes both the Welsh and Scottish international learning exchange programmes, which may at least in part compensate the withdrawal of the UK from Erasmus+ and fill in the gaps left by the UK national Turing Programme ([11]);

28. notes that there is a visible trend towards a bilateralisation of relations at subnational level as illustrated by the opening of representations of EU regions in London and elsewhere in UK. The devolved nations in the UK also pursue agendas of 'global nations', which prioritise bilateral relationships with European regions. In England, cities and metropolitan areas also initiate bilateral cooperation projects as evidenced, i.e. by the Greater Manchester and North Rhine-Westphalia partnership. While welcoming bilateral relationships, the CoR suggests that this bilateralisation should not be at the expense of local and regional authorities in countries with weaker capacities at subnational level and this support should not be perceived as competing with the CoR's objective to obtain an institutional recognition of the subnational dimension of the EU-UK relationship;

29. sees untapped prospects for cooperation between EU and UK local and regional authorities in jointly engaging on common challenges, such as providing humanitarian assistance, the sustainable management of the North Sea, the Channel and the Irish Sea, as well as the global fight against climate change, the implementation of the Sustainable Development Goals at local and regional level and the shift towards more sustainable and digital tourism. In this regards, supports the idea launched by the United Kingdom and France to ensure minimum wages for seafarers and workers operating on intra-European links, i.e. also between the UK and the European Union;

30. stresses that the relationship between EU and UK regions is also based on common cultural heritages, languages, and Celtic (language) connections, amongst others, shared European values and histories amongst our citizens.

([9]) Office of National Statistics, UK, 2018 Data, published in September 2020: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/twinnedtownsandsistercities

([10]) Five-year programme (2022 to 2026) programme launched in February 2022 with Welsh Government funding up to EUR 65 million.

([11]) Which offers no reciprocity, a one-year duration, and a focus on academic staff rather than students.

31. considers that there is an onus on all EU institutions to better grasp and understand the potential of relations and partnerships at the EU-UK subnational level recognising the pivotal role of local and regional authorities as the level of government closest to the citizen;

32. considers that the creation of comprehensive advisory structures for Brexit preparedness by regional or local authorities is a useful tool for improving relations between the UK and the EU;

33. concludes that, in considering the future challenges and direction of the EU, in the aftermath of Brexit, there is a need to further understand the challenges and priorities of citizens in the EU and recognises that the Conference on the Future of Europe (COFE) provides and opportune mechanism to do this.

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — New European Bauhaus: Beautiful, Sustainable, Together

(2022/C 301/04)

Rapporteur:	Kieran MCCARTHY (IE/EA), Member of a Local Assembly: Cork City Council
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: New European Bauhaus — Beautiful, Sustainable, Together COM(2021) 573

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Introducing the New European Bauhaus

1. welcomes the European Commission's interdisciplinary initiative on the New European Bauhaus (NEB), which helps to deliver the EU Green Deal by adding a vital cultural dimension and bringing it closer to citizens. The NEB does so by creating beautiful, sustainable and inclusive spaces and places, products and ways of living which bring out the facilitation of partnerships and the benefits of the environmental reconfiguration and transition using tangible experiences at local level;

2. acknowledges the enthusiasm and groundswell of support for the NEB from a range of friends, actors, civil society organisations, networks, collectives, regional hubs and platforms and Living Labs, along with the ongoing interest in and work on stimulating creativity and participating in, connecting and shaping the value and principles of the future NEB;

3. is pleased that the role of LRAs in implementing the principles of the NEB is acknowledged, as they are well placed to contribute to policy development and the implementation of the NEB, in line with the subsidiarity principle;

4. considers that throughout the EU, cities and regions are at the forefront of culture-led development, and that the local and regional levels have key responsibilities for sustainable urban, regional and cultural policies; therefore, local and regional elected representatives are pivotal when it comes to making the NEB more accessible and engaging members of the public in the transformation process in order to advance the implementation of the NEB;

5. strongly supports the NEB as a key opportunity to harness the creative potential of regions and municipalities, and thereby create accepted and sustainable solutions that will make the Green Deal a success;

6. acknowledges the cross-disciplinary nature of the NEB which is woven into a range of EU programmes and funding strands; however, outlines that continued buy-in from current and future partners will be needed;

7. reaffirms the first key principle of the NEB endorsing a multi-level and place-based approach. In this regard, the CoR points out that change is happening at local and regional level, where a sense of place is also anchored;

8. is pleased that the Commission's vision is for rural areas to be represented in the NEB. The various declarations [1] and the Rural Pact provide a framework for the future of rural development policy and action in Europe and are a crucial tool for the NEB to connect with rural areas, which can also be considered as 'testing grounds' for small-scale transformative projects;

9. stresses that the NEB has the potential to be an important instrument in the recovery, providing jobs locally and promoting a mindset change to sustainable and efficient territorial planning, which will affect and improve societal behaviour and mobility;

Areas of concern

10. is concerned that the Communication remains vague on how LRA engagement will be ensured; the CoR calls for specific proposals on how LRAs and the CoR will be involved in the implementation of the initiative, at the same time taking into account the principle of geographical balance, thus representing local and regional authorities of the whole EU;

11. stresses that the CoR, together with the other EU institutions, should be part of the enabling network of NEB key partners which will develop and test policy and funding instruments;

12. calls for the involvement of the CoR and other EU institutions in the High Level Round Table on NEB;

13. points out that the subsidiarity and proportionality principles will determine at what level the EU and the Member States will make use of the policy tools and legislative measures proposed for the implementation of the NEB;

14. emphasises that COVID-19 will continue to have an impact in the medium and longer term and that this should be acknowledged in the implementation of the NEB; notes that the pandemic's negative effects on poverty, social issues and employment must be noted in the implementation of the NEB;

15. calls on the Commission to ensure that local and regional authorities are at the centre of the strategy, providing technical assistance, appropriate funding and flexibility. The success of the NEB will depend on sustainability and feasibility, taking into account the differences between rural areas and cities;

Financing the New European Bauhaus

16. calls for sufficient resources from state budgets and EU cohesion policy programmes to be allocated at local and regional level. However, calls for a balance to be struck between creative synergies within the NEB cultural movement and the parameters of EU-funded programmes;

17. considers that additional funds could be used to pay for external assistance to help with knowledge exchange and to explore the competences of existing public sector staff in a reciprocal and fluid exchange with private, local and third-sector actors;

18. believes previous experiences, awards and resources that focus on quality, aesthetics and community issues in a circular way could provide incentives for investors and crowd-funders;

19. calls for public-private partnerships and investments in the broader field of culture and cultural heritage, as called for in Europa Nostra's Venice Call to Action [2];

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(1) Such as the Cork 2.0 Declaration 2016: A Better Life in Rural Areas.

(2) *Venice Call to Action, For a New European Renaissance* which seeks to 'enable closer and stronger synergies between the business community and the wide cultural, heritage and creative ecosystem, among others through strengthening a strategic alliance between the European heritage movement and the European Investment Bank and its institute'.

20. points out that the Recovery and Resilience Facility is also an opportunity to support the NEB within the Member States and local authorities;

21. points out that NEB should be aligned with the 2021-2027 MMF and the EU Urban Initiative and adequate funding to cover the operational costs of local and regional authorities contributing to the NEB should be available; calls for ambitious roadmaps for the implementation of the NEB to be used within the framework of the SDGs;

22. asks that geographical balance, as well as the climate, economic, social and cultural diversity of the EU be taken into account, as well as funding opportunities and the allocation of funds, when designing and implementing NEB strategies, projects and actions and territorial cohesion should remain one of the key objectives;

Indicators

23. stresses that local and regional authorities should, in the limits of their competencies, monitor to what extent national governments use the NEB in the various programmes, tools and procedures and expects the European Commission to present clear indicators for such monitoring;

24. is concerned that there are no indicators in the current EU funding cycle (2021-2027) and this is a missed opportunity for measuring success;

25. considers that the NEB core principles should be developed in partnership with local and regional governments and considers that the NEB core principles should be mainstreamed as quality criteria for EU funding programmes with a direct or indirect impact on the built environment, urban and rural development, cultural heritage and cultural landscapes;

26. suggests that a NEB regional scoreboard should be created to establish a strong regional monitoring policy that will ensure that the NEB is implemented at all levels and that regional investments act on the NEB's principles;

27. notes that LRAs are responsible for large stocks of local public buildings and urban public spaces and play an important regulatory and funding role in the renovation of these buildings and urban areas. Accordingly, LRAs should focus on identifying regulatory bottlenecks and contribute to simplifying regulation and devising new regulatory approaches;

28. highlights that the CoR has been involved in developing and supporting climate, energy and environment strategies at local and regional levels. The Green Deal Going Local Working Group could be used to promote the NEB principles and to monitor success;

29. underlines that dialogue between LRAs on open innovative concepts and processes, interdisciplinary approaches and competences is crucial. This should include the NEB on the CoR's Knowledge Exchange Platform (KEP), the Science Meets Regions programme and cooperation projects funded by other EU programmes;

30. emphasises that the NEB should promote gender equality. Gender equality should be a cross-cutting criterion and is a powerful and necessary factor in the sustainable and balanced development of cohesion policy;

The NEB Festival, prizes and lab concept

31. welcomes the first NEB prize and suggests that synergies be identified with existing awards for housing, cultural heritage, contemporary architecture and landscapes. Also calls for good practices from the 2018 European Year of Cultural Heritage to be shared;

32. acknowledges the creation of the European Seal of Excellence as a first step towards the NEB label concept, but is concerned that people may expect the NEB Label to have a funding stream. The use of a dedicated label could be considered as a tangible CoR contribution to the development of the NEB initiative, as advocated by the CoR in 2021;

33. welcomes the NEB Lab and its co-creation methodology, but asks for further information on how it will operate and for the CoR to be an active member of the NEB Lab and its governance;

34. asks that the Lab test the results/actions selected for the first Award, and could advance and prototype them

35. is ready to work with national governments, through the CoR Regional Hubs, on developing regulatory sandboxes and testing new regulatory approaches;

36. notes that the NEB should build on existing good practices across EU cities and regions and create a publically available resource platform;

37. welcomes the NEB Festival as a tangible, visible way to further foster the engagement of LRAs and members of the public and showcase projects at local and regional level;

38. highlights the successful work carried out by URBACT, European Territorial Cooperation (ETC) and Horizon 2020 on developing effective interactive tools which should be used when relevant;

39. points out that the NEB should connect up with Horizon 2020 missions, particularly on Adaptation to Climate Change and Climate-Neutral and Smart Cities.

40. reiterates the possible advantage of using the European Grouping of Territorial Cooperation (EGTC) instrument for multi-level governance projects involving several countries or a euro-region;

41. notes that the NEB links the three pillars of the Urban Agenda for the EU (better regulation, better funding and better knowledge ([3])) and aims to deliver on them;

42. notes the ongoing Urban Innovative Actions (the Urban Lab of Europe) and the forthcoming European Urban Initiative. Calls for the NEB to be linked to EU Urban Agenda partnerships, as this Agenda has been working on concepts related to the Green Deal and the NEB for nearly four years;

43. considers that the NEB has a role to play in the implementation of the 2021 Leipzig Charter and the 2021 Ljubljana Declaration, which call for integrated approaches, a place-based approach, multi-level governance, participation and co-creation methods;

44. believes that the European Capitals of Culture, EU iCapitals, European Youth Capitals and European Green Capitals can play a strong role in championing the NEB;

45. welcomes the establishment of NEB national contact points and calls for them to work closely with LRAs and other stakeholders, including civil society, to ensure that the NEB movement can continue to grow in a bottom-up way;

46. suggests that a training programme for 100 interested cities could be created based on the principles of the NEB. This could use the methodologies of the Digital Cities Programme or the 100 Intelligent Cities programme and its market place concept;

Built environment, architecture and renovation concepts

47. underlines that the built environment is a reflection of a community, and responsibility for its overall quality rests in the hands of public sector bodies and stakeholders, including civil society, in close cooperation with the public;

([3]) As identified in the Pact of Amsterdam.

48. points out that Europe's rich and diverse cultural and architectural heritage is an important benchmark for the quality of our built environment, in terms of user experience and physical assets;

49. is pleased that the NEB acknowledges the crucial role of urban spatial planning in achieving sustainable urban development;

50. is pleased that the NEB acknowledges the need for a shared culture of high-quality architecture. This will require raising awareness, disseminating information and promoting the role of culture and cultural heritage, high-quality architecture and built environment;

51. stresses that the Commission should help the building and construction sector to tackle unsustainable resource use and waste and promote circularity, with a focus on the reuse and recycling of materials. This could be done by closing gaps in knowledge and skills and digitising design;

52. notes that the NEB can find ways to reduce red tape with a view to making renovation easier and more cost effective; addressing the challenges involved in retrofitting very old buildings and cultural heritage requires the services of architects and other experts as well as highly skilled craftspeople ([4]);

53. has no hesitation in saying that LRAs play a pivotal role in ensuring that building renovation meets land use and town planning requirements, promotes policies to counter depopulation and is in line with social equity and green criteria. Points out that Member States' methodologies for the Renovation Wave must not undermine this fundamental coordination role;

54. once again calls for the European Semester to take better account of urban issues: economic and social policy coordination in the EU must cover affordable housing, inequality and long-term investments;

55. welcomes the NEB narrative on exploring solutions to enable access to affordable and decent housing, particularly for young people and other vulnerable social groups;

56. stresses that the NEB needs to connect up with the European Pillar of Social Rights (EPSR) Action Plan and the 2021 Porto Social Summit Declaration in order to contribute to the reflection on post COVID-19 social and affordable housing at EU level;

57. calls for the promotion of synergies between art, architecture, landscape and interior architecture, spatial planning, design and craftsmanship, as well as innovative training models for architects and other professionals;

58. calls for the engagement with the European Skills Agenda as well, therefore to contribute to the promotion and better understanding through the NEB of regional skills-related needs and opportunities in the area of urban planning, construction, sustainable use of construction resource materials, as well as to reduce the migration of skilled workforce that could result in the decrease of local economy in terms of manufacture. In this regard, the Digital Agenda for Europe plays an important role as digital technology can provide citizens with opportunities to co-create their environment and is a vitally important tool in all steps of the development of NEB initiatives;

59. calls for the NEB to engage with past EU Urban Agenda partnerships, especially in relation to climate action capacity, the Greening Cities proposal and use of public spaces; the partnerships on Sustainable Use of Land and Nature-Based Solutions, the Circular Economy and the Culture and Cultural Heritage are particularly relevant;

60. highlights that the NEB is a strong tool for unlocking social economy initiatives, as it is based on cooperation and civic engagement. Such initiatives boost social, economic, territorial and cultural cohesion and raise the level of trust at local level throughout the EU;

([4]) As outlined in Europa Nostra's European Heritage Green Paper.

Cultural heritage quality principles

61. supports Europa Nostra's *Venice Call to Action, For a New European Renaissance paper* and its declaration on shared heritage and memory;

62. calls for synergies to be identified between the Davos Baukultur Quality Principles, the NEB and the European quality principles for EU-funded interventions with potential impact on cultural heritage, and for these synergies to be mainstreamed in all European policy and funding programmes;

63. believes that cultural heritage is a vital dimension of the NEB; the Renovation Wave must have a 'sou' and an identity, while promoting a holistic view of how we want to develop our cities and regions;

64. calls for the CoR to work with stakeholders to promote an NEB and 'Heritage Mayor of the Year' award;

65. calls for cultural heritage and the EU Green Deal to be closely interconnected, as demonstrated by the EU Cultural Heritage Green Paper ([5]);

66. agrees that public funds for culture-based green strategies need to be mobilised through NEB pilot projects and initiatives addressing the vital cultural dimensions of the green transition and building on the various capacities of local communities and regions;

Conclusions

67. asks the European Commission to establish better links between the NEB and existing conceptual, culture-related, aesthetics-oriented and design-oriented frameworks. This would translate principles into action and enable the NEB to harness the creative, cultural and cultural heritage potential of local and regional authorities to renovate and revitalize neighbourhoods across the EU. Proposes therefore a NEB Lab voucher scheme whereby interested cities and regions could receive such a voucher which would entitle them to get the necessary support for organising a NEB Lab in their constituency. A condition for receiving such a voucher would be, that (1) the NEB Lab should 'co-create, prototype and test the tools, solutions and policy actions that will facilitate transformation on the ground'; and (2) the results of the NEB Lab will be presented to the regional or city council;

68. calls for synergies to be identified between the NEB initiative and processes engaging people in Europe (such as the Conference on the Future of Europe) and strategies and action plans promoting architectural and aesthetic quality (such as the Renovation Wave of the EU Urban Agenda);

69. believes that the NEB must become a real movement which involves LRAs and is not just another top-down project. Creating a European eco-conscious way of life is crucial for all EU cities and people. It must be a project for everyone, not just the few. Ownership must start with individuals at grassroots level and go beyond large urban areas. Accessibility to ordinary people and civil society organisations is an important positive aspect of the NEB initiative. To be successful, this exercise must be socially, culturally and territorially inclusive.

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

([5]) 'Putting Europe's Shared Heritage at the Heart of the European Green Deal', published by Europa Nostra.

Opinion of the European Committee of the Regions — European Missions

(2022/C 301/05)

Rapporteur:	Markku MARKKULA (FI/EPP), President of the Helsinki Region
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on European Missions COM(2021) 609 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. welcomes the EU Missions, as a coordinated effort by the Commission to pool the necessary resources in terms of funding programmes, policies and regulations, as well as other activities to mobilise and activate public and private actors, to co-create real and lasting impact to boost societal uptake of new solutions and approaches. The CoR stresses the need for an inclusive approach whereby the EU Missions, alongside EU-wide cohesion policy, and all other EU financing instruments, should be used to promote territorial cohesion and to reach the Sustainable Development Goals;

2. emphasises [1] that, in the light of the Conference on the Future of Europe, the European Missions, as a new and vital instrument in tackling burning societal challenges, are a real test of the EU's impact and credibility. They need to have widespread legitimacy and acceptance. As the European Commission has highlighted, the role of cities and regions with all their stakeholders and citizens is crucial in achieving the ambitious targets of the EU Missions;

3. reiterates the CoR statement [2] of support for the implementation of the EU Missions as a bold step towards addressing societal challenges, and underlines the need for an effective system of multilevel governance that combines the EU Missions with local and regional development strategies, smart specialisation strategies, the COVID recovery measures and innovation funding through the structural funds;

4. urges the key decision-makers in the EU and the Member States to react with a swift and decisive response to the situation in Ukraine, including in the launch of the EU Missions, especially the City Mission. Funding criteria in NextGenerationEU Funds and other public financing sources need to be flexibly geared towards getting part of the City Mission activities to form European energy transformation highways. These should support public-private research in the development of new energy system solutions. In particular, cities and other public actors can use innovative public procurement, together with companies, to accelerate the deployment of renewable energy sources and create sustainable, innovative energy solutions to replace fossil fuels now purchased from Russia to EU countries;

5. welcomes the fact that the European Missions Communication [3] duly acknowledges the relevance of local and regional authorities in the delivery, as well as in the design and communication phases of the European Missions;

(1) CoR Plenary 27 January 2022, Resolution on the Conference on the Future of Europe (OJ C 270, 13.7.2022, p. 1).
(2) CoR Plenary 1-2 December 2021, Resolution on the 2022 Work Programme of the European Commission (OJ C 97, 28.2.2022, p. 1).
(3) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on European Missions — COM(2021) 609 final.

6. emphasises that, in the light of co-creating knowledge and know-how, the EU Missions' implementation needs to be rooted in the everyday work focusing on developing and renewing the processes of cities and regions. This will build systematic synergies with EU Cohesion policy, the use of Structural Funds and other dedicated instruments. This will also showcase globally the potential of regions and local communities and the role of municipalities in making the targeted transformations happen;

The EU Missions as an ambitious new instrument to tackle grand societal challenges

7. acknowledges that the EU Missions are planned to be a 'new' and vital' instrument as stated by the European Commission: 'EU Missions are a new way to bring concrete solutions to some of our greatest challenges by delivering concrete results and impact by 2030 by putting research and innovation into a new role, combined with new forms of governance and collaboration, as well as by engaging citizens' ([4]);

8. reminds that each EU Mission should define a clear roadmap and create a systemic new multi-governance approach and methodologies on experimenting, prototyping, monitoring, and scaling-up activities at all governance levels. Special attention is needed for creating portfolios of actions both at the EU and regional/local levels and disseminating these effectively in all phases of planning and implementation. This requires the involvement and engagement of local and regional authorities and partnerships in sharing the effective innovative governance experiences;

9. points out the need to allocate Mission funding to local and regional levels for co-creating non-standard breakthroughs in many 'stuck situations' which too often block adequate progress in achieving new solutions and impact. This requires new European partnerships based on local and regional interests defined in Smart Specialisation Strategies. The EU Missions should use the experiences the CoR and JRC joint piloting exercise 'Partnerships for Regional Innovation' will bring;

10. encourages the EU Missions to stress the progress toward humanity and human-centricity on which sustainability in all its dimensions — ecological, economic, social, and cultural — is the driver of change in reaching the ambitious targets of the EU Missions. The quality of life can be increased only by working together consciously in complex entities. In this, we need to find a better balance between material and intangible well-being in Europe and globally. Nature makes it possible to live on this planet. We must respect the human dependence on nature;

11. stresses that the EU Missions need to co-create new ways to operate. The development requires all the actors to learn new competencies by integrating technology and research with a human-centric approach, committing to implement joint green and digital transformation processes, and securing access to the needed resources. The requirements are essential in creating well-functioning regional and local RDI ecosystems which build new innovative knowledge bridges to connect top-level European knowledge creators with regional and local living labs and other experimentation centres, as well as demonstration activities such as lighthouses. With the help of these, all cities and regions can create bench-learning processes and peer networking to use the concepts and solutions of forerunners in smart and sustainable practices;

12. points out that regional and local governance, foresight, and increasing RDI investments are the cornerstones of the EU Missions' portfolios, consisting of professionally orchestrated actions at the European, national, regional, and local level. Orchestration in the EU Missions increases collaboration, motivation, and capabilities, in other words, competitiveness by co-creating new portfolios and actions. Orchestration involves many parallel steps and multi-governance activities across disparate systems. The financial instruments, both public and private, need to be engaged, and support needs to be provided especially to less developed regions to encourage all regions to improve their RDI systems and contribute to the implementation of the EU Missions;

13. recalls its instrumental role, based on its experience with its six commissions and campaigns such as the Green Deal Going Local and the EER European Entrepreneurial Regions, in the implementation of the EU Missions — noting that the CoR provides a natural access point for cooperation with the public and private sector, industry and services as well as with citizens;

([4]) European Research Area Policy Agenda — Overview of actions for the period 2022-2024, European Commission 2021.

The role of cities and regions in the EU Missions

14. underlines, in accordance with the Joint Action Plan signed 2020 by Commissioner Mariya Gabriel and the CoR, that the CoR with the Member States and European regions and cities is ready to have an active role in co-creating a multi-level governance system to reach the EU Mission targets. Measures to ensure the necessary development will be based on regional place-based innovation ecosystems, and Smart Specialisation Strategies (S3/S4);

15. can influence the overall EU Missions processes, inform decision-makers, and mobilise regions and cities to become active contributors in different ways, etc. The EU Mission plans have a powerful regional and local place-based dimension, and the implementation mechanisms include proposals putting regions and cities — and their RDI ecosystems — at their centre. Thus, the CoR can cooperate extensively with all partners to ensure that this new, bottom-up policy instrument creates the desired impact;

16. agrees — employing all the CoR commissions responsible for various mission topics — to assist in engaging as many cities and regions as possible to ensure that regional and local levels support the EU Missions by:

a) implementing information campaigns, direct dialogue, and other joint open and interactive engaging processes targeted to different groups including also children under the age of 18,

b) getting the forerunner communities to sign in for experimenting with innovative solutions in their real-life practices,

c) getting the demonstrator communities to contribute to large-scale deployment processes of innovative solutions and scaling-up the best solutions for European-wide use,

d) ensuring that the European diversity of regions with their multiple communities of stakeholders and citizens is broadly in the mission implementation activities;

17. calls on the Member States to support the implementation of the EU Missions by creating synergies with national and regional programmes and facilitating access to EU and national financing;

18. urges the ensuring that all urban and rural areas and regions (top, average and laggard performers) have sufficient capacity and capabilities to innovate in their communities and are supported through relevant learning processes that allow them also to operate as platforms for multi-actor service providers supporting others, including all actor groups. The local/regional value-creation processes need to be orchestrated at the level of efficient collaborative value-chains and value-streams developing further the ecosystems;

19. emphasises that the ambitious targets require, as a crucial precondition, decision-makers, civil servants, and innovation professionals to gain competencies to operate as change agents in acquiring new knowledge and capabilities. The three critical processes are:

a) the operational learning processes of cities and regions, with a focus on integrating mission-related activities into other local activities to be part of the normal strategic and operational decision-making,

b) motivating and supporting companies and research institutes, universities, vocational institutes, and their place-based and thematic ecosystems to contribute to co-creating new innovative frontrunning solutions, and

c) using new inclusive methods in innovation.

The means in these processes should include broad-scale partnerships, innovative public procurement, rapidly developed prototypes and experimentation with new solutions;

20. reminds that proven processes are available, but they require the commitment of individual cities and regions and the dedicated cooperation arranged by the EU Mission teams. Allocating funding for European-wide partnerships will boost acquiring these critical factors across a multitude of European cities and regions. Several existing EU instruments, such as JRC, Interreg, JPIs, EIT and its KICs can have an essential role in this;

21. stresses the need to review all the EU financial instruments to support Mission activities, especially on the local and regional level. The Horizon funds are not easily accessible by regions and cities and are not yet aligned enough with the new strategic objectives of the EU Missions. Many regions have considerable difficulties accessing funding with multiple calls, highly specialised criteria and complex systems. For instance, many regions face problems in relation to financing for upskilling their workforce to accelerate the green transition essential in the EU Missions. This will require a review to simplify access to EU funds;

Guidelines for more influential EU Mission implementation

22. underlines the need to help to create dynamic partnerships, which need to be partly formalised reciprocal engagements yet also partially flexible, for the partnership contracts between the EU Missions and the demonstrating cities and regions to increase the European-wide impact of the significant assignments and the work of distributed demonstrators;

23. supports the flexible use and underlines the active conceptual development of city and region contracts which are proposed in the implementation plans of the EU Missions;

24. proposes creating the concept of the EU Mission Label for those cities and regions which will take the responsibility as demonstrating forerunners and supporters of the European green and digital transition in reaching the EU Mission targets and scaling-up the results of their innovative solutions, and calls for learning from already existing practices, such as the Covenant of Mayors;

25. proposes different ways to use the EU Mission Label to add synergy with other relevant EU and other related initiatives and the use of financing instruments, such as InvestEU Fund, Recovery and Resilience Facility, Interregional Innovation Investments I3, Interreg Europe, the Connecting Europe Facility, Digital Europe, EU4Health, EIB and EIT. The CoR proposes creating a European-wide system by which both the EU and the Member States use the EU Mission Label to simplify the application processes. The Label should help access EU and national funds to support local and regional level activities in reaching the ambitious EU Mission targets and at the same time improving local and regional procedures;

26. points out that, at local and regional level, ERA Hubs can be one of the most effective tools for aligning regional R&I strategies, including smart specialisation strategies (S3/S4), with national and European strategies, the ERA, Horizon Europe and the EU Missions. The ERA Hubs can thus contribute to the emergence of structuring projects that feed in particular into the EU Missions and mobilise the different sources of funding around them, so it would be useful to link up whenever possible the EU Missions Label with the ERA Hubs;

27. recalls the need to create and use effective knowledge management procedures to enforce the EU Missions by using the best global and regional knowledge, while taking into account the ethical criteria of the Commission's new internationalisation strategy for research and innovation. To take-up and scale-up the results, Horizon Europe and other instruments need to be more dynamic for experimenting and prototyping in real-world settings;

28. stresses that the EU Missions should be implemented through an open and participatory process, involving all relevant stakeholders at local, regional, European, and global levels ([5]). Engagement by regions, municipalities and citizens in particular will be crucial for the successful implementation of the EU Missions. In this regard, direct dialogue with these stakeholders must be ensured in every Mission. The CoR is ready to be a strong ally of the EU Missions;

29. points that the EU Mission experiments and demonstrations should focus on orchestrating activities to push further the frontiers of science, mastering deep technologies, and combine digital, physical, environmental, and biological innovations — and regularly review and share the outcomes at the forefront level. The Smart Specialisation Strategies as concepts for regional collaboration with industry and research should have a high profile in the EU Missions;

([5]) CoR opinion on Horizon Europe: The Framework Programme 9 for Research and Innovation (COR-2018-03891) (OJ C 461, 21.12.2018, p. 79).

Foresight and societal innovations crucial for and created by the EU Missions

30. reaffirms that the challenges are complex, and only part of the necessary scientific and technological knowledge exists. Reaching the targets is possible with extensive foresight activities, increasing R & D investments, real-world prototyping, experimenting, and scaling-up of the results;

31. acknowledges the significant potential of research for all kinds of innovations and tackling grand societal challenges. Expects to this effect political decision-making, in general, to be more evidence-based, research-supportive, and targeted on creating favourable conditions for societal innovations, while implementing those fast enough in real-life practice and processes;

32. reminds that the ambitious targets of the EU Missions can be achieved only by supporting effective learning processes for regional and organisational political leaders, managers, experts, and citizens. European city/region-driven concepts must be tailored to the region's situation by a systemic professional development anchored in local learning-by-doing for all;

33. emphasises that the EU Missions should focus on using the potential of intangible assets and intellectual capital. Embedding this knowledge in political decision-making, especially to create intelligent and human-centric cities where the focus is on sustainability can be instrumental in catalysing investments in human capital, structural capital, relational capital, and RDI in general;

34. highlights the importance of moving to action, based on the main statements in European R & D and technology policy as defined in the EU Strategic Foresight 2021 report ([6]), especially:

a) The coming decades will be marked by an increasing redistribution of global power, with its geo-economic centre of gravity shifting eastwards.

b) The EU is in global competition for 'first mover' advantage in standard-setting.

c) The EU needs to position itself more firmly in the development and production of next-generation inclusive technologies.

d) Beyond specific technologies, hyperconnectivity is driving the transformation.

e) Critical raw materials are essential for the EU's twin transitions.

f) The EU's digital sovereignty will depend on capacity to store, extract and process data, while satisfying the requirements of trust, security and fundamental rights.

g) The EU's strategic autonomy must be promoted.

h) A smart mix of industrial, research and trade policies with international partnerships could ensure sustainable and diverse supply;

35. points out that in moving to action, technology development should, more than so far, be aligned with socioeconomic developments and happen in a real-world context, thus ensuring rapid take-up and scale-up of the results;

36. proposes increasing the EU interinstitutional collaboration on foresight with special roles for the JRC, European Parliament Research Services and the CoR. The CoR proposes considering at national, regional and municipal levels arranging participatory citizen science activities in general and above all for youth, especially university and secondary school students, for entrepreneurs, and for political decision-making by establishing committees for the future focusing on foresight and technology assessment;

([6]) EU 2021 Strategic Foresight Report (COM(2021) 750 final).

New approach to technology and R & D policy by the EU Missions

37. underlines that the societal and behavioural transformation supporting the EU Mission goals needs to be inclusive and positive by applying prototyping widely and experimenting as methodological approach;

38. reminds all that the core of the EU Missions is research and innovation. The complex societal challenges can only be tackled through increasing RDI investments. Both ERA and industrial studies give clear evidence ([7]) that the EU is lagging behind its main global competitors in business R & D intensity, particularly in high-tech sectors, and in scaling-up innovative SMEs, which yields negative effects on productivity, job creation and competitiveness;

39. agrees with the ERA targets ([8]) to boost Europe's recovery and to support its green, digital and social transitions by supporting innovation-based competitiveness and fostering technological sovereignty in key strategic areas (e.g. artificial intelligence, robotics, cyber security, data ecologies, microelectronics, quantum computing, 5G, next generation batteries, renewable energy, hydrogen technologies, zero-emission built environments, smart mobility, etc.) in line with the model of open strategic autonomy;

40. calls for demand-based carbon neutrality policies covering carbon footprints and handprints as the criteria for sustainable public procurement. In addition to the carbon footprint, the CoR points out the importance of the carbon handprint, a new approach to creating and calculating climate impact by showing the positive impact that climate-friendly products and services make ([9]);

41. endorses industrial RDI carbon handprint measures in creating new extended products, systems, and other innovative solutions playing an essential part in reaching the climate targets and points out that without a significant acceleration in clean energy innovation, net-zero emissions targets will not be achievable;

42. reiterates the need for new technology. The International Energy Agency (IEA) report ([10]) shows analytical evidence that 25 % of the reduction in carbon emissions needed to put the Earth's climate on a sustainable path will come from mature technologies. In comparison, 41 % of the necessary tech will come from new technologies in the early adoption phase, and 34 % will come from technology at the demonstration stage, the prototype stage, or those not even conceived yet;

43. points out the importance and complexity of measuring GHG emissions. The basic measuring of GHG emissions uses scopes 1 and 2. By also using scope 3, the net-zero and net-negative targets can be reached. Scope 3 includes all other indirect emissions occurring throughout the whole value-chain;

44. emphasises the role of the EU Missions at the heart of the EU's priorities in making the green and digital transition a reality. The European Commission has launched the piloting phase of the ERA Hubs initiative to facilitate regional RDI collaboration and exchange of best practices, with the incentive of maximising the value of knowledge production, circulation, and use. The CoR encourages the EU Missions to explore the use of the ERA Hubs as a tool to connect local and regional R&I ecosystems and to actively partner with local and regional decision-makers in piloting the ERA Hubs in order to develop concrete cooperation;

45. stresses that the system of ERA Hubs tries to bring missing elements to the ERA and EEA landscapes to create strong European knowledge societies throughout Europe to accelerate the transformation of societies for green sustainable and digital growth. The ERA Hubs network ideally ensures that local and regional RDI ecosystems become an integral part of the European-wide RDI ecosystem;

([7]) A new ERA for Research and Innovation (COM(2020) 628 final).
([8]) A new ERA for Research and Innovation (COM(2020) 628 final).
([9]) CoR Plenary 1 July 2021, Opinion on Forging a climate-resilient Europe — the new EU Strategy on Adaptation to Climate Change (OJ C 440, 29.10.2021, p. 42).
([10]) IEA Energy Technology Perspectives 2020.

46. supports enabling active local contributions for integrated implementation of the ERA Hubs, other experimentation of regional ecosystems, and the EU Missions in experimenting, rapid prototyping, testing, demonstrating, and scaling-up research and innovation effectiveness in cities and regions;

47. recognises that orchestrating diverse regional and local insights, ideas and learning is essential for creating a pan-European approach to innovative action. Sharing the learning across cities and regions, as well as across the five EU Missions, is essential. The CoR recommends the early creation of a co-learning network through which essential insights about both process and content can be shared and scaled — downscaled to other cities/regions, and upscaled to other EU Missions, and to Europe as a whole;

48. calls for the Council conclusions on the EU Missions to be published during the French Presidency to also provide an opportunity to strengthen the concept of ERA Hubs, on which Missions need to rely in order to be successfully anchored at local and regional level. These conclusions should also underline the importance of research infrastructure which is strongly supported by cities and regions, and crucial for the deployment of the EU Missions;

49. affirms that, while it is a priority to implement the Missions already decided upon, reflection must continue without interruption on the prospect of creating new missions when major new collective challenges arise. The crucial issue of preparing European societies to address preparedness for and management of health threats and crises should, following the creation of the European Health Emergency Preparedness and Response Authority (HERA), feed into a reflection on a new mission focusing on this challenge given its systemic, cross-cutting and multi-stakeholder nature;

The CoR's experiences: Synergy between the EU Missions and other main policy instruments

50. urges that the EU Missions should build on the experience and knowledge of the existing EU initiatives and programmes to operate in synergy. Systemic change requires co-creation of transformational ecosystems based on learning and RDI with interdisciplinary scientific and operational synergy across Europe and covering all five EU Missions;

51. reiterates the need to increase the mentality to work openly together and increase local collaboration and European partnerships in inventing the new human-centric sustainable future for Europe. The potential capacities rely much on local and regional levels in all parts of Europe. Speed is essential. The grand societal challenges need to be tackled in the next few years. Knowledge and learning are the core;

52. proposes giving special attention to the steps in the EU Missions' implementation by the cities and regions with the supporting role of the CoR, including multi-level governance, funding, and successful execution on how the ambitious targets can be achieved by integrating them effectively into EU research and innovation policies, especially Smart Specialisation Strategies (S3/S4), ERA Hubs, New European Bauhaus, and other most relevant initiatives, programmes and instruments provided for under EU multilevel policies;

53. is committed to organising learning activities in collaboration with the JRC to support the EU Mission activities under the headings 'City Science' and 'Science Meets Regions' by boosting broad-scale impact activities and sharing the results of the EU Missions. Short-term measures are not an adequate response for addressing what is really needed. A useful activity is to support the creation of the network of regional Future Centres to stimulate creativity and an entrepreneurial mindset and link these to the New Bauhaus, the UN SDG work and the Unesco's Futures Literacy Labs to ensure both the short- and long-term sustainability of the initiatives undertaken;

54. encourages deepening the collaboration with European networks that are active in enhancing RDI in tackling societal challenges, such as EUA, EARTO and ERRIN. In addition, each EU Mission should collaborate effectively with its theme-specific networks, such as CEMR, Eurocities and CPMR. The CoR collaborates extensively with all these stakeholder networks to ensure that the EU Missions as a new, bottom-up policy instrument creates the desired impact;

55. urges the importance of enhancing the capabilities of regions and cities to apply for the EU Mission funding and using the experiences of EU-financed, *large-scale* initiatives such as European Network of Living Labs (ENoLL), Vanguard Initiative, Digitalising Cities, Open & Agile Smart Cities, City Science Initiative, and Living-in.EU (the European way of digital transformation in cities and communities). This will enhance the resilience, responsiveness and active participation of cities and regions in European reforms, and bolster inclusion of the citizens all over the EU. This in turn will act as a multiplier of the impact of EU initiatives and ensure a broader and fairer distribution of resources, so that conditions everywhere are better suited to raising funding from EU and non-EU sources and reaching the forefront of development;

Mission-specific recommendations

56. stresses the importance of cross-mission cooperation at all governance levels. The CoR emphasises that the EU Missions together have a clear joint focus in inventing a sustainable smart future. This can be manifested by addressing co-creation and RDI-based solutions:

— Climate adaptation: management of floods, forest fires and other disasters, nature-based solutions, climate proofing of critical infrastructure, systems to monitor and warn of any public health impact;

— Cancer: health in general, increasing prevention measures, in particular by promoting healthy living habits;

— Oceans and water: protecting and restoring aquatic ecosystems, reduction of pollution, and making the blue economy climate neutral;

— Climate Neutral Cities: progress in cross-cutting environmental, infrastructure, and industrial solutions that contribute to cities' climate neutrality;

— Soil: prevention of land-use pollution, and safeguarding in all circumstances fresh and healthy groundwater;

57. proposes the following mission-specific activities to increase the impact of the EU Missions:

a) *Adaptation to Climate Change*

The CoR emphasises that the Climate Adaptation Mission should have an essential overall role, especially on foresight and motivating all the actors of Europe to actively contribute to the EU Missions. This Mission should focus on social and societal awareness and to achieve a general commitment to create large-scale systematic solutions. In particular, it should address the challenges of the green transformation of industry, housing and mobility. The losses due to climate change already average 12 billion euros per year, and the EU should do macro-fiscal analyses on climate to convince accelerating adaptation measures parallel with mitigation. The approach to protecting people against climate change must also include social aspects and cohesion issues.

b) *Cancer*

The CoR highlights the importance of top global research and encourages researchers and innovators to increase European and cross-sectoral collaboration among stakeholders for the success of this Mission. The CoR stresses the importance of expanding HPV vaccination and biobanking and access to the most innovative therapies, as well as the importance of disseminating best practices among countries and regions. One of the main challenges is the disparities in access to cancer care between and within EU countries and regions, as well as the quality of life of patients. Therefore, improving access to early screening, new diagnostic tools, and innovative cancer treatments in European countries and regions is vital and requires investment in infrastructure, equipment, digital transformation of healthcare, healthcare workforce, and new care models. Another challenge is access to affordable treatment and medical products, as is the quality of individualised patient support and social innovation in support of carers.

c) *Restore our Ocean and Waters by 2030*

The CoR highlights that the recovery of healthy oceans and waters and securing freshwater are the global questions of fate, short and long term. The pollution problems can only be solved by stressing the international dimension: the sea basin dimension such as the Mediterranean, the Atlantic, the Baltic Sea, the Black Sea, and the Danube River basin, and increasing collaboration between regions. The particular focus on the Arctic is needed. The CoR calls for the sea and waters to become a new common ambition at the heart of the relaunch of the European project; it stresses that the specific focus on research and clean water technologies and on more efficient supply is vital for the Mission, as well as the blue ocean economy, with an emphasis on entrepreneurship, sustainable tourism, decarbonisation of maritime transport and marine renewable energy. These will create new extensive opportunities for cross-border and out-of-the-box business collaboration. The CoR stresses the need to mobilise cities and regions to build European networks that bring local maritime innovation ecosystems together around value chains and create innovations in maritime industries.

d) *Climate-Neutral and Smart Cities*

The CoR urges that Europe needs active frontrunner cities to co-create new urgent solutions and share the results of their experiments with the others — all cities and regions throughout Europe need to be engaged and supported. The frontrunner cities should be used as innovation hubs co-creating replicable and directly applicable solutions to be scaled-up for all other European cities in their transition to climate neutrality by 2050. Cities that have applied but have not been selected should be brought together into an extended group by the EU Commission so that they can in many ways use the progress and outcomes of the frontrunner cities, including directly applying reproducible solutions. Already existing successful programmes and projects or related ‘green initiatives’ are listed in the Addendum to this Mission’s implementation plan. The lessons learnt should be taken as a basis for creating multilevel roadmaps towards the climate neutrality of cities. Multi-actor transformation communities with joint instruments should be applied, preventing every community from operating on its own. The CoR stresses the preparation of Climate City Contracts by participating cities as a demand-driven process that should allow for local solutions but needs strong support from the national and regional levels.

e) *A Soil Deal for Europe*

The CoR emphasises the need for systems thinking and instrumental transformation management, including RDI and learning, to reach the targets of the Soil Mission, which covers all types of land uses, and to explore new paths for a more ambitious EU CAP policy transformation. To increase carbon farming and carbon sequestration in forests, the re-designing of agricultural production systems and setting-up of transnational clusters of living labs are crucial for the success of the Mission. Supporting biodiversity and citizens’ preference for forest-based bioproducts and sustainable and locally sourced food are necessary actions in rural and urban environments. Another vital point is how to make the forest activities attractive and economically sustainable without losing lucrativeness in supporting the Soil Mission targets.

The CoR’s role in supporting a European and worldwide transformation

58. emphasises that the people live and work in the cities and regions and all EU Mission activities should focus on people: from business, academic and governmental stakeholders to individual citizens of all ages and backgrounds. The CoR, the JRC, and other relevant players know diverse effective and proven technologies for citizen-participation, from entrepreneurial discovery to societal innovations camps to be employed to ensure citizens’ engagement;

59. stands ready to deliver on reaching out to local communities to raise the awareness of the EU Missions as such and help them engage with Europe’s citizens and businesses;

60. underlines that the EU Missions will be successful only if closing the knowledge and innovation divide in Europe and the innovation gap between Europe and the US are highlighted. The focus needs to be on ambitious concrete and inclusive real-life measures using the RDI outcomes;

61. stresses that the new developments in RDI are a requirement for the success of the EU Missions. This means new extensive solutions in ensuring complementarity and fostering synergies with the Union research and innovation framework programmes and other Union and global programmes and funds. A new step is piloting the system of ERA Hubs, which should promote the use of all relevant EU RDI initiatives as an essential part of regional policymaking;

62. points out that implementing the EU Missions will foster local and regional leadership within the EU, but also worldwide. The CoR in enhancing the role of cities and regions within the Covenant of Mayors and other global networks, should create synergy between the EU Missions and the UN SDG activities and campaigns Race to Zero and Race to Resilience. Reinforcing the global leadership of EU cities and regions can also support the effort of the CoR towards formal recognition of subnational governments in the UNFCCC framework and in preparing for the COP27;

Summing-up of the critical success factors

63. recalls that Europe needs to strengthen its global competitiveness based on knowledge, European-wide partnerships, capacities, and talents to work for the future — an inclusive approach to take everybody on board. Europe has an opportunity to take the role of a global leader implementing collaborative policies to achieve SDGs, and tackling climate change;

64. underlines that real-life action is the key for the EU Missions. Research is essential for creating new solutions and determining the best ways forward — the appropriate applications are vital for achieving results. The EU Missions will be successful if they meet a local enabling ecosystem. This is not just about technology and research; this is, above all, a human-centric approach building competencies, addressing local risks, and accessing the best European-wide resources. Human aspects in innovation are essential to co-creating sustainable solutions;

65. states that the EU Missions are essential in supporting Europe's transformation into a greener, healthier, more inclusive, and resilient continent. To reach the ambitious targets, each EU Mission needs to operate as an extensive portfolio of actions. These European portfolios need to be formed based on comprehensive regional and local orchestrated portfolios of actions, including integrated research projects, policy and legislative measures, and local implementation activities;

66. urges the need to co-finance and support the daily work of cities and regions in their value-creation and bench-learning to scale up the best processes and actions for the everyday well-being of citizens. The role of the demonstrator communities is to act as pioneers, developers, and frontline testers of systemic change for all the others;

67. is ready to cooperate with the EU Missions to make the benchmarking and bench-learning processes between demonstration cities/regions and others attractive. The financing instruments need to be flexible and innovative, and encourage the real interests of cities/regions;

68. highlights that the key questions are how the cities and regions learn to orchestrate necessary activities and how the activities attract private industrial and other investments. The ERA Hubs network ideally ensures that local and regional RDI ecosystems become an integrated part of the European-wide RDI ecosystem;

69. calls for better societal and technological predictability and increased collaboration as the critical success factors to accelerate industrial and other investments for reaching carbon neutrality and other EU Mission targets. The mission-oriented policy suits well in strengthening the bottom-up dimension in the EU's unique multilevel governance system: the lessons learned can and will be actively shared across the Member States. More substantial consideration and integration of the EU Missions' objectives within developing future legislation is necessary; carbon pricing and the Fit-for-55 package are examples of this;

70. highlights that the latest EU-level industrial and innovation policy guidelines, plans, and necessary new scientific and technologic knowledge and innovations need to be integrated into the EU Missions and developed and transferred to real-life solutions and practices by effective bottom-up knowledge management and other actions;

71. has acknowledged the need for the EU Mission digital platforms: to accelerate knowledge transfer and management, support virtual collaboration and partnership match-making, simplify funding processes, etc. These need to be co-created with the representatives of cities and regions;

72. sums up that new adequate and effective work processes are essential for ensuring the success of the EU Missions. These processes must reflect the lessons of Open Innovation 2.0, diverse Quadruple Helix initiatives, and many others in co-creating attractive next-generation participative governance. The full range of citizens must be involved, from youth to the elderly. The mission activities should consider various aspects of different generations and create innovative and responsible ways to achieve the engagement needed for inventing a sustainable future for Europe.

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — Health Emergency Preparedness and Response Authority

(2022/C 301/06)

Rapporteur: Christophe CLERGEAU (PES/FR), Member of the Pays de la Loire Regional Council

POLICY RECOMMENDATIONS

General comments

1. The European Committee of the Regions points out that in March 2020, its presidency called on the European Commission and the Member States to establish a European health mechanism [1], and that it developed this idea in its subsequent opinion, also of 2020, on an EU Health Emergency Mechanism [2]; it draws attention to the fact that Commission communication COM(2021) 576 took inspiration from the points made therein.

The debate on establishing HERA is taking place against the backdrop of the ongoing COVID-19 epidemic, which is more reason than ever to make health a priority for the European Union. However, HERA is being established with a broader aim relating to all types of risk to human health, large-scale and/or cross-border, the phases of both crisis preparedness and management and the challenges of prevention and resilience of societies and areas and all this in the broader context of the war in Ukraine, which is having a huge impact on health services, infrastructure, and cross-border cooperation that were already severely strained and depleted during the worst of the COVID pandemic.

2. The European Committee of the Regions supports the creation of HERA as the authority responsible for preparing for and managing health crises, taking into account, on the one hand, Member States' primary responsibility for prevention, public health and healthcare, crisis preparedness and crisis management, and, on the other, the key role played by the regions, as in Europe two thirds of the Member States have decentralised health systems that follow different procedures. It stresses the need for an overall approach to protecting people, while the Commission's action is still split between multiple decision-making centres, and the support the EU must provide for states and regions.

3. Health crises, whatever their origin, are a danger to communities, which they affect in a very unequal way, but they are also threatening to European integration itself if it is unable to respond to them in a rapid, effective, coherent and inclusive manner. The COVID-19 crisis has put the solidarity between Europeans, the integrity of the internal market and cooperation on the Schengen area to the test. The European Committee of the Regions considers that the crisis has also shown that the objectives of securing EU health and protecting the population 'cannot be sufficiently achieved by the Member States, either at central level or at regional and local level,' and that greater EU intervention in this area is therefore in line with the principle of subsidiarity [3].

4. While management of health and care systems is under national remits, the European Commission has an important role to play in protecting the health of the population and upholding the single market in line with the Treaties, which include protecting the health of the population as an essential requirement and entrust it with the role of protecting the Community *acquis*. This must be carried out working closely with the Member States, and there is good reason to involve the European Parliament. The European Committee of the Regions intends to make its voice heard in this debate, firstly because in this crisis local action is essential to protect communities, secondly because many regions have significant powers in the field of health and, lastly, because regions' support for innovation and industry is key in making countermeasures available to deal with crises.

(1) https://cor.europa.eu/en/news/Pages/COVID-19-CoR-President-calls-for-a-EU-Health-Emergency-Mechanism-to-support-regions-and-cities.aspx.
(2) OJ C 440, 18.12.2020, p. 15.
(3) https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12008M005:EN:HTML.

HERA’s scope for action, governance and scale-up path

5. The European Committee of the Regions advocates giving HERA very broad scope for action, as proposed by the Commission, while respecting the remits of other existing bodies ([4]). The aim is to tackle threats to human health caused naturally, accidentally or deliberately, including as a result of terrorist acts, whether from pandemics or of biological, environmental, nuclear or unknown origin.

6. It stresses that, over and above its scope for action, the extent of HERA’s activities is also very broad, including identifying and analysing the risks ahead of crises, encouraging proactive measures, increasing societies’ and regions’ capacity to deal with crises, defining management scenarios including appropriate responses, strengthening the industrial and research and innovation (R&I) ecosystem to develop and produce appropriate countermeasures, and finally to ensure that these countermeasures are available in all EU cities and regions and to all communities.

7. Given these huge challenges, the European Committee of the Regions is concerned about HERA’s ability to succeed in its tasks.

8. While establishing HERA as an internal Commission department has to be seen as a pragmatic choice allowing rapid progress and coordination between the different activities of the Commission, this should only be a temporary solution, to be reviewed in due course. Giving it the status of internal Commission department must not hold up recruitment of the specialised and high-level staff needed to prepare for and manage health crises. It is important to guarantee decision-making autonomy in line with principles of subsidiarity and proportionality, which is essential to analyse risks independently and to take the necessary measures to protect human lives without delay.

9. The 2022 action plan published on 10 February provides for an annual budget of EUR 1,3 billion, which sends out a positive signal, but is not consistent with the budget forecast of EUR 6 billion over six years. A close look at this annual budget shows the importance being attached to countermeasure purchases and to setting up and managing European stocks (EUR 675,5 million), but there is no mention of the impact on the financing of other European civil protection measures, of the support for new production capacities (EUR 160 million) or of the Horizon Europe research programmes (EUR 350 million), most of which are not new. That leaves only EUR 100 million for measures to anticipate risks and adapt health systems;

10. HERA’s governance is a third weak point. It is strictly limited to the Commission and the Member States, confining the European Parliament to an observer role and excluding all stakeholders, cities and regions as well as civil society players from HERA’s permanent bodies. This governance is neither adequate nor effective, as crisis preparedness and management require a wide variety of players and expertise. Cities and regions, health professionals of all types, patients’ associations, other key science and research players and health and solidarity NGOs are vital players in successfully tackling crises, and need to be fully taken into account. At the very least, the various stakeholders should be permanent members of the advisory forum, which should be able to provide recommendations to HERA’s governing bodies and be involved in the various aspects of its work.

11. The European Committee of the Regions recognises the primacy of national powers and the crucial importance of the joint work of the Commission and the Member States, but calls on the Commission and the Council to return to an open and inclusive method of coordination with stakeholders and to give local and regional government representatives and the European Parliament their full say independently of legal considerations.

12. HERA’s operational action seems to focus on the provision of medical countermeasures. However, there are many other significant aspects of crisis management, particularly in the areas of prevention and civil protection. The European Committee of the Regions considers that the term countermeasures should cover all medicines and drugs (including their active ingredients), and all antibiotics, vaccines, tests and diagnostics, medical devices and supplies, personal protective equipment and hospital and local equipment, but also information systems, and systems monitoring infectious diseases and emerging contaminants. All these resources are necessary to deal with crises and protect people and their health.

([4]) In particular, the Emergency Response Coordination Centre (ERCC — Civil Protection), the European Medicines Agency (EMA) and the European Centre for Disease Prevention and Control (ECDC).

13. It calls for equal attention to be paid to developing resilient societies and a common culture of crisis and disaster management. Within this framework, greater support should be given to the European Civil Protection Mechanism, whose budget should not be undermined by the establishment of HERA. Including the word 'emergency' in HERA's title should not create confusion or lead HERA to duplicate the crisis management arrangements already developed within the EU's Civil Protection Mechanism, the cornerstone of which is the Commission's Emergency Response Coordination Centre (ERCC). There is a need for very close coordination and a clear division of roles between these two Commission tools, which could be aligned in the future. It is also necessary to draw a distinction from the measures under the revised legislative act on cross-border health threats currently being negotiated between the Council and Parliament, and from the tasks of the European Medicines Agency (EMA) and, in particular, the European Centre for Disease Prevention and Control (ECDC).

14. Drawing up HERA's multiannual strategic plan is a top priority and must also involve the European Parliament, cities and regions, as well as stakeholders. This plan should set out the level of resources needed for HERA to carry out its numerous tasks effectively, describe the stages of its scale-up and establish monitoring indicators. The strategic plan should also specify the mechanisms for cooperation between HERA and other EU intervention instruments, including the European Medicines Agency (EMA), the European Centre for Disease Prevention and Control (ECDC) and the Civil Protection Mechanism, and state how they can also be strengthened to fully play their role in coordination with HERA.

Preparing Europe for crises and disasters, protecting all people in all EU cities and regions effectively

15. The COVID-19 experience shows that there is no effective action without a common response at European level, which should be tailored to different national, regional and local needs and circumstances. HERA must also promote high, increasingly aligned European ambitions when it comes to protecting people from crises. However, COVID-19 currently highlights the inequalities between regions and social inequalities in access to care and inoculation, which undermine the response to health crises and endanger Europe as a whole.

16. The European Committee of the Regions would like HERA to have the role of analysing regions' and communities' vulnerabilities to health crises. This role of analysing vulnerabilities must factor in the availability of stocks across Europe and the operational capacity to reach all communities, prioritising those whose health is most fragile and those living in a situation of exclusion and instability. It must also cover the ability of health systems, hospitals and other healthcare facilities to increase their capacity in the event of a crisis in order to keep planned care going as much as possible while accommodating additional patients arising from the crisis.

17. It therefore considers it essential for HERA to develop, in partnership with the other relevant EU bodies, a health security vulnerability scoreboard and to build, together with the Member States and regions, response programmes for the various kinds of emergencies and stress test programmes for health systems. On the basis of the results of these tests, the Commission and the Council should draw up recommendations for Member States and regions, which should be followed up, to strengthen their health systems and consolidate, where necessary, the health response capacities of regions and equality in the protection of the various communities.

18. Similarly, HERA should help to develop research programmes under Horizon Europe to address the most vulnerable communities (people experiencing poverty or exclusion, minorities, refugees, female victims of violence, older people and people with disabilities, people with co-morbidity factors, etc.), who the COVID-19 experience has shown are often the first victims. These research programmes should also specifically address inequalities in access to healthcare for older people, children and young people's mental health, complementarity between hospital and community-based healthcare, and innovations, including digital innovations, in the way health systems are organised. They must incorporate a permanent gender-sensitive approach, ensuring appropriate representation of women's needs.

19. Preparing people for future disasters and epidemics is a key challenge which HERA must help to meet. At European level we also need to reinforce and coordinate public health prevention programmes and programmes for promoting public health and for combating the digital divide and disinformation. These health prevention measures must span all public policies. HERA's activities must be part of a more ambitious European prevention policy set out in the framework of EU4Health, which should be strengthened and take better account of the challenges of mental health, disability and fighting chronic diseases as well.

20. It is also necessary to draw specific lessons from both the COVID-19 crisis and the war in Ukraine through research. Actions should thus be initiated focused on the rapid response of health systems and the accelerated deployment on the ground of countermeasures (modular hospitals, mobile and simplified medical devices, mobile medical units, small vaccination centres, enlisting sufficient qualified medical staff, etc.).

21. Particular consideration should be given to the specific challenges of remote rural areas, mountain areas and outermost regions. It should be noted that this set of measures is largely absent from the HERA work programme for 2022, which the European Committee of the Regions regrets, and it calls for this matter to be reviewed as of 2023;

22. The European Committee of the Regions believes that this set of measures is not a threat to the powers of the Member States but, on the contrary, is an opportunity for each Member State, in coordination with the regions, to be more effective in protecting its population.

23. An in-depth analysis by the European Commission of the health spending from Cohesion Funds and the Recovery and Resilience Facility during the pandemic could be useful for managing future crises. It could identify good national, regional and local practices to help design future health crisis prevention and management measures.

24. The European Committee of the Regions calls for a specific approach to expenditure for strengthening health systems and crisis preparedness, which can only increase, to be established in the context of the European Semester and for this expenditure to be permanently eligible for cohesion policy funds following the Coronavirus Response Investment Initiative. It is concerned that health expenditure has so far been only a very minor part of the recovery plan and calls for greater support for cities and regions as regards resilience and equipment in the area of health and civil protection.

25. It points out that cities and regions have to play an active role alongside the EU and Member States in developing these new approaches to protecting communities. This is even more true where they have specific powers in the area of health and where they manage the hospital and health system. This role must be recognised at national and European level in accordance with the principle of active subsidiarity.

Lessons to be learned from the war in Ukraine

26. The European Committee of the Regions welcomes HERA's involvement in the vaccination campaign for Ukrainian refugees in the EU and its support for the EU Civil Protection Mechanism, which provides vaccines for children and other essential medical supplies thanks to support from the pharmaceutical industry and health ministries;

27. The European Committee of the Regions considers that the war in Ukraine is a powerful reminder that Europe must be prepared for all kinds of crises: just as COVID-19 struck our regions without warning, armed conflict in the Union's direct neighbourhood was not expected either. Its impact on health systems, especially in Central and Eastern Europe, is constantly growing and needs to be closely monitored in order to prevent a tipping point being reached. HERA's analytical and predictive capacities need to be developed rapidly to ensure that the next impending disaster does not take the European Union by surprise;

28. therefore reaffirms that priority must be given to boosting the capacity of health systems in all EU Member States and regions to adapt rapidly to unforeseen events. For this to happen, the 'health security vulnerability scoreboard' and stress test programmes for health systems therefore, now more than ever, appear to be priority measures;

29. The European Committee of the Regions draws attention both to the risk of radiation exposure due to possible damage to civil nuclear infrastructure and to the risks inherent in delays in the treatment of chronic diseases, including cancer and HIV (Ukraine has one of the highest rates of HIV prevalence in Europe); these risks are also likely to have an impact on the health systems of host countries;

30. The war in Ukraine, which has resulted in the influx of millions of unvaccinated people into the EU, is prompting us to develop closer international cooperation on access to countermeasures, particularly vaccines, with priority given to our neighbouring countries. The European Committee of the Regions is therefore concerned at the inadequacy of these measures in the 2022 HERA work programme;

An industrial and public procurement policy for health

31. The European Committee of the Regions welcomes the initiatives taken since the beginning of the crisis to make countermeasures available faster and the draft Council Regulation on crisis management measures. However, it feels that the current proposals as yet fail to provide a sufficient mechanism for preparing effectively for health crises.

32. It stresses the need for an industrial and innovation policy ahead of crises, and the imperative need to create a new regulatory and support framework to give the EU sovereignty in the field of health and capacity to manufacture the products of R&I industrially.

33. It believes that the European Union must give itself the means to produce the 'essential' countermeasures largely common to the management of various types of crisis on its own soil. These medicines (including their active ingredients), medical devices, tests, diagnostics and basic equipment cannot be produced in Europe without a proactive public purchasing policy that absorbs potentially higher supply costs. There is currently no indication of how the European rules and principles for action are going to enable this essential objective to be achieved.

34. It is deeply concerned about the difficulties faced by many companies that invested at the request of public authorities at the beginning of the crisis to address shortages and are now being abandoned in favour of purchases from outside the EU. It feels that the lessons of the crisis have not been learned and that this issue should be dealt with as a matter of urgency. In particular, it calls for national and European strategic stocks to be built up and renewed wherever possible with goods produced in Europe.

35. The European Committee of the Regions therefore calls on the European Commission to research and propose an appropriate legislative framework allowing exemption from State aid and public procurement rules, particularly when it comes to 'essential' countermeasures. What is currently happening in the field of semiconductors (European Chips Act) should be conceivable in the field of health.

36. This new legal framework should relax the rules on public procurement, particularly in the area of innovation, step up screening of foreign investment and make it possible to provide sufficient direct aid to contribute effectively to accelerating the development of medical innovations such as vaccines and placing them on the market. As things stand, the European Union cannot legally make the same kind of intervention as the United Kingdom or the United States, and this is endangering its access to vaccines.

37. The European Committee of the Regions is concerned at the amount of time lost, regrets that the publication of the 2022 HERA work programme was not accompanied by the launch of an associated initiative, and calls on the Commission to submit a proposal to the Parliament and the Council without delay;

38. The European Committee of the Regions takes note of the recent progress made in structuring R&I in the area of preparedness for health crises. Indeed, the French presidency is strongly in favour of an important project of common European interest (IPCEI) 'in order to strengthen the EU's industrial policy and strategic positioning in the health sector by fostering innovation in the various segments of the healthcare industry.' Furthermore, in April 2021 the Commission began consultations with a view to launching a public-public European partnership on pandemic preparedness in the framework of Horizon Europe's 2023-2024 work programme in order to coordinate research carried out by the Member States. However, there is currently no framework for ensuring the consistency of all Horizon Europe actions that can contribute to the tasks of HERA and the planned budget of EUR 1,7 billion, whereas EUR 4 billion was mobilised under the previous two framework programmes for pandemic and vaccine research. The European Committee of the Regions therefore calls for:

— the creation of a scientific council for HERA which is pluralist and involves stakeholders, to establish scientific priorities and an R&I roadmap which Horizon Europe should address;

— an increased budgetary mobilisation under Horizon Europe to meet HERA's R&I needs;

— the launch of a reflection on the creation of a future 'mission' dedicated to health crisis management and preparedness that would allow for a cross-cutting approach within Horizon Europe, scientific and operational coordination, and the involvement of all stakeholders, with particular emphasis on promoting public-private collaboration.

39. Research on antimicrobial resistance would seem to be a top priority for HERA. The overuse of antimicrobials, in livestock farming and in human healthcare, is a ticking time bomb. Unless a solution is found rapidly, the 'no cure, no treatment' scenario is likely to happen soon. Almost all of the new antibiotics that have been marketed in recent decades are variations of antibiotic families that were discovered in the 1980s.So far, no conclusive results have been obtained by the Commission in this area, as demonstrated by the Court of Auditors' 2019 report ([5]). It is therefore necessary to reinforce preventive health services so that they can coordinate all those involved in controls on the use of antimicrobials locally, in hospitals and in the community and to invest in research into new antibiotics and alternative preventive methods.

40. A new legislative framework would enable a strategic partnership to be developed between the EU and the pharmaceutical industry, in order to take better account of public health objectives of general interest. The direct support of the EU must be met by industrialisation in Europe, privileged access to products, and a right of scrutiny with regard to the price of countermeasures and licensing policies.

41. Consideration should also be given to the R&I measures envisaged and the role of HERA there. The implementation of this strand within Horizon Europe needs to be improved fast so that HERA can quickly be given an R&I roadmap to clarify the procedure for deploying the EUR 1,8 billion in its budget that come from the programme.

42. The European Committee of the Regions stresses the need to strengthen without delay the fabric of innovative SMEs in the field of medical countermeasures and all types of devices and equipment to protect people and cope with crises. The first priority is to support business creation and innovation, which is the remit of cities and regions, and then to help them grow and build up the capacity to conduct clinical trials and manufacture products in Europe.

43. This will involve considerable investment and increasing the capital of the businesses concerned. The European Innovation Council (EIC) needs to be brought into play, in order to better structure a European innovation ecosystem around developing countermeasures and managing health crises and to strengthen risk and development capital intervention tools to enable innovative companies to grow while keeping their roots in Europe. These measures should also make it possible to share the industrial risk of developing and producing countermeasures.

44. The effectiveness of the medical countermeasures goes hand in hand with a more flexible management of clinical trials, while ensuring compliance with rules on ethics and the protection of personal data. HERA must propose a stronger framework for cooperation with the EMA for the coordination of medium and large-scale clinical trials, which was sorely lacking at the height of the COVID-19 crisis. The 'Vaccelerate' and 'HERA incubator' initiatives are a promising start in making up for these shortcomings, but clearer operational links must be established with national authorities in order to remove any regulatory or protocol barriers faster. The review of the new European Pharmaceutical Strategy should facilitate significant developments, in particular the centralisation of clinical trial authorisations for medicines requiring EU marketing authorisations.

45. Research infrastructure is also crucial. When it comes to combating major cross-border health scourges, proper analytical facilities, high-performance computers, repositories of data from epidemiological studies and comprehensive cohort studies are essential so that emerging threats and model response scenarios can be analysed.

International action based on prevention and solidarity

46. The European Committee of the Regions considers that it is in Europe's interest to act where new health risks are emerging to limit the EU's exposure to risks. HERA must therefore have the means to network with many partners (including, at international level, the United Nations and the Council of Europe) and to participate in action outside the EU, in collaboration with the countries concerned, as soon as risks are identified, with significant resources to draw on. This cooperation must also cover the preparatory phase and, in particular, prevention measures, reducing vulnerabilities, and preparing societies for crises. To this end, HERA should forge partnerships with civil society players, local and international NGOs and multilateral organisations involved in risk prevention programmes.

([5]) https://www.eca.europa.eu/en/Pages/DocItem.aspx?did={8892C8C4-6776-4B27-BE36-C181456EED71}.

47. Releasing intellectual property for vaccines and other medical products will not be a sufficient solution if less-developed countries do not have the capacity to develop production on their own. The European Committee of the Regions calls for the price of certain medicines to be regulated where needed and for the pharmaceutical industry to be required to grant manufacturing licences as suggested by the WTO. It calls for EU policies to contribute to the development of products adapted to the specific context of less-developed countries. It calls on the EU to commit to an active policy of technology transfer and support for local production, and to provide appropriate direct aid to help ensure health coverage for communities wherever it is needed.

48. The European Committee of the Regions notes and shares European citizens' very high expectations as regards giving the EU a greater role in the area of health. It notes that the current, very restrictive wording of Article 168 of the Treaties is, at present, an obstacle to this, and considers that the issue of strengthening European competences in the field of health should be on the agenda following the Conference on the Future of Europe. The EU's competences in the field of the internal market should already make it possible to go further in Community action in the field of health; it should be possible to strengthen the EU4Health programme; and EU health ministers should meet very regularly in a dedicated Council formation, rather than only twice a year as an afterthought at the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO).

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — The EU economy after COVID-19: implications for economic governance

(2022/C 301/07)

Rapporteur:	Elio DI RUPO (BE/PES), Minister-President of Wallonia
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions — The EU economy after COVID-19: implications for economic governance COM(2021) 662 final

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. welcomes the European Commission’s communication *The EU economy after COVID-19: implications for economic governance*, and the willingness it shows on the part of the Commission to reform the economic and budgetary rules, including taking into account the impact of the COVID-19 crisis; also welcomes the announcement to present a legislative proposal for mid-2022;

2. considers that the European economic governance reform must also take into account citizen proposals discussed in the context of the Conference on the Future of Europe;

3. recalls the findings, most notably those established by the Barometer 2020 and 2021 reports ([1]), which show that the multi-faceted impact of the COVID-19 crisis is asymmetric and has territorial dimensions; this impact reinforces certain pre-existing differences between regions across and within the Member States, as local and regional authorities are still at the frontline, not only to fight the pandemic and its effects, but also to implement measures to support people and companies, and to prepare for a gradual and sustainable recovery;

4. notes that throughout the EU, citizens are calling on public authorities, Member States, regions, and on local and regional authorities to help them face not only the consequences of the COVID-19 pandemic, but also the green and digital transitions called for by EU and, currently, the consequences of the war in Ukraine;

5. highlights that some Member States already had a significant investment backlog even before the COVID-19 crisis, for example in infrastructure renewal and building renovation, and that public investment has been put on hold in order to fund efforts to cope with the crisis; the longer this investment is delayed, though, the more expensive it will become;

6. notes that the EU has arrived at a critical moment, and needs to find ways and means to ensure cohesion and the prosperity of European citizens;

Response to the crisis

7. welcomes the success of the SURE programme, financed by bonds issued by the European Commission, and asks the Commission to ensure its proper follow up by submitting a White Paper, which, based on an assessment of the SURE programme, would present the policy options for a permanent European unemployment reinsurance scheme;

8. also welcomes the success of the green bonds issued under NextGenerationEU — the largest green bond issuance in the world — which contribute to financing climate investments through the Recovery and Resilience Facility (RRF);

([1]) European Committee of the Regions, EU Annual Regional and Local Barometer 2020, 12 October 2020, and EU Annual Regional and Local Barometer 2021, 12 October 2021.

9. reiterates its support for the activation of the general escape clause of the Stability and Growth Pact (SGP), for the first time in the history of the euro area; this activation has played an important role in the response to the crisis from Member States, regions, and local and regional authorities by enabling full use of public budgets to mitigate the consequences — most notably social — of the COVID-19 pandemic;

10. underlines that the war in Ukraine has demonstrated the importance of energy independence for the European Union and stresses that the energy transition must be accelerated; fears, however, that the classification of gas and nuclear power as sustainable energies in the Taxonomy Regulation will provide incentives that are at odds with the rapid expansion of renewable energies;

11. regrets that public debts have increased due to these measures: public debt levels rose by 13 percentage points in 2020, reaching 92 % of GDP in the EU as a whole, and 100 % in the euro area [2];

12. believes that if the escape clause of the SGP were to be deactivated in the economic governance framework's current state and against the backdrop an energy crisis, geopolitical instability and the recovery from the Covid-19 pandemic, the required debt reduction would lead to a return to austerity policies, and consequently result in great economic, social and environmental costs; therefore calls for the general escape clause to remain active until a revised economic governance framework is put in place as quickly as possible;

13. supports the European Fiscal Board's assessment on the need for an SGP reform to achieve public debt sustainability, with one main operational rule — a public expenditure benchmark — to target a gradual reduction of the debt ratio towards the anchor, at a pace tailored to country circumstances [3];

A revised governance framework

14. emphasises that the European economic governance framework has major effects on all levels of government, and more specifically on local and regional governments, which are responsible for almost a third of public spending and more than half of public investment in the EU as a whole, with wide variations between Member States [4];

15. reiterates that the SGP and other aspects of the current European economic governance framework have five major flaws: adverse procyclical effects, complexity, a lack of efficiency and effectiveness, insufficient consideration given to indicators linked to sustainable development and well-being, and finally, a lack of transparency and democratic legitimacy;

16. believes that a revised EU economic governance framework must ensure transparent policy-making by involving European and national parliaments and, depending on the internal competences of the Member States, parliamentary assemblies with legislative powers. This involvement must also include local and regional authorities, social partners, civil society, and the academic community;

17. believes that the revised framework also needs to consider the very high level of public debts, which need to be reduced gradually as they cannot be substantially reduced overnight following: the COVID-19 crisis, the cost of natural disasters and other extraordinary circumstances, the great disparities between and within Member States, the new macroeconomic deal (very low bond rates, constrained monetary policy as well as major uncertainty concerning inflation, interest rates and the labour market), the need to avoid austerity policies, and environmental, energy, technological and social priorities;

18. reiterates its position in favour of abandoning unanimous decision-making in taxation, in order to allow the European Union to take the necessary decisions by qualified majority, as in other areas of action as it allows for progress in the fight against tax abuse and information sharing between Member States. This provision continues to respect the competence at national, regional or local level for collecting taxes or setting tax rates;

(2) European Commission, *European Economic Forecast for Autumn 2021*, Institutional Paper 160, November 2021.
(3) See the Board's Annual Report for 2021: https://bit.ly/3HqqvIQ
(4) 2018 figures. Source: Eurostat, data codes: TEC00023 and TEC00022.

19. once again insists that national, regional and local governments and the public should be able to clearly understand the rules to be applied; welcomes, in this regard, the Commission's position in support of simpler fiscal rules using observable indicators; recalls that it is of utmost importance to incorporate cyclically adjusted countercyclical stabilisation;

20. believes that a governance framework aimed at ensuring sound budgets must be based not only on wise spending but also on sound and balanced revenues; recalls that in the EU, tax avoidance and fraud deprive public budgets of several hundreds of billions of euros each year, and that the fight against tax fraud is one of the key areas in which more Europeans would like to see greater EU intervention;

21. believes that economic governance must strike a balance between indicators related to budgetary discipline, and those related to social cohesion and the provision of infrastructure and services of general economic interest to all citizens, such as public health and well-being; therefore believes that, in keeping with the macroeconomic imbalance procedure (MIP), which encompasses more varied indicators, including unemployment rates, reformed economic governance must also take into account other environmental and social goals; these concerns cannot remain of secondary importance compared to indicators linked to budgetary discipline;

22. again suggests that the MIP be extended to auxiliary indicators relating to regional disparities, and thinks that it could also take into account the progress made in the implementation of the Sustainable Development Goals (SDGs) that cover not only environmental protection but also social, economic and governance criteria, and which are supported by 193 states worldwide;

23. points out that the corrective measures taken as part of the Member States' macroeconomic imbalance procedures have different effects in different regions, and are particularly detrimental in regions with less diversified economies, such as outermost regions, who have structural and exceptional constraints identified in Article 349 TFEU. These regions are highly sensitive to exogenous shocks and contractionary economic policies have a greater impact on reducing investment and employment there;

Rational promotion of public investment

24. continues to believe that the European economic governance framework is partly responsible for the sharp drop in public investment that occurred following the euro area crisis because it does not sufficiently take into account the distinction between current expenditure and long-term investment expenditure; between 2009 and 2018, public investment as a whole fell in the EU by 20 % (as a share of GDP); investment by local and regional authorities decreased by almost 25 % and by 40 % or more in some of the Member States worst affected by the crisis ([5]); believes that it is imperative to avoid repeating such events in the aftermath of the COVID-19 crisis; notes that investment at local and regional level could play a decisive role in economic recovery;

25. stresses that the European Fiscal Board established that Member States with a high public investment rate tended to significantly reduce it during excessive deficit procedures (EDPs) ([6]), and that the Commission itself noted that the budgetary framework has not prevented a drop in investments ([7]);

26. emphasises that the CoR already felt in its opinion on the 2015 interpretative communication on the matter ([8]) that the existing flexibility for investments in the SGP was too restrictive and limited. Furthermore, it was only requested by two Member States, and even then, only resulted in minimum impact;

([5]) Eurostat, data code: TEC00022.
([6]) European Fiscal Board, Assessment of EU fiscal rules with a focus on the six and two-pack legislation, p. 76.
([7]) European Commission, *Economic governance review* (COM(2020) 55 final of 5 February 2020).
([8]) CoR opinion on *Making the best use of the flexibility within the existing rules of the stability and growth pact* (COR-2015-01185) (OJ C 313, 22.9.2015, p. 22), rapporteur: Olga Zrihen (BE/PES), adopted on 9 July 2015.

27. stresses that at the same time, the EU is facing immense funding needs in order to address major current challenges: 650 billion per year according to the Commission for the green and digital transitions alone [9], as well as nearly 200 billion per year for social infrastructure [10];

28. believes that in this current context of extraordinary investment needs, discouraging deficit financing for public investment (as the current financial framework does), including investment by local and regional authorities, could encourage underinvestment, to the detriment of future generations and future goals, such as the EU climate goals;

29. welcomes the fact that the Commission has finally clearly acknowledged the need for the governance framework to encourage investments, especially green, digital and resilience-enhancing public investments;

30. reiterates its repeatedly-expressed request for a 'golden co-financing rule' which states that: public spending by Member States and local and regional authorities as part of Structural and Investment Fund co-financing in line with the respective EU co-financing limits should not be considered as national or equivalent structural expenditure as defined within the SGP; underlines that public government investments, such as the sustainable green, digital and social transition and maintaining European competitiveness are important for future generations and should therefore be treated adequately when it comes to public government investments;

31. stresses that, due to the type of project supported by Structural and Investment Funds, such a 'golden' co-financing rule would automatically be particularly supportive of efforts to address current major challenges and implement European priorities. These include economic, social and territorial cohesion; strengthening resilience; implementing social, environmental and digital policies, etc. Granting them favourable treatment within the financial framework would thus strengthen the overall coherence of European policies;

32. calls on the Commission to present a white paper on an overhaul of economic governance based on the potential establishment of a golden rule in line with the respective EU co-financing limits, after it has reformulated its proposals to take account of the economic and budgetary damage caused by COVID-19. The Commission should in its assessment also consider other instruments such as an expenditure rule, which on the basis of trend economic growth and the level of debt imposes a limit on the annual growth of total government expenditure, and can serve to safeguard public trust by boosting transparency, reducing administrative burdens and striking a balance between budgetary discipline and preserving sufficient capacity for public investment;

33. recalls that this expenditure is, by definition, investment in the general European interest with a proven leverage effect in terms of sustainable growth and strengthening territorial cohesion;

34. furthermore, calls for a 'golden' green and social cohesion rule, excluding public investments in projects aimed at encouraging the transition to an environmentally, economically and socially sustainable society, as defined in the SDGs and the Green Deal, from the accounts, as these investments are recognised as essential not only with regard to the recovery following the COVID-19 crisis, but also for the prosperity and quality of life of future generations;

35. suggests that another solution could be to exempt the local and regional government sector from having to apply the Stability and Growth Pact rules. In 2019, public investment in this sector at the European Union level totalled 49,2 % of total public investment [11], while the gross debt of the European Union's local government sector represents only 6,0 % of the European Union's gross domestic product [12] and is therefore not the cause of high public debt. Moreover, the local government sector only takes on debt for investment and not for macroeconomic stabilisation with current expenditure, and local governments are subject to internal budgetary oversight by the regional or national government. The Committee strongly urges the Commission to examine the possibility of exempting local authorities from having to apply the rules of the Stability and Growth Pact;

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(9) European Commission, *The EU economy after COVID-19: implications for economic governance* (COM(2021) 662 final of 19 October 2020).

(10) European Commission, Commission Staff Working Document: Identifying Europe's recovery needs (SWD(2020) 98 final of 27 May 2020).

(11) Source: Eurostat National Accounts.

(12) Source: Eurostat National Accounts.

36. considers it necessary, in general, that the 'do no harm to cohesion' principle, which is included in the Commission's Communication on the 8th Cohesion Report, be taken into account in order to ensure complementarity and synergies between cohesion policy and other EU policies, thus avoiding both hampering the process of convergence and an increase in regional disparities;

37. calls on the Commission to submit, between now and the end of 2022, a legislative proposal for a recast of the economic governance framework, based, in particular, on the implementation of these 'golden' rules combined with the expenditure rule, which can strike a balance between budgetary discipline and preserving sufficient capacity for public investment;

38. nevertheless, in order to ensure compliance of expenditure identified by the governments as falling under one of these 'golden' rules, proposes that the application of these rules be subject to strict surveillance on two levels: from the national independent fiscal councils, and the European fiscal board, which will submit public annual reports to the Council and to the European Parliament;

A substantially revised European Semester

39. stresses that economic governance, which is implemented in practice through the European Semester coordination cycle, lacks efficiency and effectiveness in terms of carrying out reforms;

40. also stresses that the scope of the reforms considered under the European Semester has never been defined in EU legal texts, particularly with regard to their relevance and their added value at EU level. This lack of definition limits potential interactions between reforms undertaken at national level and EU policies (financial legislation and programmes) and is problematic with regard to the principle of subsidiarity;

41. considers it necessary that the European Semester be — on an equal footing and in synergy with its economic and financial objectives — the framework for implementing the environmental and social cohesion requirements defined in the United Nations Sustainable Development Goals (SDGs), which the EU and the Member States have committed to achieving by 2030;

42. firmly believes that its proposed code of conduct for the involvement of local and regional authorities in the European Semester ([13]) is likely to rectify the Semester's lack of efficiency and effectiveness, as local and regional realities would be better taken into account, and that its implementation remains necessary, especially as the national plans in the context of the RRF are, in part, based on the country-specific recommendations of the European Semester;

43. believes that such a double reorientation of the Semester, regarding its objectives and also its operating processes, would strengthen its democratic legitimacy and that of the EU economic governance system as a whole, which is currently far too weak.

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

([13]) CoR opinion on *Improving the governance of the European Semester: a Code of Conduct for the involvement of local and regional authorities* (COR-2016-05386) (OJ C 306, 15.9.2017, p. 24), rapporteur: Rob Jonkman (NL/ECR), adopted on 11 May 2017.

Opinion of the Committee of the Regions — ensuring a global minimum level of taxation for multinational groups in the Union

(2022/C 301/08)

Rapporteur-general:	Federico BORGNA (IT/PES)
Reference document:	Proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups in the Union COM(2021) 823 final

I. **RECOMMENDATIONS FOR AMENDMENTS**

Amendment 1

Recital 7

Text proposed by the European Commission	CoR amendment
While it is necessary to ensure that tax avoidance practices are discouraged, adverse impacts on smaller MNEs in the internal market should be avoided. For this purpose, this Directive should only apply to entities located in the Union that are members of MNE groups or large-scale domestic groups that meet the annual threshold of at least EUR 750 000 000 of consolidated revenue. This threshold would be consistent with the threshold of existing international tax rules such as the country-by-country reporting rules. Entities within the scope of this Directive are referred to as constituent entities. Certain entities should be excluded from the scope based on their particular purpose and status. Excluded entities would be those that are not profit-driven and perform activities in the general interest and which are, for these reasons, not likely to be subject to tax in the Member State in which they are located. In order to protect those specific interests, it is necessary to exclude from the scope of the Directive governmental entities, international organisations, non-profit organisations ***and pension funds*** from the scope of this Directive. ***Investment funds and real estate investment vehicles should also be excluded from the scope when they are at the top of the ownership chain, since, for those so-called flow-through entities, the income earned is taxed at the level of the owners.***	***I***t is necessary to ensure that tax avoidance practices are discouraged***. At the same time,*** adverse impacts on smaller MNEs in the internal market should be avoided. For this purpose, this Directive should only apply to entities located in the Union that are members of MNE groups or large-scale domestic groups that meet the annual threshold of at least EUR 750 000 000 of consolidated revenue. This threshold would be consistent with the threshold of existing international tax rules such as the country-by-country reporting rules. Entities within the scope of this Directive are referred to as constituent entities. Certain entities should be excluded from the scope based on their particular purpose and status. Excluded entities would be those that are not profit-driven and perform activities in the general interest and which are, for these reasons, not likely to be subject to tax in the Member State in which they are located. In order to protect those specific interests, it is necessary to exclude from the scope of the Directive governmental entities ***(including local and regional authorities and their associations)***, international organisations ***and*** non-profit organisations ***and pension funds***.

Reason

Self-explanatory.

Amendment 2

Article 2(3)(a)

Text proposed by the European Commission	CoR amendment
(a) a governmental entity, an international organisation, a non-profit organisation, ***a pension fund, an investment entity that is an ultimate parent entity and a real estate investment vehicle that is an ultimate parent entity;*** or	(a) a governmental entity ***(local and regional authorities and their associations)***, an international organisation, a non-profit organisation***, a pension fund***;

Reason

Clarification. Self-explanatory.

Amendment 3

Article 3(31)(d)

Text proposed by the European Commission	CoR amendment
(d) to a governmental entity, an international organisation, a non-profit organisation***, a pension fund, an investment entity that is not part of the MNE group or a life insurance company to the extent that the dividend is received in connection with pension fund activities that is subject to tax in the same manner as a pension fund;***	(d) to a governmental entity ***(including local and regional authorities and their associations)***, an international organisation, a non-profit organisation***, a pension fund***;

Reason

Clarification. Self-explanatory.

Amendment 4

Article 11

Text proposed by the European Commission	CoR amendment
Application of a UTPR across the MNE group	**Application of a UTPR across the MNE group**
Where the ultimate parent entity of an MNE group is located in a third country jurisdiction that does not apply a qualified income inclusion rule, Member States shall ensure that its constituent entities located in the Union are subject, in the Member State in which they are located, to a top-up tax for the fiscal year (a 'UTPR top-up tax') for the amount allocated to that Member State in accordance with Article 13. ***Constituent entities that are investment entities and pension funds shall not be subject to the UTPR top-up tax.***	Where the ultimate parent entity of an MNE group is located in a third country jurisdiction that does not apply a qualified income inclusion rule, Member States shall ensure that its constituent entities located in the Union are subject, in the Member State in which they are located, to a top-up tax for the fiscal year (a 'UTPR top-up tax') for the amount allocated to that Member State in accordance with Article 13. ***Pension funds shall not be subject to the UTPR top-up tax.***

Reason

Self-explanatory.

Amendment 5

Article 12

Text proposed by the European Commission	CoR amendment
Application of a UTPR in the UPE jurisdiction	**Application of a UTPR in the UPE jurisdiction**
Where the ultimate parent entity of an MNE group is located in a low-tax jurisdiction, Member States shall ensure that its constituent entities located in a Member State are subject to UTPR top-up tax for the fiscal year and for the amount allocated to that Member State in accordance with Article 13 in respect of the low-taxed constituent entities that are located in the jurisdiction of the ultimate parent entity, irrespective of whether that jurisdiction applies a qualified income inclusion rule. ***Constituent entities that are investment entities and pension funds shall not be subject to the UTPR top-up tax.***	Where the ultimate parent entity of an MNE group is located in a low-tax jurisdiction, Member States shall ensure that its constituent entities located in a Member State are subject to UTPR top-up tax for the fiscal year and for the amount allocated to that Member State in accordance with Article 13 in respect of the low-taxed constituent entities that are located in the jurisdiction of the ultimate parent entity, irrespective of whether that jurisdiction applies a qualified income inclusion rule. ***Pension funds shall not be subject to the UTPR top-up tax.***

Reason

Self-explanatory.

Amendment 6

Article 36(2)(b)

Text proposed by the European Commission	CoR amendment
(b) a governmental entity, an international organisation, a non-profit organisation ***or a pension fund other than a pension services entity that is tax resident in the jurisdiction where the ultimate parent entity is located and that holds ownership interests representing a right to 5 % or less of the profits and assets of the ultimate parent entity.***	(b) a governmental entity ***(including local and regional authorities and their associations)***, an international organisation ***or*** a non-profit organisation ***or a pension fund***.

Reason

Clarification. Self-explanatory.

Amendment 7

Article 37(3)(c)

Text proposed by the European Commission	CoR amendment
(c) a governmental entity, an international organisation, a non-profit organisation ***or a pension fund other than a pension services entity that is tax resident in the jurisdiction where the ultimate parent entity is located and that holds ownership interests representing a right to 5 % or less of the profits and assets of the ultimate parent entity.***	(c) a governmental entity ***(including local and regional authorities and their associations)***, international organisation ***or*** a non-profit organisation ***or a pension fund***.

Reason

Clarification. Self-explanatory.

Amendment 8

Article 53a (new)

Text proposed by the European Commission	CoR amendment
	Three years after the entry into force of this Directive, the European Commission shall review the results and may propose an amendment to this Directive, in particular with regard to adapting the definitions relating to turnover threshold and minimum tax rate, in line with international developments.

Reason

In the absence of an impact assessment by the European Commission when drafting this Directive, a review is even more important in order to analyse the results and consequences of its implementation.

II. **POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS

General observations

1. welcomes the proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups in the Union [1];

2. reiterates that Article 3 of the Treaty on European Union (TEU) includes the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and that Article 113 of the Treaty on the Functioning of the European Union (TFEU) provides that the Council must, acting unanimously, ensure the establishment and the functioning of the internal market and avoid distortion of competition;

3. considers that the work done so far by the OECD in the preparation of legal measures to combat tax base erosion and profit shifting outside the EU could also have beneficial effects for local and regional situations as well, not only in terms of higher tax revenue available to the Member States, but also with a view to ensuring greater fairness and competitiveness of SMEs which, at national and local level, are currently experiencing less favourable tax conditions and positive consequences for employment and workers;

4. is convinced that adopting a proposal for a minimum level of taxation would be the first step in creating a single taxation scheme within the EU, which is needed now more than ever in order to move towards adequate competition between companies on the internal European market, increase Europe's competitiveness, and to prevent the relocation or arbitrary closure of production centres, which greatly impacts workers, who are forced to look for new jobs or cope with travelling considerable distances to avoid losing their jobs;

5. considers it absolutely essential that the rules do not entail more red tape for businesses, thus holding back their development, particularly in the research and innovation sectors, and climate neutrality, which are crucial for ensuring the necessary digital and green transitions.

Complete harmonisation of the rules within the EU

6. calls for the Directive to be applied comprehensively and consistently among the EU Member States, but also fully in line with the OECD agreement: the lack of harmonisation between minimum tax rules within the EU, or between the EU and third countries, could give rise to potential disputes on double taxation, with a direct negative impact on a large number of leading global companies and potential consequences for their suppliers (who are often SMEs), as regards to tax income, trade and investments;

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[1] COM(2021) 823 final.

7. considers it essential that the OECD’s comments and further technical details on the model rules are included in the EU Directive in a comprehensive manner, and are not subject to hasty transposition, without excluding the possibility of measures being triggered by regulation in the future;

8. highlights the importance in the final drafting of the Directive and its subsequent application, of shared, unambiguous terminology: some of the new definitions used in the Directive may not be fully aligned with the definitions already established in international tax law; to ensure greater legal certainty, a cross-check of the translations of the EU Directive will be essential, in order to achieve precise alignment with the tax law concepts of individual countries;

9. with regard to large national groups, calls for every effort to be made to ensure that the new minimum taxation level complies with EU law to avoid legal uncertainty, and strongly encourages the establishment, where possible, of simplification measures for these entirely national groups. Currently, it is not clear how many large, exclusively national groups exist in the EU, and what the fiscal and administrative cost of such a measure would be.

Interaction and a level playing field with third countries

10. calls on the EU, when transposing the OECD’s minimum tax rate into law, to constantly engage with its global partners and uphold its political guidelines, in order to avoid European companies facing stricter rules than their direct competitors, relegating the EU to a less open business environment with lower economic growth, fewer jobs, limited capacities and resources to respond to innovation challenges. It considers, in particular, that the failure of the US to participate in Pillar 1 could undermine the purpose and balance of the OECD agreement as a whole;

11. calls on the EU to closely monitor the influence of the introduction of the second pillar system on the behaviour of investors and companies, to understand how the new rules will affect investment, jobs, growth, trade and the fiscal impact. This monitoring is essential to avoid negative spill-over effects on workers (through lower wages), consumers (through higher prices) or shareholders (through lower dividends). Since it is vital that all the EU’s main trading partners apply the minimum taxation level, it is essential that third countries comply with international rules in order to avoid subjecting EU companies to a stricter regime than other companies, leaving them at the mercy of an uncoordinated global system;

12. stresses that the Undertaxed Payments Rule (UTPR) may, to some extent, limit the uneven playing field between companies, but this would not fully resolve the situation, particularly because the rule is very complex to apply in practice and could make the EU less attractive, for example for R & D activities or investments in the energy and climate transition;

13. considers it essential to prevent the possibility of EU companies being double taxed, due, for example, to the lack of coordination between Base Erosion and Profit Shifting (BEPS) or the European Income Inclusion Rule (IIR) and the US rules BEAT or GILTI.

Harmonisation with incentives and other EU tax rules

14. suggests launching, as part of the considerable reduction to the taxation of business profits at European level (halved over the last 25 years), an evaluation of the many anti-avoidance measures taken over the last 10 years, and assessing their efficiency, effectiveness, coherence and EU added value in terms of tax revenue (including how Member States have implemented this legislation in their audit work);

15. calls on the Commission to assess whether the 2017 EU dispute resolution mechanism could be used for the second pillar, or whether changes are needed;

16. believes that the Commission and the Member States’ tax authorities should update and redesign their tax systems to ensure that they are still able to encourage (green) innovation, growth and jobs. Countries have designed and implemented various national taxes and numerous incentives in recent decades to stimulate employment and innovation in local economies. The most recent and important trend is the increase in tax incentives specifically designed to encourage climate protection, security of energy supply and R & D, as part of the EU Green Deal; certain tax incentives currently used in the Member States will no longer be accessible, or will be less attractive from an investment point of view after the adoption of the Directive. Therefore, it would be useful for the Commission to prepare a guide explaining how to design future tax incentives in line with Pillar 2 requirements (e.g. incentives offering tax breaks on salaries or the social security contributions of researchers, or accelerated depreciation schemes to encourage investment);

17. considers it essential that the EU Member States still provide incentives to attract foreign investments, provided that they encourage the activity of the real economy through the hiring of more employees, paying workers more or investing in tangible assets: multinational enterprises (MNE) also rely on local SMEs for input products in their value chains, and their presence could lead to further positive spill-over effects for the local business environment;

18. supports the call made by the business community to introduce a testing phase for the application of the penalties provided for: for example, for the first year of implementation all companies could be given the chance to go through the necessary process of learning the new rules, so that the penalties applied to non-compliant entities are proportionate and do not involve those whose non-compliance is due to the late adaptation of the procedures rather than specific wilful intent;

19. suggests, with regard to deposit requirements, that company-related information should only be disclosed through an official exchange of information between tax authorities, subject to strict compliance with confidentiality rules and appropriate conditions of use, in order to prevent the uncontrolled leakage of sensitive information, without compromising transparency requirements as laid out in the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence;

20. calls for red tape to be cut in order to limit the costs of adapting to the new rules, for companies as well as tax authorities: every effort should be made to keep the administrative burden as low as possible. Legislation that is not overly convoluted can make it easier for companies to learn about the new rules, shortens the necessary transition period and will make it easier for tax authorities to verify the effective application of these new rules.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — European Strategy for Universities

(2022/C 301/09)

Rapporteur:	Emil BOC (RO/EPP), Mayor of Cluj-Napoca
Reference document:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a European strategy for universities COM(2022) 16

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. endorses the EU's engagement in and support for promoting excellence in education; in connection with this, highlights the key role played by the European strategy for universities, part of the higher education package which will deliver the European Education Area by 2025;

2. stresses that a civilisation that strengthens European democratic values can only endure if it invests in human capital. An excellent education system with strong universities at its core is the cornerstone of lifelong learning;

3. flags up both the importance of raising the standard of European university education and research and boosting the availability of local and regional support for the objectives identified in this strategy;

4. acknowledges that universities play a crucial role in society and contribute to the sustainable, resilient and inclusive development, founded on democratic values, of Member States, local communities and regions alike. Universities are even more important during times of crisis, when they can help overcome the crisis and contribute to post-crisis recovery ([1]);

5. underlines the crucial role of universities in addressing global challenges. The EU has long stressed the need to strengthen the close link between research, teaching, learning and innovation in universities, while better financing universities to consolidate the required level of quality. The role of universities in generating new research knowledge and promoting new innovation is vital in addressing the pressing societal challenges identified in European Union missions;

6. points out that universities must be seen as a fundamental component of European culture and that the diversity of the university sector, which brings together teaching bodies, research institutes and vocational training institutions, etc., is a strategic advantage;

([1]) Howard, G., Weinstein, R., Yang, Y. (2021), Do universities improve local economic resilience?, IZA DP No. 14422, online at https://docs.iza.org/dp14422.pdf.

7. notes that at local and regional level, the presence of universities generally gives a significant competitive advantage to the communities hosting them ([2]). For instance, investors are interested in and attracted to communities with a highly qualified labour force and opportunities for both cooperation with academic circles and the transfer of technology and know-how from universities to the business sector. The presence of a university also generates significant local income ([3]), as students and staff, both teaching and otherwise, spend considerable amounts of money at local shops and businesses (there is a significant multiplier effect as regards university-generated consumption). Above and beyond these advantages which are economically quantifiable, university towns tend to be cosmopolitan due to the presence of students and teaching staff from various countries and the promotion of values such as tolerance and cultural, religious and ethnic diversity ([4]);

8. welcomes the multilevel approach taken by the European strategy for universities, which seeks to align policy objectives with EU, national, regional and local investment; would however point out that a stronger local and regional dimension in the design and implementation of the ideal model for universities in future would be beneficial;

9. notes that strategic partnerships need to be built between local and regional authorities (LRAs) and universities, including as regards framing local and regional development strategies. Universities play a crucial role in the development of place-based ecosystems, for which regional smart specialisation strategies have provided a good basis;

10. acknowledges that LRAs can support universities by creating and improving local and regional conditions (such as access to all types of infrastructure and services, quality of life, and an inclusive environment) which can make universities more globally competitive;

11. notes that within the EU, there is already an excellent tradition of universities from various Member States cooperating through the ERASMUS+ programme, and this must be continually developed and strengthened;

12. notes that the role played by universities in society is changing, and that they are taking on new functions alongside their traditional ones (which focused largely on teaching and research) ([5]). Universities are redefining themselves as major players in fields such as technological and social innovation, entrepreneurship and transferring technology to the economy. They are no longer standing apart from communities and society: they are engaged in the community, becoming stakeholders which are able to help identify answers to some of the problems facing society ([6]);

13. points out that universities play a pivotal role in promoting objectives which are vital for the EU, such as the green and digital transitions. Universities have a solid pool of expertise in these fields, but at the same time they can enact and spread relevant good practices within and towards their host communities;

14. notes that universities can provide solutions and tools for tackling some of the major problems facing the EU, such as brain drain ([7]) and rural exodus. The detrimental effects associated with brain drain and the key role of brain circulation are closely linked to cooperation and partnerships between universities, LRAs, the business environment and civil society. Stresses that efforts should be significantly stepped up to narrow the knowledge and innovation divide within Europe and close the innovation gap between Europe and the US;

([2]) Fonseca, L., Nieth, L. (2021), The role of universities in regional development strategies: A comparison across actors and policy stages, *European Urban and Regional Studies*, 22(3); Goddard, J, Puukka, J. (2008), The engagement of higher education institutions in regional development: an overview of the opportunities and challenges, *Higher Education Management and Policy*, 20(2): 11–41.

([3]) Chirca, A., Lazar, D.T. (2021), Cluj-Napoca without students: an estimation of the gap in the city's economy, *Transylvanian Review of Administrative Sciences*, 66E: 44-59.

([4]) Goddard, J., Vallance, P. (2014), The university and the city, *Higher Education*, 68(2): 319–321.

([5]) Liddle J., Addidle G.D. (2022), The Changing Role of Universities in Society: Key Influences in The Role of Universities and HEIs in the Vulnerability Agenda. Rethinking University-Community Policy Connections. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-89086-5_3.

([6]) Myklebust, J.P., Smidt, H. (2021), What is the role of universities in global upskilling?, *University World News*, online at https://www.universityworldnews.com/post.php?story=20210129110449887.

([7]) Hammerbauer, M., Pavletić, P., Vespa, M. (2021) Brain drain in higher education in European context, Final report- ESC41, online at https://www.esu-online.org/wp-content/uploads/2021/03/Brain-Drain-final-report-ESC41-Google-Docs.pdf.

15. would suggest that it is important to identify and ensure the permanent, large-scale take-up of good practices at local and regional level as regards LRA-university cooperation. Forging transnational networks focused on spreading good practices, with broad participation by higher education stakeholders, is therefore a priority for Member State LRAs. This network could be incorporated into the European strategy for universities;

16. points out that universities are encountering significant problems and obstacles as they change and take on new responsibilities. Financial challenges are in all likelihood being encountered in every Member State. Therefore proposes that an investment strategy be devised which takes account of regional, national and European financing and calls for cooperation between the public, private and non-profit sectors to be taken into consideration with a view to building the capacities of European universities. Also notes that there are challenges relating to issues such as the degree of university autonomy and/or political intervention in major decisions on university financing, recruiting and selecting teaching staff, freedom of expression and choice of subjects and direction of research, and opportunities for free communication without any censorship of the outcome of research;

17. emphasises that Member State LRAs need to engage in consolidating a broad range of local and regional ecosystems and to promote cooperation and trust between different community sectors. Points out that at local and regional level, universities must be seen as part of wider ecosystems incorporating a wealth of stakeholders ([8]). Cooperation between universities and relevant community stakeholders is key to enabling universities to offer new skills focusing on creative problem solving, technology use and efficient communication in the community;

18. notes that deepening transnational cooperation between universities and developing the European dimension of higher education are fundamental priorities of the European strategy for universities. Accordingly, considers that LRAs can act in support of transnational cooperation between universities wherever possible (the Erasmus+ European Universities Initiative is a key mechanism for university alliances aiming to achieve excellence). LRAs can adopt good practices set out in the strategy, such as the European Student Card. As well as serving academic purposes, the card could be used by transnational students, researchers and teaching staff when communicating with local administrations (for instance, for residence permits, public transport passes and access to museums);

19. points out that within the European strategy for universities, Member State LRAs must act as facilitators able to bring various community stakeholders together around initiatives and projects which are relevant to universities. Also notes that in many Member States, LRAs do not have direct responsibility for university financing. Nonetheless, LRAs can promote financing from a range of sources for universities and their various initiatives, generating synergies at local and regional level;

20. acknowledge the need for universities to reshape study programmes to respond as effectively as possible to fast advances in technology, to the green and digital transitions and to structural changes to European labour markets requiring new skills ([9]). Would also point out that LRAs can play an important role in the process of reshaping study programmes and developing such new skills. Underlines at the same time that, while universities greatly contribute to enhancing employability and economic competitiveness within a globalised economy, the autonomous nature of tertiary education must be preserved;

21. flags up LRAs' role in creating and consolidating local and regional ecosystems promoting active cooperation and networking between infranational public authorities, businesses and industry, and universities. LRAs must act as initiators and facilitators in these ecosystems, identifying opportunities for cooperation, allocating resources (financial and otherwise) for networking and cooperation activities, and supporting the establishment of hubs such as education clusters at local

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([8]) Reichert, S. (2019), The Role of Universities in Regional Innovation Ecosystems, EUA Study, online at https://www.eua.eu/downloads/publications/eua%20innovation%20ecosystem%20report_final_digital.pdf.

([9]) Jackson, N. J. (2011) Learning for a complex world: A lifewide concept of learning, education and personal development. Bloomington, IN: Author House; Williams, S., Dodd, L. J., Steele, C., & Randall, R. (2015), A systematic review of current understandings of employability, *Journal of Education and Work*, Vol. 29, No. 8, pp 877-901.

and/or regional level. Education clusters are excellent tools, designed to provide space for dialogue and cooperation between the main formal education stakeholders with a view to supporting young people as they prepare to enter the labour market. Through education clusters, LRAs can work with other ecosystem stakeholders to implement mechanisms such as innovation funds and mini grants for start-ups in certain key fields;

22. considers that students now need to learn using methods which are in some cases radically different from those used in the past. They need opportunities to apply theoretical concepts to real-life situations, to use them to solve problems in their local and regional community. Together with universities and other local and regional ecosystem stakeholders, LRAs can foster these learning experiences, for instance by supporting living laboratories, forwarding policy issues for analysis, developing joint strategic projects for the community and facilitating cooperation with other local and regional stakeholders;

23. considers that LRAs, in partnership with universities and other local or regional ecosystem stakeholders, can do a lot to support young entrepreneurs, including students and graduates, by helping them gain access to key resources needed for innovation. Many young people and students need resources such as laboratories, new technologies and new connections to develop business ideas and/or products and services. Together with other bodies which have these resources, LRAs can enable young entrepreneurs to access the resources they need to innovate (office space, training, advice, etc.);

24. points out that LRAs can develop smart relationships with universities to develop the local and regional community. Universities need to produce knowledge and services for their host communities. LRAs can facilitate this relationship by establishing programmes through which universities are involved on a permanent basis in finding answers to local and regional problems, providing advice and know-how and spreading good practices when they arise so that more communities and authorities can act on them as well. Public recognition and incentives for universities to get involved play a major role in proving the value of various academic and/or professional paths, encouraging universities to attach greater value to teacher, researcher and student engagement in the community;

25. emphasises that local and regional communities of all sizes can benefit equally from hosting a university. LRAs can make a significant contribution to developing universities and making them more attractive by laying the groundwork for high quality of life and encouraging attitudes and behaviour geared towards tolerance, inclusion, multiculturalism and public safety. Universities can locate some of their activities and structures in smaller towns, as well as in cities. LRAs can help establish university structures and/or research institutes in smaller towns by providing services such as affordable housing for students, allowing certain public buildings to be used for teaching, research and communication activities, and producing reliable quality of life indicators, capitalising on what smaller towns can offer in contrast with cities;

26. considers that the local and regional-level digital transition can be accelerated by cooperating with universities and optimising use of relevant university resources. Together with LRAs, universities can provide advice or devise digital transition strategies geared to local or regional circumstances. In partnership with LRAs, universities can lay on short-term digital skills courses or training sessions for the general public, with a particular focus on groups at risk of exclusion (such as older and less educated people);

27. LRAs can support the development of hybrid campuses which will act as a driver of the digital transition in both communities and universities, ensuring equal opportunities, promoting social integration, improving the competitiveness of young people on the labour market, strengthening of youth work, non-discrimination and intercultural understanding. Hybrid campuses should pay attention to communication in ensuring equality of opportunity and to the penetration of information, to ensure that it is genuinely accessible to all eligible young people, particularly those living in peripheral regions. LRAs can provide support, financial and otherwise, for measures to open up these hybrid campuses to various community stakeholders, including at-risk and disadvantaged groups, vulnerable and at-risk young people such as NEETs, young job seekers, women, refugees, persons with disabilities and retired people. The EU and Member State policies need to give priority to the inclusion of at-risk young people;

28. considers that universities have a major pool of knowledge and know-how regarding the green transition. Universities can also be a model for good practices — along with education and information — for the green transition. In partnership with LRAs, universities can develop green campuses and get involved in urban renewal, providing the community with green campuses and exemplary energy efficient buildings which comply with eco-design principles;

29. welcomes the clear roadmap, annual indicators and benchmarks for the delivery of the strategy, which the CoR has already called for, which will be used to evaluate the progress made towards meeting the objectives of the European Education Area. Nonetheless, would point out that the local and regional dimension must be factored into the European Higher Education Sector Observatory, as this would ensure that the planned scoreboard is also geared to the local and regional level;

30. notes that LRAs can help European universities to go international and to promote the European Union on the global stage. This assistance should include supporting European universities in joining ambitious transnational alliances developing systemic, long-term cooperation on excellent education, research and innovation and providing students, teachers, researchers and staff with permanent opportunities for academic mobility.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — Future EU State aid in the agricultural and forestry sectors and in rural areas

(2022/C 301/10)

Rapporteur: Guido MILANA (PES/IT), Member of Olevano Romano Municipal Council

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS,

1. welcomes the European Commission's recent new proposals for granting State aid in agriculture, which will apply from 1 January 2023;

2. points out that Article 107(1) of the Treaty on the Functioning of the EU provides that State aid granted to undertakings which could distort competition between Member States is incompatible with the internal market, with the article then introducing certain derogations;

3. points out that, for the agricultural and forestry sectors and rural areas, the Commission assesses whether such a distortion exists on the basis of the Guidelines for State aid in the agricultural and forestry sectors and in rural areas, and that those guidelines cover the 2014–2022 programming period;

4. stresses that Article 81 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council [1] on support for rural development by the European Agricultural Fund for Rural Development stipulates that funding for measures not covered by Annex I to the TFEU must be implemented under State aid rules;

5. stresses that aligning the two texts ensures that the State aid rules apply for the same length of time as the rural development rules;

6. notes that, to this end, the Commission launched a consultation in 2019 and that the findings of that consultation are set out in working document SWD(2021) 107 final [2];

7. points out that, in the meantime, the Parliament and the Council of the EU have adopted the new CAP regulations, in particular Regulation (EU) 2021/2115 of the European Parliament and of the Council [3] establishing rules on support for strategic plans, taking into account the opinion of the Committee of the Regions on the new common agricultural policy (CAP);

8. stresses that the new proposals for granting State aid must take into account and remain in line with the new CAP;

9. stresses that agricultural holdings will be required to implement the Green Deal strategies, in particular the Biodiversity Strategy and the Farm to Fork Strategy;

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(1) Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 (OJ L 347, 20.12.2013, p. 487).

(2) Cf. *Commission Staff Working Document: Evaluation of the instruments applicable to State aid in the agricultural and forestry sectors and in rural areas*.

(3) Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 (OJ L 435, 6.12.2021, p. 1).

10. stresses that it is essential to support agricultural and forestry holdings through the green transition, especially smaller agricultural holdings which are located in strategic areas and which are active in safeguarding and protecting the landscape;

11. urges the Commission to lay down binding European production standards and reciprocity or mirror clauses for imports, like those imposed on EU producers;

12. calls on the Commission to increase the number of border checks and to enforce procedures such as cold treatment of imported products;

13. points out that the European Committee of the Regions has already given its views on the two strategies, in the opinions on *Bio-diverse cities and regions beyond 2020 at the UN CBD COP 15 and in the EU Biodiversity Strategy for 2030* ([4]) and *From farm to fork — the local and regional dimension* ([5]);

14. stresses the key role played by local authorities in defining and managing certain procedures linked to certain kinds of aid, in particular aid linked to risk management in agriculture;

15. points out that regions, provinces and municipalities not only help draw up the national strategic plans provided for in Regulation (EU) 2021/2115; they are also recipients of rural development support and help establish the bottom-up approach provided for by the LEADER initiative;

16. notes that from 2014 to 2019, State aid granted in the agricultural sector at European level fell from EUR 7,6 billion to 6 billion, but then increased during the COVID-19 pandemic;

17. stresses that, during this period, agricultural and agri-food holdings and the forestry sector never ceased to produce, ensuring security of supply as required by Article 39 TFEU;

18. stresses that the war between Russia and Ukraine has created instability on the commodity and food supply markets;

19. highlights the role that the CAP should play in this regard, in terms of self-supply and guaranteeing food security;

20. points out that this supply was also made possible because holdings could receive aid defined as *ad hoc* by the Commission in response to the economic crisis caused by COVID-19;

21. notes, furthermore, that most of the State aid, with the exception of specific aid for the COVID crisis, was granted primarily under rural development plans and, in particular, for measures not included in the objectives of Annex I to the Treaty (agricultural products);

22. notes the complex procedure for including State aid in the RDPs;

23. notes that, although Regulation (EU) No 1305/2013 on EAFRD support for rural development and the Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020 are very similar, the rural development measures are not always fully in line with State aid rules;

24. notes that the consultation launched by the Commission revealed that some aspects of current State aid rules have become obsolete;

25. stresses that ensuring a level playing field for all businesses in the European Union remains a key objective;

([4]) OJ C 440, 18.12.2020, p. 20.
([5]) OJ C 37, 2.2.2021, p. 22.

26. notes that some measures need to be maintained and adapted, in particular as regards risk management;

27. notes that for the forestry sector aid has mostly been used for rural development measures and that, given the important role played by forests, it will be necessary to make aid easier to implement;

28. considers it necessary to support agricultural and forestry holdings through the green transition, especially microenterprises, local small farmers and short food supply chains, which, including in the light of high food prices and input costs, such as energy and fertilisers, which have been impacted by the war in Ukraine, would not be able to cope with these consequences alone; in this regard, welcomes the European Commission's Communication on Safeguarding food security and reinforcing the resilience of food systems;

29. harmonising the criteria concerning information and publicity requirements, in particular as regards the deadlines for communicating the details of the aid schemes covered by the Block Exemption Regulations;

30. stresses that the CAP reform which has just been adopted is based on the subsidiarity principle, and that it is therefore important that State aid rules uphold this principle without undermining competition between farmers in different Member States;

31. considers it essential to preserve the subsidiarity principle, especially when it comes to the role played by local authorities, which are closest to the regional bodies that play an essential role in managing support at local level.

Therefore suggests:

Simplification

32. not requiring Member States to submit notifications on a yearly basis relating to events that can be assimilated to natural disasters, animal or plant diseases or infestations, as, if they are recognised as such by the national authorities, they do not need to also be notified to the Commission;

33. not requiring Member States to publish information on individual beneficiaries of aid under EUR 75 000 for agricultural production, and under EUR 500 000 for the processing and marketing of agricultural products;

34. not making procedures linked to the part of the common evaluation for notified aid more cumbersome;

35. providing for the possibility of granting investment aid through the Agricultural Block Exemption Regulation (ABER) ([6]), even for products from a single sector, and particularly where the aid is intended to mitigate the consequences of events that can be assimilated to natural disasters or to provide compensation for damages caused by animal or plant diseases or pests;

36. providing for a single window approach for notifying State aid in the NSPs referred to in Regulation (EU) 2021/2115;

37. defining a *lex specialis* for implementing the *De minimis* Regulation in agriculture, given the sizeable differences between the agricultural sector and the other sectors. In particular, we call for the *de minimis* aid ceiling to be raised to EUR 50 000 over a period of three years, and for an amount (e.g. EUR 1 000) to be set, below which the *De minimis* Regulation would not apply (very limited amounts of aid);

38. amending the *De minimis* Regulation for the agricultural sector in such a way as to make it simpler, in particular to remove monitoring of the single undertaking requirement;

39. leaving it up to the Member States to define an undertaking in difficulty;

40. simplifying administrative procedures for aid to local authorities, especially when they are recipients of State aid support. In particular, we ask for them not to be considered large undertakings;

([6]) Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

41. establishing simpler procedures for local and regional authorities to manage local and regional needs and emergencies in the first instance;

42. simplifying the procedures for granting State aid for advertising and promotion campaigns, in particular considering general institutional promotion activities which do not refer to specific brands and do not encourage consumers to purchase a product as NOT being aid;

43. simplified costs are currently deemed compatible with State aid rules only in the context of aid benefiting from co-financing from EU sources. We call for it to be possible to use simplified cost options irrespective of European co-financing. There seems to be no valid justification for continuing to stipulate different methods for calculating eligible costs depending on where the aid scheme's funding comes from;

Greening

44. supporting agricultural and forestry holdings, especially microenterprises, in the green transition;

45. ensure adequate flexibility in the application of State aid rules in the event of crises, such as the ones created by the COVID-19 pandemic and the war in Ukraine, by providing for appropriate and consistent aid ceilings so that farmers can continue to produce food and consumers can benefit from fair consumer prices; this can also be achieved by simplifying the procedures for the implementation and granting of aid, while reducing red tape, in particular for final beneficiaries;

46. simplifying certain procedures for granting State aid for investments in renewable energy production, particularly with regard to the size of the incentive:

47. introducing higher investment rates for agricultural SMEs investing in the green transition;

48. creating *ad hoc* aid for carbon farming to pay farmers for this important task;

49. considers that the dispersed nature of agricultural holdings makes it difficult for them to be market players and start the green transition which agriculture has to effect;

Territorial cohesion

50. considers it essential to redefine the concept of SMEs in the agricultural sector, and revise the definition of microenterprise set out in Annex I, Article 2(3) of Regulation (EU) No 702/2014, to create an ad hoc definition for the agricultural sector, given the specific nature of the sector, and therefore proposes defining a new type of microenterprise in agriculture;

51. supporting agricultural and forestry SMEs in mountain and inland areas and in the outermost regions in their role of safeguarding and protecting the landscape;

52. rewarding SMEs in the agricultural sector which comply with the parameters set out in point 50, which are located in mountain, inland or disadvantaged areas as defined by the Member States in their National Strategic Plans for their role in preserving and protecting habitats;

53. calls for it to be possible for holdings in high mountain areas to purchase land for an amount exceeding 10 % of the total eligible expenditure for the operation concerned, as set out in Article 73(3)(c) of Regulation (EU) 2021/2115, in order to allow the land consolidation necessary to keep them economically active and to carry out their tasks of safeguarding and protecting the landscape;

54. allowing the forestry sector to benefit from the notification exemption procedure outside NSP measures as well;

55. also with regard to the forestry sector, that infrastructure support be considered NOT to be default aid where it concerns non-productive investments;

56. amending the current risk management rules, in particular by lowering the damage threshold for defining events which can be assimilated to natural disasters to 20 %, as provided for in Regulation (EU) 2021/2115;

57. providing for an increase in the compensation threshold for subsidised insurance and other risk management tools as provided for by Article 76 of Regulation (EU) 2021/2115; this threshold must allow current insurance prices for agricultural holdings to be maintained;

58. that aid compensating damage caused by protected animals be exempt from notification;

59. that, for such damage, it be possible to provide for compensation for loss of income, as is already provided for with regard to damage resulting in a loss of production equipment;

60. that, in addition to the damage caused by protected animals, compensation for other animals also be envisaged, leaving it up to national, regional and local authorities to establish a definition of these animals, as the impact varies from country to country;

61. considering institutional promotion campaigns which do not refer to specific brands as NOT being aid;

62. sufficient support should be provided for non-agricultural start-ups in rural areas, with the ceiling for the limited amount of aid aligned with the ceiling for agricultural start-ups (EUR 100 000). There is no reason to make a distinction that penalises diversification in non-agricultural businesses, as the amounts in question are in any case very small;

63. in order to help SMEs benefiting from CLLD projects or Operational Group projects, we call for:

— the scope to be extended to local authorities, LAGs, universities, and other bodies regardless of their size, in view of the great diversity of these projects, which involve many different entities working together,

— the total amount of limited aid granted per project to be increased to EUR 300 000 for community-led local development projects and EUR 500 000 for EIP Operational Group projects.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — EU Forest Strategy for 2030

(2022/C 301/11)

Rapporteur: Joan CALABUIG RULL (ES/PES), Regional Secretary for the European Union and External Relations of the Government of Valencia

POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

General comments

1. welcomes the fact that the EU Forest Strategy establishes a policy framework to manage and protect European forests with a view to improving their ecosystem services, securing livelihoods, especially in rural areas, and contributing to a forest bioeconomy supported by sustainable forest management as a multifunctional nature-based tool, while combining regulatory and financial measures as part of a plan for 2030;

2. considers that the EU Forest Strategy for 2030, which replaces the Forest Strategy that was adopted in 2013 ([1]) and evaluated in 2018 ([2]), establishes a framework for European cooperation on forests, highlighting the key role of sustainable forest management in ensuring people's well-being and livelihoods, the conservation of biodiversity and the preservation of climate-resilient ecosystems;

3. welcomes the assessment and correction of some isolated forestry practices in certain regions in order to protect biodiversity, soil and water quality and resilience to disturbances caused by climate change (water stress, hurricanes, snow, pests and forest fires);

4. recognises the central role of the forest ecosystem in the European Green Deal ([3]), the European Climate Pact ([4]), the European Climate Law ([5]) and the EU Biodiversity Strategy for 2030 ([6]) and stresses that the various forest-based sectors — including those utilising non-extractive benefits of forests — can and should contribute to a sustainable, climate-neutral and socio-economically competitive circular bioeconomy;

5. Notes that the forestry sector has been excluded from the first report of the Expert Platform on Environmental Criteria of the European taxonomy due to the fact that forest is a sensitive sector in which finding a balance between different needs and interests of stakeholders is difficult. Notes also that the opinion of the experts is not binding for the European Commission;

6. calls for the Commission to deal with the climate and biodiversity objectives and the forest bioeconomy objectives in a balanced, environmentally, socially and economically fair way, which is one of the fundamental pillars of the European Green Deal;

7. stresses that the Member States and local and regional authorities with responsibility for forests have developed and implemented national and/or regional sustainable forest management strategies, policies, programmes and tools and therefore emphasises the importance of cooperation and constructive dialogue between the Member States, the Commission, stakeholders and forest civil society;

([1]) COM(2013) 659 final.
([2]) COM(2018) 811 final.
([3]) European Green Deal https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
([4]) COM(2020) 788 final.
([5]) 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).
([6]) COM(2020) 380 final.

8. highlights that forests deliver multiple benefits to society at large through a full array of ecosystem services, including non-extractive services, so forest-related decisions are important for a wide range of citizens and forest managers;

The need to enhance dialogue with the forest stakeholders, local and regional authorities, Member States and the Commission

9. believes that setting a framework and common objectives at European level is a very good idea, but calls for any weakening of subsidiarity and of the role of the Member States in this area to be avoided, given the diversity of forests in Europe, and for a more tailored, regional approach to be adopted. The CoR also shares the view that while the Treaties do not list 'forest policy' among the EU's explicit competences, the EU has a wide range of competences on related matters, which have been exercised in legal texts addressing forestry issues;

10. also points out that forest management has a significant impact, especially in sparsely populated areas and in remote areas where the forest economy is fundamental to people's livelihood;

11. recommends stepping up communication, dialogue and the involvement of the Member States, local and regional authorities and the sector's stakeholders (public and private owners, professional associations, forest-based companies, nature conservation experts, researchers including climate scientists etc.) in drafting documents within the existing participatory bodies, as was done with previous strategies, in order to achieve maximum consensus among all stakeholders interested in benefitting from our forests, in the CoR's view, the initial discussion was limited and could be improved. On the contrary, a final document was presented based on the argument that much of the content was already included in the 2020 Biodiversity Strategy;

12. recommends that stakeholders specifically affected by the measures set out in the EU Forest Strategy (local and regional authorities, civil society and businesses) should be involved in their implementation, minimising administrative burdens, especially for forest owners and businesses, but also for local and regional authorities;

The need to reach a consensus at EU level

13. regrets the lack of political consensus in the EU since, in recent weeks/months, criticism of the EU Forest Strategy as it currently stands has increased, as can be seen in statements from EU bodies such as the European Economic and Social Committee (Opinion NAT/831 on the New EU Forest Strategy for 2030 ([7])), various national and regional governments and the political parties supporting them, from MEPs from various political groups and from representatives of the forestry sector (associations of public and private forest owners, local and regional authority forest administrations, business associations and national and regional sectoral platforms);

14. regrets the failure to comply with the Council conclusions reached under the German Council Presidency on closer future cooperation in the EU, proposing a top-down approach, without taking sufficient account of existing structures (e.g. regional/national forest inventories), with specifications and measures that come exclusively from the Commission, which is not responsible for forest policy, and without sufficiently involving the advisory committee responsible;

15. recognises that the EU Forest Strategy's overall objectives of securing forest management best practices in the Member States and local and regional authorities, but draws the Commission's attention to the need to strike a balance between the environmental, social and economic aspects of forest management including protection as a management option, and stresses the importance of respecting and maintaining the diversity of forests, and planning and sustainable forest management practices and rotation periods in the Member States and local and regional authorities;

([7]) OJ C 152, 6.4.2022, p. 169.

16. points out that, for the forestry sector's key stakeholders (private and public owners, professionals, businesses and a large part of the forest scientific community), the EU Forest Strategy's approach does not fully correspond to the realities on the ground, suggesting that sustainable forest management practices do not appear to be going in the right direction and should therefore be changed significantly;

17. stresses that data show a decline in biodiversity in some areas and inadequate conservation in Natura 2000 habitats, partly due to the lack of a suitable incentive framework for their managers (prices, remuneration of externalities, regionally adapted and sound regulatory framework); these are key aspects that the EU Forest Strategy should address with allocation of extra resources from EU and Member States' budgets; calls for closer cooperation to promote efforts towards ecosystem restoration, including targets for restoring damaged forest ecosystems;

18. thinks that multifunctional forestry is an established sustainable forest management tool in the vast majority of regions, especially in those most affected by the impact of climate change, and that owners and professionals who manage forests are generally committed to protecting their biodiversity and their other ecosystem services and to reducing the level of danger and the incidence of forest fires, while striving to make them more resilient, keep them in good condition and support their growth, making them active contributors to local economies and livelihoods in rural areas;

19. recommends taking a much more systematic approach, incorporating the diversity and complexity of sustainable forest management with indicators beyond the harvest and increment ratio, property rights and the realities faced by owners, professionals, public and private companies and local and regional authorities, as well as the European forestry sector's achievements in sustainable development and believes that forest protection, in some areas, must go hand in hand with support, including economic support, for active sustainable management aimed at maximising the positive externalities of ecosystem services and avoiding the degradation resulting from neglected forest areas, including environmental degradation;

20. in the context of biodiversity, it should be highlighted that, thanks to certain outermost regions, the EU possesses primary, Amazonian and subtropical forests, which constitute a unique laboratory for scientific research, specialisation and innovation (such as pharmaceutical research and the development of plant extracts). Biodiversity in these regions represents nearly 80 % of European biodiversity and is vital for the ecological balance of the planet. Local and regional authorities are the guardians of this priceless treasure and ought to be given adequate support for its management and preservation;

21. believes that, although the EU Forest Strategy is closely related to the Biodiversity Strategy and can in fact create coherence in this regard, it should adopt a different, more inclusive and more systematic approach in order to effectively and consistently align its actions with the objectives of the common policies on the green transition and climate change so as to achieve the EU's environmental, social and growth objectives, including green jobs, making coherence between the relevant EU policies affecting sustainable forest management crucial for the EU Forest Strategy, and fostering the sector's potential to contribute and achieve the sustainable development goals set out in the Green Deal;

A more cross-cutting approach needed by the Commission's departments

22. welcomes the fact that the EU Forest Strategy was the result of a joint effort by DG AGRI, DG ENV and DG CLIMA but recommends involving the various Commission departments working in the forestry sector (DGs GROW, ENER, REGIO) in order to include all social, economic and environmental aspects and implications as part of a systemic and inclusive approach; otherwise, their approach may be incomplete and biased;

23. recommends clearly defining the role of the Standing Forestry Committee as a key player in the EU Forest Strategy, so that the views of the sector and other key stakeholders are expressed, enabling the active use of forests across the various regions of the EU;

24. recommends taking into account the morphology of the landscape, as both innovation and investment in infrastructure are necessary to facilitate logistics and enable digitalisation that modernise forest-based value chains as levers to combat resource loss and depopulation, as is an appropriate system of incentives;

The role of the regional and local levels

25. recommends considering the territorial dimension of forests such as land use, with forests covering an increasing proportion of land (currently 43 %), mainly in depopulated regions (in the hinterland: mountains, cold climates, flood-prone areas, poor soils), by incorporating the land management and depopulation policies of the Member States and local and regional authorities;

26. considers it necessary to recognise the principle of subsidiarity, but also the shared competence over forest due to the various environmental and landscape conservation legislations that impact forest policy, taking into account the various guidelines relevant to forests including but not limited to forestry practices and the differences in the Member States' forest holdings, due to the biological, social, economic and cultural diversity of forests in the various regions of the EU;

27. stresses the need for the main aspects of the EU Forest Strategy to set out principles agreed at EU level. However, the national level must be able to decide on the means needed to achieve the objectives, so that they correspond with the policies and regulations of the local and regional authorities responsible for forests; emphasises that sustainable forest management, a competitive and profitable sector in general and a suitable policy consistency are required to protect forests;

Compatibility between the environmental, social and economic functions of forests is necessary to meet the EU's main challenges

28. believes that the EU Forest Strategy must sufficiently consider the importance of the full array of forest products and services, hence the Bioeconomy Strategy and sustainable forest management should ensure a balance between forest functions, including the provision of various ecosystem services. Only favouring one aspect upsets the balance;

29. stresses that the forestry sector (management and harvesting, industrial processing of wood and paper) directly employed 2.1 million people in the EU in 2018, generating a gross added value of EUR 109 855 million. Moreover, 1.2 million people worked in wooden furniture manufacturing and paper printing, generating a gross value added of EUR 25 000 million and EUR 31 000 million respectively. In 2018, 397 000 companies operated in forest-based industries, representing 15 % of manufacturing companies. Finally, bioenergy, wood construction and non-timber forest products provided an additional 4 million jobs;

30. points out that biodiversity conservation, restoration of ecosystems and an increase in carbon sinks are the fundamental aspects of the EU Forest Strategy, but that the resulting lack of coherence with climate objectives and sustainable socio-economic growth is one of the most problematic points;

31. highlights the social dimension of forests in the EU, as 60 % of the forest area belongs to more than 16 million private owners, the vast majority of whom are small owners spread across all regions, with an average of 13 hectares each;

32. argues that the principles of sustainable forest management consider sustainability from a global, i.e. an environmental, economic and social perspective. This means that sustainable forest management should be seen as the best way to manage through conservation or to conserve through management, and is therefore the way to resolve the supposed dichotomy between conservation and management, which is more rooted in political discourse than in actual management practice on the ground;

33. points out that forests owned by local and regional authorities account for approximately 14 % (22 million hectares) of the total forest area. Not only are local and regional authorities forest owners, but they also manage and administer the implementation of forest policy and budgets, enforce laws and provide sustainable forest management support to private owners, which are always subject to forest policies falling within the remit of the Member States and to EU initiatives stemming from various sectoral policies, while always seeking to reconcile the environmental, social and economic functions of forests;

34. stresses that the discussions that have run alongside the process are establishing a false dichotomy between the environmental and socio-economic functions of forests, leading to biased discussions and diverting the focus from the fundamental objective of the sustainable development: long-term protection of our forests' health, the ability to tackle the climate crisis with resilient ecosystems, sustainable management of resources and responsible and efficient processing of their products, with a view to ensuring the well-being and way of life of millions of Europeans;

35. recommends strengthening the content of the EU Forest Strategy with regard to some environmental objectives (water, soil, landscape) while placing greater emphasis on the key contribution made by industrially and sustainably processed and managed forest products to the bioeconomy — which is a basic pillar of the Green Deal. As regards these forest products, technologically innovative processes need to be financed in order to develop various businesses, particularly first-stage processing businesses which are the weak link in the forestry and wood industry and which have the greatest potential for making the best use of local resources;

36. advises that greater emphasis be placed on sustainable forest management definitions and measures aimed at improving water cycles and soil conservation, especially in Mediterranean and mountain ecosystems and points out that indicators need to be enhanced to improve the sustainable management of forests, which is a prerequisite for the long-term provision of ecosystem services;

37. recommends re-establishing objectives to give greater visibility to ensuring a sustainable balance and compatibility between the environmental, social and economic functions of forests based on sustainable and multifunctional forest management in the various forest regions (boreal, continental, Mediterranean, mountain and urban forests), without abandoning the protection of biodiversity and other environmental services;

38. believes that the EU Forest Strategy should more clearly highlight the importance of promoting inclusiveness and equality in the forest sector; also considers that, in line with the new EU Gender Equality Strategy of March 2020, the new EU Forest Strategy should work towards more equal labour market participation among genders so that the forest sector can reach its full potential;

39. recommends highlighting the role of forests in the most remote areas, in mountain regions and in the most disadvantaged regions, where the percentage of forest area is higher and there is a greater risk of depopulation and where, furthermore, forest value chains are the main sources of employment and economic activity associated with the harnessing and initial transformation of forest resources;

40. points out that the role of forests in the development of a circular bioeconomy is presented more from the perspective of risk rather than that of opportunity and stresses the important role that bio-based products play in decarbonisation by reducing the consumption of fossil fuels and materials derived from fossil resources, which is one of the main objectives set by the Commission; however, the decarbonisation must take into account the life-cycle assessment of forest-based products and favour the production of long-life products;

41. recommends the promotion of processing wood products and non-timber forest products locally in order to decrease the impact on the environment;

42. welcomes the recommendation of the Conference on the Future of Europe citizens' panel that calls for a special focus to be given to the reforestation of exploited or destroyed forests and the afforestation of the areas with degraded soil as well as more responsible solutions to be promoted for a better utilisation of the wood ([8]);

43. recommends redefining the EU Forest Strategy's objectives and its synergies with the 2012 Bioeconomy Strategy, which was revised in 2018 ([9]), incorporating and promoting forest products, both wood (not only construction wood, but also biocomposite materials, biofuels, wood for biorefineries and products with high added value for the chemical, food, and cosmetics and perfume industries) and non-timber forest products (cork, fungi, wild fruits, aromatic and medicinal

([8]) Recommendation of the Conference on the Future of Europe citizens' panel on climate change and the environment.
([9]) COM(2018) 673 final and SWD(2018) 431 final.

plants, and resins), taking into account their contribution to climate change mitigation as carbon sinks throughout their life cycles and the effect of substituting these products for other materials that are net emitters of greenhouse gases;

44. advises redefining objectives and synergies with the 2020 New Circular Economy Action Plan ([10]), which is a basic pillar of the Green Deal, enhancing the recovery and recycling of forest products in all their waste processing and recovery chains;

45. recommends establishing a system for transferring best practices that are in use in most companies (optimised, rational and responsible use of resources, certification of chain of custody, ecodesign, energy efficiency, material or energy recovery of waste) to the entire forest-based industrial sector;

46. highlights that the EU Forest Strategy's objective should recognise the importance of forest not only as carbon sink, but also as carbon stock which could be increased as a major contributor to the EU climate neutrality target by 2050; stresses the substitution impact of forest-based product should take a full life-time impact into account to appreciate the full potential of the forestry sector in climate change mitigation; notes that the net effect of forests as carbon sinks also decreases with forest age;

47. recommends that clear definitions be established for forests, at least distinguishing between primeval forests that have never been managed (0,7 % of all forests) and forests that were managed in the past but have not been in recent decades, in order to effectively protect old-growth forests, especially in some regions in central and eastern Europe and revitalising the mountains in which management has been abandoned, leading to a risk of forest fires, diseases and pests;

48. believes that bioenergy should be considered as an opportunity for carrying out sustainable forest management action and as a renewable source, in relation to industrial by-product processing procedures and in recycling, in line with the 2018 Directive on the promotion of the use of energy from renewable sources ([11]); considers that bioenergy is important for Europe's energy security and independence from fossil fuels;

49. recommends revising the proposed amendments to the sustainability criteria for bioenergy or forest treatment, as some of the proposed measures may increase the burden on local and regional authorities as forest owners and as the institutions responsible for sustainable forest management in many Member States, as restrictions related to the strict legal protection of 10 % of forests will generate significant compensation without a clear financial commitment from the Commission; considers that the sustainability criteria for bioenergy set out in the 2018 Renewable Energy Directive should apply;

50. believes that the socio-economic role of the forestry sector is important for the development of rural areas and local economies in many regions, and regrets that the EU Forest Strategy does not include as one of its primary objectives the clear and unequivocal development of the use of timber resources and non-timber forest products, as well as their industrial processing by EU companies (the vast majority of which are SMEs located in rural regions), based on sustainable forest management and as part of the green bioeconomy;

51. considers that the EU Forestry Strategy should promote and strengthen education on sustainable forest management at all levels, especially in schools and civil society organisations, but also in media campaigns, as a way of overcoming European citizens' lack of knowledge about sustainable forest management and its threefold environmental, economic and social dimension;

([10]) COM(2020) 98 final.
([11]) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

52. thinks that the EU Forest Strategy should include an international dimension aimed at curbing global deforestation and biodiversity loss, capitalising on the experience, knowledge sharing and best practices with regard to sustainable forest management as practised in the Member States and the vast majority of local and regional authorities; welcomes against this background the Commission proposal for a regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 ([12]), which intends to curb the import of commodities linked to deforestation and forest degradation globally. Also stresses that the proposal has been accompanied by a Subsidiarity Grid ([13]), which provides a substantial analysis addressing subsidiarity concerns;

The need to reach a consensus at scientific and technical level

53. recommends that the EU Forest Strategy showcase forestry best practices with good outcomes in European forests in recent decades (continuous growth of the forest area, growth of carbon sinks, increase in the number of protected areas and ecosystems, increase in harvesting, development of responsible businesses and industries, better training in sustainable forest management and better training for forest operators) and that it explicitly recognise this work, which puts the EU at the forefront of global forestry best practices and serves as an example for other countries;

54. calls for the sustainable forest management definitions, and especially the FOREST EUROPE process, derived from the international commitments made by the EU and its Member States to be used;

55. recommends carrying out further studies on planning possible implementation in order to avoid overlap with existing systems, and clarifying the synergies, added value and cost-benefit ratio that could be offered by the proposed close-to-nature forest management certification and an independent EU certificate, as well as the strategic forest plans, in relation to the existing forest certification systems (Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC)), which are recognised and implemented internationally, and to the sustainable forest management strategies, plans and programmes already available in the Member States and local and regional authorities; there is also a lack of clarity regarding whether the new scheme should be mandatory or voluntary and regarding the legal basis on which such actions would be carried out;

56. calls on clearly referring to the full array of non-extractive benefits of forest;

57. calls for a review and analysis of the assessments made by forest scientific experts including forest ecologists across Europe, which warn that the proposed policies may not take sufficient account of the potential increase in risks related to major disturbances (fires, hurricanes, heavy snowfall and pests), with particular attention being paid to forests, which are especially vulnerable to the climate emergency;

58. proposes that a broader consensus be reached on the assumptions underpinning both the EU Forest Strategy and the Biodiversity Strategy, based on a rigorous scientific and technical approach involving a representative panel of scientific experts who are meticulous and have proven experience covering all aspects of the entire forest value chain and the different types of forest in Europe;

59. considers that, under certain conditions supported by scientific analyses, protected habitats in some Natura 2000 sites that are threatened or compromised by climate change-related disturbances, can be supported in becoming more resilient ecosystems;

60. acknowledges and welcomes the proposal for reliable data collection, stressing the importance of publishing a new legislative proposal on EU forest observation, reporting and data collection;

([12]) COM(2021) 706 final.
([13]) SWD(2021) 325 final.

The strategy needs important clarifications before its implementation

61. thinks that the EU Forest Strategy does not set a coherent and comprehensive objective for the EU forestry sector for 2030 but rather covers a number of actions and initiatives, many of which are still vague and only some of which have an indicative timetable;

62. believes that, with regard to implementation of the EU Forest Strategy, the first step must be to clarify concepts and actions and draw up an action plan that provides clarity in terms of objectives, scope, time frame and responsibilities; this action plan must recognise the positions of the Member States, local and regional authorities and the sector's players on the EU Forest Strategy and their thoughts on the proposed way forward; it should also include the views of the CoR, the European Parliament and stakeholders from across the forestry sector;

63. recommends clarifying how the new sustainable forest management indicators, thresholds and ranges will relate to the FOREST EUROPE sustainable forest management criteria and indicators, given that the EU and its Member States are signatories to FOREST EUROPE; believes that there is also a need for information on the legal basis that would justify this action and on what 'starting on a voluntary basis' would involve with regard to possible future steps, and for clarification regarding the link between sustainable forest management and the concept of 'close to nature';

64. recommends that the scope and feasibility of the development of payment for ecosystem services be discussed in depth with the Member States and the sector's stakeholders, and subsequent reality checks be carried out to assess whether the financial mechanisms provided for in the EU Forest Strategy (CAP, carbon farming and carbon certification) would enable the set objectives to be achieved;

65. welcomes the introduction of EU-wide and coordinated forest monitoring but believes that there is a need for an assessment of the added value and cost-benefit ratio of the new EU forest observation, reporting and data collection proposal, and of existing and missing data and information, with remote data, including information from satellites and other media, being recognised as a cost-effective way to improve the knowledge base in cooperation with existing and ongoing national forest inventories; in this regard, subsidiarity, costs and administrative burdens are key aspects that should be addressed. Forest monitoring across the EU could generate added value provided that it is supported by the Member States and local and regional authorities and is based on data on the ground collected by national and regional forest inventories and on the experience of Forest Focus. Moreover, the nature (voluntary or mandatory), format and exact purpose of the national strategic plans need to be clearly defined and cost-effective incentives must be created for forest owners to contribute to data collection;

Sustainable forest management requires more European funding

66. recommends committing clear and realistic financial resources since, although a significant increase in EU funding for sustainable forest management and biodiversity conservation can be interpreted from the EU Forest Strategy, the need to depend on funds that already have other objectives and allocations (e.g. CAP) and the lack of contribution from other EU funds in a general context marked by Brexit, the post-COVID-19 economic crisis and an inflation rise, it is questionable whether the current EU underfunding of forest and biodiversity will be reversed in the short or medium term;

67. advises the Commission to help local and regional authorities to ensure that the available EU funds (EAFRD, ERDF, NextGenerationEU) can be used more for sustainable forest management by simplifying the administrative processes;

68. recommends committing more financial resources for training, R&D and knowledge sharing at European and international level in order to facilitate cooperation, and exchange and implement best practices in sustainable forest management and forest-based value chains across Europe and around the world;

69. takes the view that the new EU Forest Strategy should promote initiatives to create platforms for interregional cooperation and funding relating to forests and the decarbonised economy.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

III

(Preparatory acts)

COMMITTEE OF THE REGIONS

149TH COR PLENARY SESSION, 27.4.2022-28.4.2022

Opinion of the European Committee of the Regions — Towards a socially fair implementation of the Green Deal

(2022/C 301/12)

Rapporteur:	Csaba BORBOLY (RO/EPP), President of Harghita County Council, Romania
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund COM(2021) 568 final Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast) COM(2021) 563 final

I. **RECOMMENDATIONS FOR AMENDMENTS**

Proposal for a Regulation of the European Parliament and of the Council establishing a Social Climate Fund

COM(2021) 568 final

Amendment 1

Recital 7

Text proposed by the European Commission	CoR amendment
In order to implement the commitments towards climate neutrality, the Union's climate and energy legislation has been reviewed and amended in order to accelerate the greenhouse gas emissions reductions.	In order to implement the commitments towards climate neutrality, the Union's climate and energy legislation has been reviewed and amended in order to accelerate the greenhouse gas emissions reductions. ***Those amendments should be in line with the principles of the European Pillar of Social Rights, ensuring that everyone can fully benefit from the just transition and that no one is left behind. A new Social Climate Fund would contribute to protect and empower the most vulnerable households and mobility users with a view to eradicating energy and mobility poverty across Europe.***

Reason

Self-explanatory.

Amendment 2

Recital 8

Text proposed by the European Commission	CoR amendment
Those amendments have differing economic and social impacts on the different sectors of the economy, on ***the citizens***, and the Member States. In particular, the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC of the European Parliament and the Council ([1]) should provide an additional economic incentive to invest into the reduction of fossil fuel consumption and thereby accelerate the reduction of greenhouse gas emissions. Combined with other measures, this should, in the medium to long term, reduce the costs for buildings and road transport, and provide new opportunities for job creation and investment. ([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 (OJ L 275, 25.10.2003, p. 32).	Those amendments have differing economic and social impacts on the different sectors of the economy, on ***households, micro and small enterprises, among regions and cities***, and the Member States. In particular, the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC of the European Parliament and the Council ([1]) should provide an additional economic incentive to invest into the reduction of fossil fuel consumption and thereby accelerate the reduction of greenhouse gas emissions. Combined with other measures, this should, in the medium to long term, reduce the costs for buildings and road transport, and provide new opportunities for job creation and investment. ([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 (OJ L 275, 25.10.2003, p. 32).

Reason

Self-explanatory.

Amendment 3

Recital 10

Text proposed by the European Commission	CoR amendment
The increase in the price for fossil fuels may disproportionally affect vulnerable households, vulnerable micro-enterprises and vulnerable ***transport*** users who spend a larger part of their incomes on energy and transport, who, in certain regions, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel consumption.	The increase in the price for fossil fuels may disproportionally affect vulnerable households, vulnerable micro ***and small enterprises*** and vulnerable ***mobility*** users who spend a larger part of their incomes on energy and transport, who, in certain regions, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel consumption***. The impact of these measures is also likely to be very different depending on the specific conditions and context of the various EU regions and these differences should be explicitly explored***.

Reason

It is relevant to highlight that regional and local differences should be explored and analysed. The Social Climate Fund should extend its scope to vulnerable micro and small enterprises instead of just targeting micro-enterprises.

Amendment 4

Recital 11

Text proposed by the European Commission	CoR amendment
Therefore, ***a part of*** the revenues generated by the inclusion of building and road transport into the scope of Directive 2003/87/EC should be used to address the social impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.	Therefore, the revenues generated by the inclusion of building and road transport into the scope of Directive 2003/87/EC ***must*** be used to address the social ***and economic*** impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.

Reason

All the revenues generated by the ETS for buildings and road transport will be spent in measures to address the social impacts caused by setting a carbon price.

Amendment 5

Recital 12

Text proposed by the European Commission	CoR amendment
This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households ***are unable to*** access essential energy services ***such as cooling***, ***as temperatures rise***, ***and heating***. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey (1). Overall, the Energy Poverty Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy poverty is therefore a major challenge for the Union. While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures, in particular energy ***renovations***, can provide lasting solutions. (1) Data from 2018. Eurostat, SILC [ilc_mdes01])	This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households ***lack*** access ***to*** essential energy services ***that underpin a decent standard of living and health, including adequate heating, cooling, lighting, and energy to power appliances, in the relevant national or regional context, and in the relevant existing social policy and other relevant policies, often as a result of low income, facing a high share of energy expenditure and low energy efficiency as part of their disposable income***. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey (1). Overall, the Energy Poverty Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy ***and mobility*** poverty is therefore a major challenge for the Union***. Despite the importance of that challenge having been acknowledged at the Union level for over a decade through various initiatives, legislation and guidelines, there is no standard Union-level definition of energy or mobility poverty, therefore the necessary indicators to measure it need to be developed with full attention to the regional and local diversity, as only one third of Member States have put in place a national definition of energy poverty. As a result, no transparent and comparable data on energy poverty in the Union is available. Therefore, a Union-level definition should be established to effectively address energy poverty and measure progress across Member States***. While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures***, the application of the energy efficiency first principle, the installation of additional renewable energy sources, including through community-led projects***, in particular energy ***refurbishment***, can provide lasting solutions ***and effectively help combat energy poverty***. (1) Data from 2018. Eurostat, SILC [ilc_mdes01])

Reason

A clear and standardised definition and concept of energy poverty should be determined, taking a joint, cross-cutting, flexible and coordinated approach to the different social, technical, economic and budgetary aspects.

Amendment 6

Recital 14

Text proposed by the European Commission	CoR amendment
For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should ***provide vulnerable*** households***, vulnerable micro-enterprises and vulnerable transport users the necessary resources to finance and carry out investments in*** energy ***efficiency, decarbonisation of heating and cooling, in zero- and low-emission vehicles and*** mobility. Secondly, they should ***mitigate the impact of the increase in the cost of fossil fuels on the most vulnerable and thereby prevent energy and transport poverty during the transition period until such investments have been implemented.*** The Plans should have an investment component promoting the long-term ***solution*** of ***reduce*** fossil fuels reliance ***and could envisage*** other measures***, including temporary*** direct ***income*** support ***to mitigate adverse income effects in the shorter*** term.	For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should ***identify and map*** households ***in situation of*** energy and mobility ***poverty or at risk of falling into energy poverty, vulnerable micro and small enterprises***, and ***provide a detailed analysis, conducted together with*** the ***local*** and ***regional authorities***, ***social partners*** and ***civil society***, ***on the main causes of energy and mobility poverty*** in ***their respective territories. The Plans should also set targets for the progressive*** and ***effective eradication of energy*** and mobility ***poverty***. Secondly, they should ***provide households in energy poverty and people facing mobility poverty, as well as micro and small enterprises,*** the ***necessary resources to finance and carry out investments*** in the ***deep renovation*** of ***buildings, in particular worst performing buildings*** and ***social housing, in powering any residual demand for heating and cooling with renewable*** energy, and ***in zero-emission mobility***. The Plans should ***mainly*** have an investment component promoting the long-term ***solutions*** of ***phasing out*** fossil fuels reliance. Other measures ***such as*** direct support ***can be envisaged but should be limited*** in ***time and conditioned to long-*** term ***investments with long lasting impacts***.

Reason

The mapping should include also households that are not yet characterised by energy poverty, but could slide easily into it in the near future, due to bad insulation and rising energy prices.

Amendment 7

Recital 15

Text proposed by the European Commission	CoR amendment
Member States, in consultation with regional ***level*** authorities, are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable.	Member States, in consultation with regional***, local, urban and other public*** authorities, ***civil society, economic*** and ***social partners***, are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, ***of social and economic partners and the civil society,*** research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable.

Reason

Local and regional authorities should be recognised as key actors in the implementation and drafting of the plans.

Civil society and economic and social partners also have a role to play.

Amendment 8

Recital 16

Text proposed by the European Commission	CoR amendment
Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro-enterprises and vulnerable ***transport*** users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.	Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro ***and small*** enterprises, and vulnerable ***mobility*** users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States***, regions and cities*** to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.

Reason

Subnational governments are also responsible for protecting vulnerable households, micro and small enterprises and mobility users in the just transition, but to exercise their competences effectively they also require support schemes.

Amendment 9

Recital 20

Text proposed by the European Commission	CoR amendment
Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council. The Plans should include the measures to be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures.	Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council***, drafted in close and meaningful cooperation with local and regional authorities, in accordance with the principles of the European code of conduct on partnerships established by Commission Delegated Regulation (EU) No 240/2014***. The Plans should include ***an estimate of the expected impacts and financing in different regions, at least at NUTS 3 level,*** the measures to be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures ***and a monitoring system. There should be a possibility for the regions to draft their own plan, especially for rural, mountainous, peripheral and island regions***.

Reason

The plans should include an estimate of the expected impacts in different regions and provide for a system to monitor implementation, since local and regional governments have a better knowledge of the socioeconomic context of their local areas. Significant involvement of LRAs in the design and implementation of the Social Climate Plans is crucial for the success of the Fund, because a significant part of the measures have to be implemented at local level to be successful, given territorial factors and differences.

Amendment 10

Recital 21

Text proposed by the European Commission	CoR amendment
The Fund and the Plans should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency], ***the European Pillar of Social Rights Action Plan*** [1]***, the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 of the European Parliament and of the Council*** [2]***, the Just Transition Plans pursuant to Regulation (EU) 2021/1056 of the European Parliament and of the Council*** ***[3]*** and the Member States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council ***[4]***. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above. (1) ***Endorsed by the European Council on 24 and 25 June 2021.*** (2) ***Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).*** ***(3)*** ***Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).*** ***(4)*** Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).	The Fund and the Plans — ***besides being aligned with the other structural and transition funds, namely ERDF, ESF+, CF and JTF***, should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency], ***Directive [aaaa/nnn] of the European Parliament and of the Council [amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources]*** and the Member States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council ***[1]***. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above. ***(1)*** Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

Amendment 11

Recital 22

Text proposed by the European Commission	CoR amendment
The Union should support Member States with financial means to implement their Plans through the Social Climate Fund. Payments from the Social Climate Fund should be made conditional on achievement of the milestones and targets included in the Plans. ***This would allow efficiently taking into account national circumstances and priorities while simplifying financing and facilitating its integration with other national spending programmes while guaranteeing the impact and the integrity of EU spending***.	The Union should support Member States with financial means ***under shared management*** to implement their Plans through the Social Climate Fund. ***In order to ensure the most efficient use*** of EU ***funds,*** payments from the Social Climate Fund should be made conditional on the achievement of the milestones and targets included in the Plans ***as well as on the adoption by Member States of legally binding targets and measures for the phase out of all fossil fuels in a timeframe consistent with the objective of limiting global warming to 1,5 °C above pre-industrial levels, including the phase out of solid fossil fuels by 2030 at the latest and of fossil gas by 2040.***

Reason

Self-explanatory.

Amendment 12

Recital 23

Text proposed by the European Commission	CoR amendment
The financial envelope of the Fund should, ***in principle,*** be commensurate to amounts corresponding to 25 % of the ***expected*** revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. Pursuant to Council Decision (EU, Euratom) 2020/2053, Member States should make those revenues available to the Union budget as own resources. Member States are to finance ***50 %*** of the total costs of their Plan themselves. For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should, inter alia, use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose.	The financial envelope of the Fund should, be commensurate to amounts corresponding to ***at least*** 25 % of the revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. Pursuant to Council Decision (EU, Euratom) 2020/2053, Member States should make those revenues available to the Union budget as own resources. Member States are to finance ***35 %*** of the total costs of their Plan themselves. For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose.
	Member States shall establish a minimum threshold of 35 % of revenues to be allocated to local and regional authorities, to be used for implementing measures to address the social impacts of the inclusion of the building sector and road transport into the emissions trading system. ***Flexibility to allow a higher share of the Fund to be targeted to the most vulnerable regions should be planned***.

Reason

The Social Climate Fund envelope can reach its potential only with a higher co-financing, as the proposed one could penalise Member States and regions with a more limited fiscal capacity. LRAs also should be given direct access to funding and resources.

Amendment 13

Recital 24

Text proposed by the European Commission	CoR amendment
	The Social Climate Fund will be endowed with a baseline allocation in the EU budget, which will also benefit from annual reinforcements in alignment with a higher carbon price, by means of an automatic adjustment of the relevant MFF ceilings, in order to further support households and transport users in making the climate transition. It should be an integral part of the EU budget in order to preserve the unity and integrity of the budget, respect the Community method and ensure that there is effective control by the budgetary authority, composed of the Parliament and the Council.

Reason

Self-explanatory.

Amendment 14

Recital 25

Text proposed by the European Commission	CoR amendment
In order to ensure an efficient and coherent allocation of funds and to respect the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding double funding ***from*** the Fund ***and*** other ***Union*** programmes for the same expenditure. […]	In order to ensure an efficient and coherent allocation of funds and to respect the principle of sound financial management, actions under this Regulation should be consistent with***, come in addition to*** and be complementary to ongoing Union***, national and, where appropriate, regional*** programmes***, instruments and funds***, whilst avoiding double funding ***and that*** the Fund ***substitutes*** other programmes***, instruments and funds,*** for the same expenditure. […]

Reason

Self-explanatory.

Amendment 15

Article 1

Text proposed by the European Commission	CoR amendment
The Social Climate Fund (‘the Fund’) is established.	The Social Climate Fund (‘the Fund’) is established.

Text proposed by the European Commission	CoR amendment
It shall provide support to Member States for the financing of the measures and investments included in their Social Climate Plans ('the Plans').	It shall provide support ***under shared-management*** to Member States***, and regions,*** for the financing of the measures and investments included in their ***National or Regional*** Social Climate Plans ('the Plans') ***as part of their structural funds***.
The measures and investments supported by the Fund shall benefit households, micro-enterprises and transport users, which are vulnerable and particularly affected by the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens without public transport ***alternative to*** individual ***cars (***in remote and rural areas).	The measures and investments supported by the Fund shall benefit households, micro ***and small*** enterprises, transport users, which are vulnerable and particularly affected by the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens ***in*** transport ***poverty, including supporting*** individual ***motorised mobility*** in remote and rural areas ***facing mobility challenges without public transport***.
The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC. The specific objective of the Fund is to support vulnerable households, vulnerable micro-enterprises and vulnerable transport users through temporary direct income support and through measures and investments intended to increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport.	The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC. The specific objective of the Fund is to support vulnerable households, vulnerable micro- ***and small enterprises*** and vulnerable ***mobility*** users through temporary direct income support and through measures and investments intended to increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission ***sustainable*** mobility ***solution*** and ***integrated*** transport ***services, including sustainable public transport, shared transport, cycling and pedestrian friendly design.***

Reason

The focus of the Fund is on vulnerable individuals. Geographical, climate, social and economic considerations that may determine the vulnerability of an individual have a territorial component. Regional factors have a crucial role in defining vulnerability. Drafting Social Climate Plans detailing the concrete measures to address inequalities caused by the green transition, should also be carried out by local and regional authorities, if they so wish.

Citizens with a public transport alternative but without enough economic means or experiencing social difficulties should also be included in the target.

The Fund should constitute a part of the structural funds.

Amendment 16

Article 2

Text proposed by the European Commission	CoR amendment
[…]	[…]
(2) 'energy poverty' means energy poverty ***as defined in point [(49)] of Article 2 of Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council [50]***	(2) 'energy poverty' means poverty ***affecting vulnerable households that have a significant share*** of ***energy expenditure to disposable income or limited access to essential*** and ***affordable energy services that underpin a decent standard*** of ***living and health, including adequate heating, cooling, lighting, and energy to power appliances, due to, inter alia, low quality housing, as well as low-level incomes.***
[…]	[…]
	(9***a***) ***'small enterprise' means an enterprise that employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million;***
(10) ***'transport*** users' means households or micro-enterprises that use various transport and mobility options;	(10) ***'mobility*** users' means households***, individuals*** or ***micro and small enterprises*** that use various transport and mobility options;
(11) 'vulnerable households' means households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;	(11) 'vulnerable households' means households ***or individuals*** in ***or at risk of*** energy ***or mobility*** poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings ***and road transport*** into the scope of Directive 2003/87/EC ***that are vulnerable of falling into energy poverty, due to a rising energy prices and inefficient energy performance of their households*** and lack the means ***or the rights*** to renovate the building they occupy ***and may often depend on landlords, which constitutes one of the greatest barriers hindering the development of sustainable renovations of residential buildings in Europe***;
(12) 'vulnerable micro-enterprises' means micro-enterprises that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;	(12) 'vulnerable micro ***and small*** enterprises' means micro ***and small*** enterprises that are significantly affected by the price impacts of the inclusion of buildings ***and road transport*** into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy ***or to switch to sustainable transport modes***;

Text proposed by the European Commission	CoR amendment
	(13a) 'mobility poverty' means households or individuals unable to afford the necessary transport required to meet essential services as well as essential cultural and socioeconomic needs, in particular quality employment and education and training, in a given context and which can be caused by one or the combination of the following factors: low-level incomes, high fuel expenditures and/or high costs of public transport, availability of mobility alternatives and their accessibility and location, travelled distances and transport practices, particularly in rural, insular, mountainous and remote areas, including peri-urban areas.

Reason

Inclusion of definitions in order to clarify the beneficiaries.

Amendment 17

Article 3.1

Text proposed by the European Commission	CoR amendment
Each Member State shall submit to the Commission a Social Climate Plan ('the Plan') together with the update to the integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article. The Plan shall contain a coherent set of measures and investments to address the impact of carbon pricing on vulnerable households, vulnerable micro-enterprises and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union.	Each Member State shall submit to the Commission ***as part of the programming documents for the Structural Funds, and based on the princples of partnership and multi-level governance,*** a Social Climate Plan ('the Plan') together with the update to the integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article. The Plan shall contain a coherent set of measures and investments to address the impact of carbon pricing on vulnerable households, vulnerable micro- ***and small*** enterprises and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union. ***In setting up their Plans, Member State shall closely cooperate with Regional and Local Authorities that should be involved in the drafting process.***

Reason

A Social Climate Plan should be a part of the Structural Funds and it should be prepared by each Member State, based on the principles of partnership and multi-level governance.

Amendment 18

Article 3.2

Text proposed by the European Commission	CoR amendment
The Plan may include national measures providing temporary direct income support to ***vulnerable*** households and households that ***are vulnerable transport users to reduce the impact of the increase in the price of fossil fuels resulting from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC.***	The Plan may include ***national and/or subnational*** measures providing direct support to households and ***people, provided*** that ***they demonstrate that such support is proportional, and is part of a holistic strategy to lift those*** households ***and people out of energy and mobility poverty, with special attention to women and people living in remote and less accessible areas, including peri-urban areas, to help reducing immediate energy and mobility costs, by providing facilitated access to green energy efficient solutions and shared and integrated mobility services.***

Reason

Self-explanatory.

Amendment 19

Article 3.3

Text proposed by the European Commission	CoR amendment
The Plan shall include national projects to:	The Plan shall include national***, regional and local*** projects to:
(a) finance measures and investments to increase energy efficiency of buildings, to implement energy efficiency improvement measures, to carry out building renovation, and to decarbonise heating and cooling of buildings, including the integration of energy production from renewable energy sources;	(a) finance measures and investments to increase energy efficiency of buildings, to implement energy efficiency improvement measures, to carry out building renovation, and to decarbonise heating and cooling of buildings, including the integration of energy production from renewable energy sources ***and district heating and cooling***;
(b) finance measures and investments to ***increase*** the uptake of zero- ***and low***-emission mobility and transport.	(b) ***provide financial and technical support to renewable energy communities and community-led local development projects in urban, peri-urban and rural areas, including locally owned energy systems, as well as the arrangements for engaging and building capacity at the local level;***
	(c) finance measures and investments to ***ensure access to decent, affordable and sustainable housing, including through*** the ***rehabilitation*** of ***abandoned buildings;***

Text proposed by the European Commission	CoR amendment
	(d) ***finance measures addressing non- monetary barriers to improvements in the energy efficiency in buildings*** and uptake ***of renewable energy as well as barriers to accessing sustainable*** mobility and ***public*** transport ***services, in order to combat energy poverty and mobility poverty, these may include measures addressing administrative barriers and information deficit such as energy consultations and advice services, including at community level;***
	(e) ***finance measures and investments with a lasting impact to accelerate the shift towards*** zero-emission ***mobility, prioritising demand-side measures and applying the energy efficiency first principle, starting with measures and investments leading to a modal shift from private to public, shared and active mobility***.

Reason

Europe's regions and cities need to have a crucial role in implementing the individual policies and projects under the Fund. Geographical, climate, social and economic considerations that may determine the vulnerability of an individual have a territorial component.

Amendment 20

Article 4.1.b

Text proposed by the European Commission	CoR amendment
(b) concrete accompanying measures needed to accomplish the measures and investments of the Plan ***and reduce the effects referred to in point (c)*** as well as information on existing or planned financing of measures and investments from other Union, international, public or private sources;	(b) concrete accompanying measures ***and reforms that are*** needed to accomplish the measures and investments of the Plan as well as information on existing or planned financing of measures and investments from other Union, international, public or private sources***; including measures aimed at ensuring that building renovations do not result in evictions or indirect evictions through rent increases of vulnerable people, while strengthening the protection and safeguards of tenants and promoting the right to decent, affordable and sustainable housing***;

Reason

Self-explanatory.

Amendment 21

Article 4.1.d

Text proposed by the European Commission	CoR amendment
	(d) a gender impact assessment and an explanation of how the measures and investments contained in the Plan take into account the objectives to contribute to gender equality and equal opportunities for all and the mainstreaming of those objectives, in line with principles 2 and 3 of the European Pillar of Social Rights, with the UN Sustainable Development Goal 5 and, where relevant, with the national gender equality strategy;

Reason

Self-explanatory

Amendment 22

Article 4.1.e

Text proposed by the European Commission	CoR amendment
	(e) measures and investments to guarantee the income of small European farmers who are obliged to meet the EU's demanding production standards. Reciprocity or mirror clauses shall be required for imported products;

Reason

High quality and food safety standards must be ensured, regardless of the origin of the products. This will encourage these health, labour and social standards to be taken up by third countries, thus promoting global benefits.

Amendment 23

Article 4.1.i

Text proposed by the European Commission	CoR amendment
(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/1563 [1] on energy poverty; [1] OJ L 357, 27.10.2020, p. 35.	(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State ***and regional and local authorities*** concerned***, including the involvement of economic and social partners and civil society in the process***, in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/1563 [1] on energy poverty; [1] OJ L 357, 27.10.2020, p. 35.

Reason

Self-explanatory.

Amendment 24

Article 4.1.j

Text proposed by the European Commission	CoR amendment
(j) for the preparation and***, where available,*** for the implementation of the Plan, a summary of the consultation process, conducted in accordance with Article 10 of Regulation (EU) 2018/1999 and with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, ***and*** how the input of the stakeholders is reflected in the Plan;	(j) for the preparation and for the implementation of the Plan, ***a written opinion of local and regional authorities***, ***and*** a summary of the consultation process, conducted in accordance with Article 10 of Regulation (EU) 2018/1999 and with the national legal framework, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders, ***outlining*** how the input of the stakeholders is reflected in the Plan ***and how the different degree of regions' vulnerability has been taken into account and how the different degree of regions' vulnerability has been taken into account, with particular focus on the situation of regions with natural handicaps that are especially vulnerable, such as island and mountain regions***;

Reason

LRAs know what is best for their own regions and cities because they are aware of the problems and socioeconomic circumstances of their local areas. A consultation is not enough to include their point of view into the National Social Climate Plans. LRAs must be able to communicate and express the needs of their citizens and this communication must be considered at national level, highlighting the differences and specificities among regions.

Amendment 25

Article 4.1.l

Text proposed by the European Commission	CoR amendment
	the proportion of the fund set aside for community-led local climate transition strategies with allocation of minimum 5 % of the total envelope

Reason

CLLD has proven itself a tailored tool for local strategic planning in most of the Member States, it can also contribute to better coordination and action in rural areas and urban neighbourhoods both.

Amendment 26

Article 4.3

Text proposed by the European Commission	CoR amendment
When preparing their Plans, Member States may request the Commission to organise an exchange of good practices. Member States may also request technical support under the ELENA facility, established by an Agreement of the Commission with the European Investment Bank in 2009, or under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council.	When preparing their Plans, Member States ***and local and regional authorities*** may request the Commission to organise an exchange of good practices. Member States may also request technical support under the ELENA facility, established by an Agreement of the Commission with the European Investment Bank in 2009, or under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council.

Reason

Self-explanatory.

Amendment 27

Article 5.1

Text proposed by the European Commission	CoR amendment
The Fund shall provide financial support to Member States to fund the measures and investments set out in their Plans.	The Fund shall provide financial support to Member States ***and regions via shared management and respecting the principles of partnership and multi-level governance*** to fund the measures and investments set out in their Plans. ***Each Member State should set a minimum threshold of at least 35 % of these funds available to be managed directly by the local and regional authorities***.

Reason

The regional component is key for the implementation and success of the SCF. LRAs know best the problems and socioeconomic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors, so resources from the fund should also be made available to them. The Fund should be governed via shared management, respecting the principles of partnership and multi-level governance.

Amendment 28

Article 5.2

Text proposed by the European Commission	CoR amendment
Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans. Those milestones and targets shall be compatible with the Unions climate targets and cover in particular:	Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans. Those milestones and targets shall be compatible with the Union’s climate targets and cover in particular:
(a) energy efficiency;	(a) energy efficiency;

Text proposed by the European Commission	CoR amendment
(b) ***building renovation***;	(b) ***energy refurbishment of buildings***;
(c) zero- ***and*** low-emission mobility and transport;	(c) ***development*** and ***use of renewable energy sources including through renewable energy communities;***
(d) greenhouse gas emissions reductions;	(d) zero– ***or*** low-emission mobility ***(electric, hybrid or hydrogen fuelled), integrated mobility services and public*** transport;
(e) reductions in the number of vulnerable households, ***especially households in energy poverty, of vulnerable micro-enterprises*** and ***of vulnerable transport users***, including in rural and remote areas.	(e) greenhouse gas emissions reductions;
	(f) reductions in the number of vulnerable households, ***micro- and small enterprises, mobility users***, including in rural and remote areas***, disaggregated per gender;*** ***(g) adaptation to the adverse effects of climate change for vulnerable households.*** ***(h) nature protection, biodiversity targets and nature-based solutions.***

Reason

Self-explanatory.

Amendment 29

Article 6.2

Text proposed by the European Commission	CoR amendment
Member States may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, vulnerable micro-enterprises or vulnerable transport users and intend to:	Member States ***and regions*** may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, ***focusing on unbanked citizens and lower-income households, vulnerable micro and small enterprises,*** or vulnerable ***mobility*** users and intend to:

Reason

The regional component is key for the implementation and success of the Social Climate Fund. LRAs know best the problems and socioeconomic circumstances of their local areas, being able to better identify the most vulnerable individuals and sectors. Citizens with a very limited amount of resources and not able or willing to open a bank account should also be targeted and supported with the Fund measures.

Amendment 30

Article 6.2.d

Text proposed by the European Commission	CoR amendment
(d) provide access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, including for recharging and refuelling; for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided;	(d) provide access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase as well as for appropriate public and private infrastructure, including for recharging and refuelling; for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided***, taking into account that solutions provided should be affordable for vulnerable for households in terms of cost, maintenance and sustainability in time as well, to ensure the effectiveness of the measures***;

Reason

The economic support for acquiring an electric vehicle is not the most suitable solution for vulnerable households, because of the high maintenance costs. It must be ensured that the measures are reasonable and pragmatic to tackle the real problems of the vulnerable citizens(the cost of energy bills)

Amendment 31

Article 6.2.e

Text proposed by the European Commission	CoR amendment
(e) grant free access to public transport or adapted tariffs for access to public transport, as well as fostering ***sustainable*** mobility on demand and ***shared*** mobility services;	(e) grant free access to public transport or adapted tariffs for access to public transport, as well as fostering ***zero- and low- emission*** mobility on demand and ***share*** mobility services***, especially in rural, insular, mountainous, remote and less accessible areas or for less developed regions or territories, including less developed peri-urban areas***;

Reason

Regulation should be technology-neutral from a life-cycle perspective. Considering only direct tail-pipe emissions risks increasing emissions from producing electricity and risks excluding other renewable fuels.

Amendment 32

Article 6.2.g

Text proposed by the European Commission	CoR amendment
	(g) support Renewable Energy Community initiatives, including collective generation and self-consumption of renewable energy as a way to address energy poverty.

Reason

Self-explanatory.

Amendment 33

Article 8

Text proposed by the European Commission	CoR amendment
Member States may include into the estimated total costs financial support provided to public or private entities other than vulnerable households, vulnerable micro-enterprises and vulnerable transport uses, if those entities carry out measures and investments ultimately benefitting vulnerable households, vulnerable micro-enterprises and vulnerable transport users.	Member States ***and regions*** may include into the estimated total costs financial support provided to public or private entities other than vulnerable households, vulnerable micro ***and small enterprises,*** and vulnerable ***mobility users***, if those entities carry out measures and investments ultimately benefitting vulnerable households, vulnerable micro ***and small enterprises,*** and vulnerable ***mobility*** users.
Member States shall provide for the necessary statutory and contractual safeguards to ensure that the entire benefit is passed on to the households, micro-enterprises and transport users.	Member States shall provide for the necessary statutory and contractual safeguards to ensure that the entire benefit is passed on to the households, micro ***and small enterprises,*** and ***mobility*** users ***and that it is financially sustainable on the long term***.

Reason

The regional component is key for the implementation and success of the Social Climate Fund. The economic support for acquiring an electric vehicle, are not the most suitable solution for vulnerable households, the real problems are ways of covering the cost of energy bills.

Amendment 34

Article 10.2

Text proposed by the European Commission	CoR amendment
Member States ***may*** entrust the managing authorities of the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 and of the cohesion policy operational programmes under Regulation (EU) 2021/1058 with the implementation of measures and investments […]	Member States ***can*** entrust the managing authorities of the European Social Fund Plus (ESF+) established by Regulation (EU) 2021/1057 and of the cohesion policy operational programmes under Regulation (EU) 2021/1058 with the implementation of ***the*** measures and investments […]

Reason

Self-explanatory.

Amendment 35

Article 11

Text proposed by the European Commission	CoR amendment
The Fund shall be implemented by the Commission ***in direct*** management in accordance with relevant rules adopted pursuant […]	The Fund shall be implemented by the Commission ***and Member States under shared*** management in accordance with ***the principle of partnership and multi-level governance as laid down in the General Provisions Regulation as well as*** relevant rules adopted pursuant […]

Reason

The Fund should be implemented under shared management, in line with the principle of partnership and multi-level governance.

Amendment 36

Article 14.1

Text proposed by the European Commission	CoR amendment
Member States shall contribute at least to 50 percent of the total estimated costs of their Plans.	Member States shall contribute at least to 50 percent of the total estimated costs of their Plans ***under shared-management***.

Reason

Self-explanatory.

Amendment 37

Article 14.2

Text proposed by the European Commission	CoR amendment
Member States shall, inter alia, use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans.	Member States shall, inter alia, use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans. ***(a) Member State should set a minimum percentage threshold of at least 20 % of their ETS auction revenues to be managed directly by local and regional governments. The revenues managed by local and regional authorities should be exclusively used for climate mitigation and adaptation efforts, especially those supporting the energy transition and addressing the risks on the most vulnerable territories and households. In case the carbon price leads to higher revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly.***

Reason

It is essential that the new Social Climate Fund could also directly support the investments of local and regional governments in renovating and improving local social housing and affordability of local public transport.

Amendment 38

Article 15.1

Text proposed by the European Commission	CoR amendment
The Commission shall assess the Plan and, where applicable, any amendment to that Plan submitted by a Member State in accordance with Article 17, for compliance with the provisions of this Regulation. When carrying out that assessment, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the Plan if needed, including after the submission of the Plan. The Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable period if necessary.	The Commission shall assess the Plan and, where applicable, any amendment to that Plan submitted by a Member State in accordance with Article 17, for compliance with the provisions of this Regulation. When carrying out that assessment, the Commission shall act in close cooperation with the Member State concerned. The Commission may make observations or seek additional information. The Member State concerned shall provide the requested additional information and may revise the Plan if needed, including after the submission of the Plan. The Member State concerned and the Commission may agree to extend the deadline for assessment by a reasonable period if necessary. ***The Regional Social Climate Plans drafted by regions willing to ask for the additional envelope will be assessed by the Member State, to ensure the consistency with the National Social Climate Plan and avoid overlapping measures.***

Reason

The regional component is key for the implementation and success of the SCF. Local and regional authorities know best the problems and socioeconomic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors.

Amendment 39

Article 15.2

Text proposed by the European Commission	CoR amendment
The Commission shall assess the relevance, effectiveness, efficiency and coherence of the Plan as follows:	The Commission shall assess the relevance, effectiveness, efficiency and coherence of the Plan as follows:
(a) For the purpose of assessing relevance, the Commission shall take into account the following criteria:	(a) For the purpose of assessing relevance, the Commission shall take into account the following criteria:

Text proposed by the European Commission	CoR amendment
(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty, duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;	(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty, duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;
(ii) whether the Plan is expected to ensure that no measure or investment included in the Plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852;	(ii) whether the Plan is expected to ensure that no measure or investment included in the Plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852;
(iii) whether the Plan contains measures and investments that contribute to the green transition, including to addressing the challenges resulting therefrom and in particular to the achievement of the 2030 climate and energy objectives of the Union and the 2030 milestones of the Mobility Strategy.	(iii) whether the Plan contains measures and investments that contribute to the green transition, including to addressing the challenges resulting therefrom and in particular to the achievement of the 2030 climate and energy objectives of the Union and the 2030 milestones of the Mobility Strategy.
	(iv) whether the Plan has been prepared and developed through the meaningful and inclusive participation of all relevant stakeholders;
	(v) whether the Plan contains a gender impact analysis and an explanation of how the measures and investments contained in the Plan are expected to address the gender dimension of energy poverty and mobility poverty and ensure a gender-balanced impact, while contributing to the mainstreaming of gender equality, in line with the national gender equality strategy, the European Pillar of Social Rights and the UN Sustainable Development Goals;

Text proposed by the European Commission	CoR amendment
	(vi) whether the plan improves the conditions for adapting to the adverse effects of climate change for households and micro and small enterprises experiencing energy and mobility poverty.
(b) For the purpose of assessing effectiveness, the Commission shall take into account the following criteria:	(b) For the purpose of assessing effectiveness, the Commission shall take into account the following criteria:
(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises and vulnerable transport users, especially households in energy poverty, in the Member State concerned;	(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises and vulnerable transport users, especially households in energy poverty, in the Member State concerned;
(ii) whether the arrangements proposed by the Member State concerned are expected to ensure the effective monitoring and implementation of the Plan, including the envisaged timetable, milestones and targets, and the related indicators;	(ii) whether the arrangements proposed by the Member State concerned are expected to ensure the effective monitoring and implementation of the Plan, including the envisaged timetable, milestones and targets, and the related indicators;
(iii) whether the measures and investments proposed by the Member State concerned are consistent and complying with the requirements under Directive [yyyy/nnn] [Proposal for recast of Directive 2012/27/EU], Directive (EU) 2018/2001, Directive 2014/94/EU of the European Parliament and of the Council60, Directive (EU) 2019/1161 of the European Parliament and of the Council and Directive 2010/31/EU;	(iii) whether the measures and investments proposed by the Member State concerned are consistent and complying with the requirements under Directive [yyyy/nnn] [Proposal for recast of Directive 2012/27/EU], Directive (EU) 2018/2001, Directive 2014/94/EU of the European Parliament and of the Council, Directive (EU) 2019/1161 of the European Parliament and of the Council and Directive 2010/31/EU;
(c) For the purposes of assessing efficiency the Commission shall take into account the following criteria:	(c) For the purposes of assessing efficiency the Commission shall take into account the following criteria:
(i) whether the justification provided by the Member State for the amount of the estimated total costs of the Plan is reasonable, plausible, in line with the principle of cost efficiency and commensurate to the expected national environmental and social impact;	(i) whether the justification provided by the Member State for the amount of the estimated total costs of the Plan is reasonable, plausible, in line with the principle of cost efficiency and commensurate to the expected national environmental and social impact;
(ii) whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under the Fund, including the arrangements that aim to avoid double funding from the Fund and other Union programmes;	(ii) whether the arrangements proposed by the Member State concerned are expected to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under the Fund, including the arrangements that aim to avoid double funding from the Fund and other Union programmes;

Text proposed by the European Commission	CoR amendment
(iii) whether the milestones and targets proposed by the Member State are efficient in view of the scope, objectives and eligible actions of the Fund;	(iii) whether the milestones and targets proposed by the Member State are efficient in view of the scope, objectives and eligible actions of the Fund;
(d) For the purpose of assessing coherence, the Commission shall take into account whether the Plan contains measures and investments that represent coherent actions.	(d) For the purpose of assessing coherence, the Commission shall take into account whether the Plan contains measures and investments that represent coherent actions.

Reason

Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Amendment 40

Article 21

Text proposed by the European Commission	CoR amendment
The Commission, and the Member States concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:	The Commission, the Member States and ***the regions*** concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:
(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional levels, both in the planning phase and during implementation;	(a) ensure complementarity, synergy, coherence and consistency among different instruments at Union, national and, where appropriate, regional ***and local*** levels, both in the planning phase and during implementation;
(b) optimise mechanisms for coordination to avoid duplication of effort; and	(b) optimise mechanisms for coordination to avoid duplication of effort; and
(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional levels to achieve the objectives of the Fund.	(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional ***and local*** levels to achieve the objectives of the Fund.

Reason

Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Amendment 41

Article 22

Text proposed by the European Commission	CoR amendment
Member States shall make the data referred to in Article 20(2), point (d), (i), (ii) and (iv) of this Regulation publicly available and up to date in a single website in open, machine-readable formats, as set out in Article 5(1) of Directive (EU) 2019/1024 of the European Parliament and of the Council, which shall allow data to be sorted, searched, extracted, compared and reused. The information referred to in Article 20(2), point (d), (i) and (ii) of this Regulation shall not be published in cases referred to in Article 38(3) of Regulation (EU, Euratom) 2018/1046 or if the direct income support paid is less then EUR 15 000	Member States ***and regions*** shall make the data referred to in Article 20(2), point (d), (i), (ii) and (iv) of this Regulation publicly available and up to date in a single website in open, machine-readable formats, as set out in Article 5(1) of Directive (EU) 2019/1024 of the European Parliament and of the Council, which shall allow data to be sorted, searched, extracted, compared and reused. The information referred to in Article 20(2), point (d), (i) and (ii) of this Regulation shall not be published in cases referred to in Article 38(3) of Regulation (EU, Euratom) 2018/1046 or if the direct income support paid is less then EUR 15 000

Reason

The regional component is key for the implementation and success of the Social Climate Fund. Local and regional authorities know best the problems and socioeconomic circumstances of the territory, being able to better identify the most vulnerable individuals and sectors.

Amendment 42

Article 23.1

Text proposed by the European Commission	CoR amendment
Each Member State concerned shall, on a biennial basis, report to the Commission on the implementation of its Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report:	Each Member State ***and region*** concerned shall, on a biennial basis, report to the Commission on the implementation of its Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report:
(a) detailed quantitative information on the number of households in energy poverty;	(a) detailed quantitative information on the number of households in energy poverty;
(b) when applicable, detailed information on progress towards the national indicative objective to reduce the number of households in energy poverty;	(b) when applicable, detailed information on progress towards the national indicative objective to reduce the number of households in energy poverty;
(c) detailed information on the results of the measures and investments, included in its Plan;	(c) detailed information on the results of the measures and investments, included in its Plan;
(d) information reported on greenhouse gas policies and measures and on projections as well as on energy poverty provided under Article 18 and Article 24 of Regulation (EU) 2018/1999;	(d) information reported on greenhouse gas policies and measures and on projections as well as on energy poverty provided under Article 18 and Article 24 of Regulation (EU) 2018/1999;

Text proposed by the European Commission	CoR amendment
(e) information reported under the long-term buildings renovation strategies pursuant to Directive 2010/31/EU;	(e) information reported under the long-term buildings renovation strategies pursuant to Directive 2010/31/EU;
(f) in 2027, an assessment of the Plan referred to in Article 17(5) in view of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/087/EC;	(f) in 2027, an assessment of the Plan referred to in Article 17(5) in view of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/087/EC;
(g) information on changes of its Plan in accordance with Article 17.	(g) information on changes of its Plan in accordance with Article 17.
	(h) a periodical revision of the assessment of vulnerability in the territories in regions, particularly territories with permanent natural handicaps that are especially vulnerable, such as island and mountain regions, and monitoring of the actual impact of additional ETS measures at NUTS 2 or NUTS 3 level;

Reason

Assessments are key to monitor the evolution, efficiency and effects of the Fund. As stated, the regional component is crucial for taking into account the differences and specificities of all vulnerable citizens and those most affected by the modification of the ETS.

Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast)

COM (2021) 563 final

Amendment 43

Recital 28

Text proposed by the European Commission	CoR amendment
Targeted reductions in the tax level may prove necessary to tackle the social impact of energy taxes. An exemption from taxation may temporarily prove necessary to protect vulnerable households.	Targeted reductions in the tax level may prove necessary to tackle the social impact of energy taxes. An exemption from taxation may temporarily prove necessary to protect vulnerable households***, vulnerable micro and small enterprises, and vulnerable mobility users, including in rural, mountainous, peripheral or island regions***.

Reason

To adapt the wording to the Social Climate Fund proposal, as energy taxation may be used to complement the planned social measures.

Amendment 44

Article 17

Text proposed by the European Commission	CoR amendment
For the purposes of point (c), energy products and electricity used by households recognised as vulnerable may be exempt ***for a maximum period of 10 years after the entry into force of this Directive***. For the purposes of this paragraph, 'vulnerable households' shall mean households significantly affected by the impacts of this Directive which, for the purpose of this Directive, means that they are below the 'at risk of poverty' threshold, defined as 60 % of the national median equivalised disposable income.	For the purposes of point (c), energy products and electricity used by households recognised ***at national or regional level*** as vulnerable may be exempt. For the purposes of this paragraph, 'vulnerable households' shall mean households significantly affected by the impacts of this Directive which, for the purpose of this Directive, means that they are below the 'at risk of poverty' threshold, defined as 60 % of the national median equivalised disposable income ***and their consumption does not exceed the necessary minimum for decent living conditions applicable for the given region***. ***'Vulnerable households' also means households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings and transport into the scope of Directive 2003/87/EC***.

Reason

There should not be a maximum period for the exemption if the household is still in a vulnerable situation. The definition of 'vulnerable household' is adapted to the one included in the Fund.

Amendment 45

Article 31

Text proposed by the European Commission	CoR amendment
[…]. The report shall take into account the proper functioning of the internal market, environmental and social considerations, the real value of the minimum levels of taxation and the relevant wider objectives of the Treaties.	[…]. The report shall take into account the proper functioning of the internal market, environmental***, regional, local,*** and social considerations, the real value of the minimum levels of taxation and the relevant wider objectives of the Treaties.

Reason

The regional perspective should be evaluated.

II. **POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. welcomes the announcement of the Social Climate Fund as a way to balance the negative effects on the most endangered groups and territories and ensure socially sustainable transition; underlines that climate and energy policies as well as the carbon market must not affect vulnerable households, micro- and -small enterprises, and mobility users, including in rural and remote areas, as we have seen vast growth in the share of those experiencing energy and mobility poverty since Summer 2021 due to sustained soaring of energy prices;

2. stresses that local and regional authorities are very relevant actors in the field of energy and climate, because they know best the characteristics of the territories and the social and economic context in which these policies are implemented, they also have competences on the matter, and they can take the most appropriate approach for enhancing their effectiveness;

3. requests that, when assessing and approving the plans, the main focus be on ensuring that the measures provided for are tailored to the target groups so that the groups specified in the proposal are effectively supported. The resources earmarked under the Social Climate Fund are limited, so special care must be taken to ensure that they support the most vulnerable households, micro-and-small enterprises, mobility users, including in rural and remote areas;

4. holds the opinion that all policies affecting businesses and households should be evidence based, and in this respect the Commission, the Eurostat and LRAs should cooperate in setting up reliable data management and collection structures, with free access to all policy makers and stakeholders;

5. highlights that strategic autonomy is crucial when it comes to Europe's energy supply; underlines that it is not sufficient to phase out our dependence on fossil fuels' supply only from the Russian Federation, but considers the REPowerEU plan a way to accelerate the clean energy transition, to reduce the EU's dependence on imports of energy and raw materials and thus to diminish the political, economic and security risks resulting from these imports. This means that massive investments and concrete measures in accelerating the deployment of renewable energies, boosting energy efficiency, circularity, clean electricity and hydrogen, and research in alternative sustainable fuels are prioritised and coupled together;

6. considers it important for the Member States to have the opportunity to reduce energy and mobility poverty using a wide range of tools. One such tool is the 'warm rent' system, whereby the property owner is responsible for ensuring an acceptable indoor temperature and thus has a clear incentive to improve energy efficiency. As it stands, this conflicts with the Commission's interpretation of cost-effectiveness in the Energy Efficiency Directive, which focuses instead on individual metering and charging of heating;

7. asks the Commission to initiate research and consultation with relevant actors in order to clearly define the minimum energy need of a household for a decent standard of living, based on reliable data and time series, bearing in mind regional differences, and at the same time, based on the new concept;

8. welcomes the European Commission Communication on 'Tackling rising energy prices: a toolbox for action and support', encouraging the Member States to use the measures defined in the 'toolbox'; welcomes the European Commission proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality; calls on national authorities to take these measures into consideration urgently with views of ensuring a just transition leaving no one behind while making the local and regional authorities participants of their implementation and observing the territorial differences;

9. recalls that the Covenant of Mayors for Climate and Energy (CoM) has shown its usefulness in contributing to energy efficiency and climate issues, so the recast of Energy Taxation Directive (ETD) and the new Social Climate Fund (here in after 'new Fund') should take advantage of CoM members' insights and expertise, and fast-track actions included in Sustainable Energy and Action Plans (SEAPs) at local or regional level;

10. welcomes the fact that the EC accompanies the proposal for a revision of the Energy Taxation Directive with a subsidiarity grid, although regrets its absence for the Social Climate Fund proposal. The reasoning provided in relation to the European added value of the proposals and the roll-out of measures deriving from EU competencies in the areas of transport, climate change, environment and internal market, is in compliance with the principles of subsidiarity and proportionality

11. emphasises that there are regions across Europe where district heating and cooling might be a more reliable, more efficient and affordable solution for citizens, so the new Fund should be harmonised with other ESIF in order to deliver sufficient support for the costs of refurbishing apartments and dwellings so that they are able to connect to the new systems;

12. sees that the future of power generation is more decentralised than before and, in this respect, households and businesses ready to engage in photovoltaic or wind energy deployment need more tailored support for decentralised smart networks and to eliminate unnecessary red tape; this also includes dedicated support from the Social Climate Fund for Renewable Energy Communities;

13. notices that there are several ESIF support schemes in the Member States favouring energy efficiency measures targeting households and businesses, so it might be useful to develop clear guidance and design support for most vulnerable households and micro-and-small enterprises facing energy and mobility poverty, in order to eliminate any risk of leaving out those most in need of support;

14. recommends that Member States, regions and municipalities update urban and land use plans, as well as access to construction permit-related practices, in order to lower taxes and costs and avoid red tape for energy efficiency investments of households and businesses;

On the Social Climate Fund proposal

15. welcomes the proposal for a Social Climate Fund as a statement of solidarity and commitment to achieving a just and socially fair transition, as a key tool for supporting the citizens most affected by the transition towards climate neutrality, and as an answer to our call for enhancing the integrity and operation of the EU Emission Trading Scheme (ETS) while providing support for vulnerable regions and groups;

16. demands that at least a 35 % of the financial envelope of the Social Climate Fund should be directly managed by local and regional authorities, since they can provide a more accurate mapping of vulnerabilities and they are responsible for the successful, targeted and efficient implementation of measures defined in the plans that can target and truly address the needs of lower income groups, including those at risk of poverty;

17. regrets that no concrete and specific impact assessment was carried out before putting forward the proposal for the Social Climate Fund. Such an assessment would have allowed an accurate evaluation of distributional impacts of the mechanism, functioning, management and measures of the Fund, focusing on the consequences and benefits for the most vulnerable citizens and at local and regional level, and permitting a better identification of the financially weakest groups, in order to channel appropriately support to those who need it the most;

18. recommends that the CoR, as the body representing local and regional authorities, play a facilitating role in shaping and implementing the Social Climate Plans, providing an additional opportunity to reach the local and regional level beyond the Member States' national frameworks;

19. calls for a recognition of local and regional authorities' role as key contributors to the national Social Climate Plans, given that they are the level of government closest to citizens and they can provide great knowledge and expertise developed on the ground, while ensuring that the drafting of Social Climate Plans does not add an administrative burden to the local and regional authorities; suggests that local and regional authorities should have the possibility to draft Regional Social Climate Plans in line with the ones at national level under the principles of partnership, multilevel governance, subsidiarity and proportionality;

20. mentions that one of the burdens of energy efficient refurbishment of the housing stock is the lack of access to knowledge on energy efficiency and to state-of-the-art solutions already accessible on the market; in order to solve this issue, the CoR suggests financing these measures also from the new Fund;

21. underlines that energy prices and the general purchasing power are very poorly connected, and while using GDP or GNI in PPS as an overall indicator is suitable for general cohesion policy, when it comes to energy consumption, asks the Commission to find an indicator that is as reliable as GDP and GNI, but better reflects the energy consumption related behaviour of households and businesses in Europe and that provides Member States with more flexibility to level discrepancies caused by statistics in allocating EU funds;

22. emphasises that while the aim of the Social Climate Fund is a step in the right direction to deliver a just green transition, further efforts in financial terms should be developed. The Social Climate Fund itself will not be enough to tackle the undesirable social effects and economic shortcomings of the measures to achieve climate neutrality. Demands that the revenues derived from the ETS II should in part be allocated to the Social Climate Fund and to measures directed to ensure that no one suffers disadvantages from achieving climate neutrality; suggests that in case the carbon price leads to higher revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly. The CoR advocates that more forms of economic support should be deployed which can take into account the specificities of territories, populations, sectors, cities and regions. While willing to support the most vulnerable individuals, special attention will have to be paid to the appropriateness of the measures and support to homeless, women, citizens without resources, youth and financially weaker entities;

23. asks the European Parliament and the Council not to promote any type of individual motorised mobility from the new Fund, and to support sustainable zero- or low- emission sustainable mobility solutions (electric, hybrid or hydrogen fuelled) and integrated mobility services instead;

On the Energy Tax Directive revision

24. welcomes the proposal for a Directive aimed to align energy tax with actual energy content and environmental performance, thereby providing incentives for reducing CO_2 emissions and contributing to the achievement of the new EU climate targets. As it stands, the Directive does not meet this aim, as the European Court of Auditors ([1]) also pointed out;

25. regrets the lack of a specific subsidiarity grid for the Social Climate Fund proposal, while welcomes the fact that the legislative proposal is based on the Articles 91(1)(d), 192(1) and 194(1)(c) of the Treaty on the Functioning of the European Union ('TFEU'), referred to transport, climate change and energy-centred and considers that the proposal clearly outlines its European added value and is in compliance with the principles of subsidiarity and proportionality.

26. welcomes the inclusion of the possibility for Member States to assist vulnerable groups and protect households against energy poverty, countering the possible negative effects of the tax;

27. welcomes the revision of the Energy Taxation Directive so that its content is adjusted and adapted to the need for increased climate action and environmental protection, while being able to support the development and expansion of renewable energy, and preserve the correct functioning of the internal market, aligning taxation of energy products and electricity with EU energy and climate policies;

28. suggests analysing territorial patterns for Member States at regional level in order to allow regional or even local exemptions or reduced levels or other compensation in special circumstances such as poverty risk for the most affected households and businesses;

29. points out that there are regions in Europe where firewood is used for heating and cooking as a clear sign of energy poverty; in such circumstances the recast of the ETD and the ETS2 will both affect these consumers and therefore recommends establishment of additional programmes to support the fuel switch from firewood to clean renewable and efficient energy sources.

Brussels, 27 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

([1]) European Court of Auditors Review 01/2022: Energy taxation, carbon pricing and energy subsidies

Opinion of the European Committee of the Regions — Reinforcing democracy and integrity of elections

(2022/C 301/13)

Rapporteur:	Vincenzo BIANCO (IT/PES), Member of Catania Municipal Council
Reference documents:	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Protecting election integrity and promoting democratic participation COM(2021) 730 final Proposal for a regulation of the European Parliament and of the Council on the transparency and targeting of political advertising COM(2021) 731 final Proposal for a Council directive laying down detailed arrangements for the exercise of the right to vote and stand as a candidate in elections to the European Parliament for Union citizens residing in a Member State of which they are not nationals (recast) COM(2021) 732 final Proposal for a Council directive laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by Union citizens residing in a Member State of which they are not nationals (recast) COM(2021) 733 final Proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations (recast) COM(2021) 734 final

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

COM(2021) 731 final

Article 7(2)

Text proposed by the European Commission	CoR amendment
The transparency notice shall be included in each political advertisement or be easily retrievable from it, and shall include the following information: (a) the identity of the sponsor and contact details; (b) the period during which the political advertisement is intended to be published and disseminated; (c) based among others on information received in line with Article 6(3), information on the aggregated amounts spent or other benefits received in part or full exchange for the preparation, placement, promotion, publication and dissemination of the relevant advertisement, and of the political advertising campaign where relevant, and their sources; (d) where applicable, an indication of elections or referendums with which the advertisement is linked; (e) where applicable, links to online repositories of advertisements; (f) information on how to use the mechanisms provided for in Article 9(1). (g) The information to be included in the transparency notice shall be provided using the specific data fields set out in Annex I.	The transparency notice shall be included in each ***online and offline*** political advertisement or be easily retrievable from it, and shall include the following information: (a) the identity of the sponsor and contact details; (b) the period during which the political advertisement is intended to be published and disseminated; (c) based among others on information received in line with Article 6(3), information on the aggregated amounts spent or other benefits received in part or full exchange for the preparation, placement, promotion, publication and dissemination of the relevant advertisement, and of the political advertising campaign where relevant, and their sources; (d) where applicable, an indication of elections or referendums with which the advertisement is linked; (e) where applicable, links to online repositories of advertisements; (f) information on how to use the mechanisms provided for in Article 9(1). (g) The information to be included in the transparency notice shall be provided using the specific data fields set out in Annex I.

Reason

Article 7(2) of the draft regulation outlines the information that should be included in the transparency notice for every political advertisement, and that this notice is also to be easily accessible from it. Given the complexity of the information that should be provided, obligations should consider the specificities of offline and online media.

Amendment 2

COM(2021) 731 final

Article 9

Text proposed by the European Commission	CoR amendment
Indicating possibly unlawful political advertisements	**Indicating possibly unlawful political advertisements**
1. Where they provide political advertising services, advertising publishers shall put in place mechanisms to enable individuals to notify them, free of charge, that a particular advertisement which they have published does not comply with this Regulation.	1. Where they provide political advertising services, advertising publishers shall put in place mechanisms to enable individuals to notify them, free of charge, that a particular advertisement which they have published does not comply with this Regulation.
2. Information on how to notify political advertisements as referred to in paragraph 1 shall be user friendly and easy to access, including from the transparency notice.	2. Information on how to notify political advertisements as referred to in paragraph 1 shall be user friendly and easy to access, including from the transparency notice.
3. Political advertising publishers shall allow for the submission of the information referred to in paragraph 1 by electronic means. The political advertising publisher shall inform individuals of the follow up given to the notification as referred to in paragraph 1.	3. Political advertising publishers shall allow for the submission of the information referred to in paragraph 1 by electronic means. The political advertising publisher shall inform individuals of the follow up given to the notification as referred to in paragraph 1.
4. Repetitive notifications under paragraph 1 regarding the same advertisement or advertising campaign may be responded to collectively, including by reference to an announcement on the website of the political advertising publisher concerned.	4. Repetitive notifications under paragraph 1 regarding the same advertisement or advertising campaign may be responded to collectively, including by reference to an announcement on the website of the political advertising publisher concerned.
	5. Specific channels shall also be established to allow individuals to lodge complaints with the competent authorities as laid out in Article 15 of this Regulation.

Reason

Article 15 requires Member States to designate competent authorities to monitor the compliance of providers of intermediary services within the meaning of the Regulation. Given their role, these competent authorities should also be in the position to monitor notifications of non-compliance with the Regulation. This would also alleviate the possible failure of private companies to act on such notifications.

Amendment 3

COM(2021) 731 final

Article 15(7)

Text proposed by the European Commission	CoR amendment
Each Member State shall designate one competent authority as a contact point at Union level for the purposes of this Regulation.	Each Member State shall designate one competent authority as a contact point at Union level for the purposes of this Regulation. ***Each Member State shall ensure that contact points are established at regional and local level.***

Reason

To advocate that the national authority also have regional and local branches, establishing contact points at regional and local level.

Amendment 4

COM(2021) 731 final

Article 15(9)

Text proposed by the European Commission	CoR amendment
Contact points shall meet periodically at Union level in the framework of the European Cooperation Network on Elections to facilitate the swift and secured exchange of information on issues connected to the exercise of their supervisory and enforcements tasks pursuant to this Regulation.	Contact points shall meet periodically at Union level in the framework of the European Cooperation Network on Elections to facilitate the swift and secured exchange of information on issues connected to the exercise of their supervisory and enforcements tasks pursuant to this Regulation***, and to explore the approximation of rules on sanctions including administrative fines and financial penalties applicable to providers of political advertising services, as laid out in Article 16***.

Reason

With a view to the goal of this Regulation to ensure harmonisation of the internal market for the provision of services in political advertising, and to create a level playing field, it could be desirable to approximate the sanctions for infringements of the provisions of this Regulation. Such an approach would also prevent sanctions from being potentially too dissuasive in some Member States so as to prevent actors from political engagement.

Amendment 5

COM(2021) 732 final

Article 12(1)

Text proposed by the European Commission	CoR amendment
Member States shall designate a national authority with responsibility for taking the necessary measures to ensure that non-national Union citizens are informed in a timely manner of the conditions and detailed rules for registration as a voter or candidate in elections to the European Parliament.	Member States shall designate a national authority with responsibility for taking the necessary measures***, in cooperation with regional and, where applicable, local authorities,*** to ensure that non-national Union citizens are informed in a timely manner of the conditions and detailed rules for registration as a voter or candidate in elections to the European Parliament. ***Member States shall take all further measures necessary to raise awareness of, promote and facilitate the exercise of Union citizens' electoral rights, including via regional, and where applicable, local authorities.***

Reason

Account should be taken of the different structures for administering elections in the Member States. The amendment also advocates that the national authority should cooperate with regional and, where applicable, local branches in order to ensure that public information campaigns are comprehensive and far-reaching, in accordance with the proximity principle, regarding the conditions and arrangements for registering as voters or candidates in European Parliament elections.

Amendment 6

COM(2021) 732 final

Article 12(3)

Text proposed by the European Commission	CoR amendment
The information on conditions and detailed rules for registration as a voter or candidate in elections to the European Parliament and the information referred to in paragraph 2 shall be provided in clear and plain language. ***The*** information referred to in the first subparagraph shall, in addition to being communicated in one or more of the official languages of the host Member State, also be accompanied by a translation in at least one other official language of the Union that is broadly understood by the largest possible number of Union citizens residing on its territory, in accordance with the quality requirements of Article 9 of Regulation (EU) 2018/1724 of the European Parliament and of the Council.	The information on conditions and detailed rules for registration as a voter or candidate in elections to the European Parliament and the information referred to in paragraph 2 shall be provided in clear and plain language. ***Provided the competent authorities have the necessary administrative capacities, the*** information referred to in the first subparagraph shall, in addition to being communicated in one or more of the official languages of the host Member State, also be accompanied by a translation in at least one other official language of the Union that is broadly understood by the largest possible number of Union citizens residing on its territory, in accordance with the quality requirements of Article 9 of Regulation (EU) 2018/1724 of the European Parliament and of the Council.

Reason

This Article introduces an obligation for the competent authorities to communicate a wide range of information to mobile EU citizens, also in several languages, on, inter alia, the status of their registration; the relevant rules on voter and candidate rights and obligations; and means of obtaining further information relating to the organisation of the election. As noted in the amendment to Article 12(1), these competent authorities should not exclusively be designated at the national level. Given the extensive information provided, such an obligation could present an administrative burden to the local and regional authorities in some Member States.

Amendment 7

COM(2021) 732 final

Article 14

Text proposed by the European Commission	CoR amendment
Member States ***that*** provide for the possibilities of advance voting, postal voting, and electronic and internet voting, in elections to the European Parliament ***shall ensure the availability of those voting methods to Union voters under similar conditions as the ones applicable to their own nationals***.	Member States ***shall aim to*** provide for the possibilities of advance voting, postal voting, and electronic and internet voting, in elections to the European Parliament. ***Member States shall take all necessary measures to ensure access for non-national Union citizens residing in their country to advance voting, postal voting, and electronic and internet voting under similar conditions as the ones applicable to their own nationals, including through measures taken by local and regional authorities.***

Reason

The amendment seeks to emphasise the contribution that local and regional authorities can make in ensuring the availability of all voting methods to Union voters. At the same time, all Member States should hold elections in green and sustainable ways.

Amendment 8

COM(2021) 732 final

Article 15

Text proposed by the European Commission	CoR amendment
Member States shall designate an authority with responsibility for collecting and providing relevant statistical data to the public ***and*** the Commission, on the participation of Union citizens who are not nationals in elections to the European Parliament.	Member States shall designate an authority with responsibility for collecting and providing relevant statistical data to the public, the Commission ***and the European Committee of the Regions***, on the participation of Union citizens who are not nationals in elections to the European Parliament.

Reason

To ensure the involvement of the European Committee of the Regions in the monitoring of statistics on the participation of non-national Union citizens in European Parliament elections.

Amendment 9

COM(2021) 732 final

Article 17(1)

Text proposed by the European Commission	CoR amendment
Within six months after each election to the European Parliament Member States shall send information to the Commission on the application of this Directive in their territory. In addition to general observations, the report shall contain statistical data on the participation in elections to the European Parliament of Union voters and Union citizens entitled to stand as candidates and a summary of the measures taken to support it.	Within six months after each election to the European Parliament Member States shall send information to the Commission ***and the European Committee of the Regions*** on the application of this Directive in their territory. In addition to general observations, the report shall contain statistical data on the participation in elections to the European Parliament of Union voters and Union citizens entitled to stand as candidates and a summary of the measures taken to support it.

Reason

To ensure the involvement of the European Committee of the Regions in the monitoring of statistics on the participation of non-national Union citizens in European Parliament elections.

Amendment 10

COM(2021) 733 final

Article 2(1)(b)

Text proposed by the European Commission	CoR amendment
'municipal elections' means elections by direct universal suffrage to appoint the members of the representative council and***, where appropriate, under the laws of each Member State,*** the head and members of the executive of a basic local government unit;	'municipal elections' means elections by direct universal suffrage to appoint the members of the representative council and the head and members of the executive of a basic local government unit;

Reason

To extend the eligibility of Member State citizens to stand for all elected offices, including positions of an executive nature in basic local government units.

Amendment 11

COM(2021) 733 final

Article 5(3)

Text proposed by the European Commission	CoR amendment
Member States may provide that only their own nationals may hold the office of elected head, deputy or member of the governing college of the executive of a basic local government unit if elected to hold office for the duration of their mandate.	Member States may provide***, in limited, exceptional and duly motivated cases,*** that only their own nationals may hold the office of elected head, deputy or member of the governing college of the executive of a basic local government unit if elected to hold office for the duration of their mandate.

Text proposed by the European Commission	CoR amendment
The Member States may also lay down that the temporary or interim performance of the functions of a head, deputy or member of the governing college of the executive of a basic local government unit may be restricted to own nationals.	The Member States may also lay down***, in limited, exceptional and duly motivated cases,*** that the temporary or interim performance of the functions of a head, deputy or member of the governing college of the executive of a basic local government unit may be restricted to own nationals.
Having regard to the Treaty and to general legal principles, Member States may take appropriate, necessary and proportional measures to ensure that the offices referred to in the first subparagraph can only be held and the interim functions referred to in the second subparagraph can be performed only by their own nationals.	Having regard to the Treaty and to general legal principles, Member States may take appropriate, necessary and proportional measures to ensure that the offices referred to in the first subparagraph can only be held and the interim functions referred to in the second subparagraph can be performed only by their own nationals.

Reason

Restricting the eligibility of Member State citizens to stand for all elected offices, including positions of an executive nature should be limited, exceptional and duly justified by Member States in order to fight discrimination in access to elected positions in basic local government units.

Amendment 12

COM(2021) 733 final

Article 10

Text proposed by the European Commission	CoR amendment
Member States ***that*** provide for the possibility for nationals to vote by means of advance voting, postal voting, and electronic and internet voting in municipal elections ***shall ensure that such means of voting are also available under the same conditions to voters pursuant to Article 3***.	Member States ***shall aim to*** provide for the possibility for nationals to vote by means of advance voting, postal voting, and electronic and internet voting in municipal elections. ***Member States shall take all necessary measures to ensure access for non-national Union citizens residing in their country to advance voting, postal voting, and electronic and internet voting under the same conditions as the ones applicable to their own nationals, including through measures taken by local and regional authorities.***

Reason

The amendment seeks to emphasise the contribution that local and regional authorities can make in ensuring the availability of all voting methods to municipal election voters who are nationals or non-nationals of that State. At the same time, all Member States should hold elections in green and sustainable ways.

Amendment 13

COM(2021) 733 final

Article 12(1)

Text proposed by the European Commission	CoR amendment
Member States shall designate a national authority with responsibility for taking the necessary measures to ensure that non-national Union citizens are informed in a timely manner of the conditions and detailed rules for registration as a voter or candidate in municipal elections.	Member States shall designate a national authority***, in cooperation with regional and, where applicable, local authorities,*** with responsibility for taking the necessary measures to ensure that non-national Union citizens are informed in a timely manner of the conditions and detailed rules for registration as a voter or candidate in municipal elections. ***Member States and their relevant levels of governance shall take all further measures necessary to raise awareness of, promote and facilitate the exercise of the electoral rights of non-national Union citizens residing in their country, including regional and, where applicable, local authorities.***

Reason

Account should be taken of the different structures for administering elections in the Member States. The amendment seeks to ensure the involvement of regional, and where applicable, local authorities in raising awareness of, promoting and facilitating the exercise of the electoral rights of non-national Union citizens residing in their country in municipal elections.

Amendment 14

COM(2021) 733 final

Article 14

Text proposed by the European Commission	CoR amendment
1. Within three years of the entry into force of this Directive and every four years thereafter, the Member States shall report to the Commission on the application of this Directive in their territory, including on the application of Article 5(3) and (4). The report shall contain statistical data on the participation in municipal elections of voters and candidates pursuant to Article 3 and a summary of measures taken in that regard.	1. Within three years of the entry into force of this Directive and every four years thereafter, the Member States shall report to the Commission ***and the European Committee of the Regions*** on the application of this Directive in their territory, including on the application of Article 5(3) and (4). The report shall contain statistical data on the participation in municipal elections of voters and candidates pursuant to Article 3 and a summary of measures taken in that regard***, as well as an overview of the administrative challenges encountered at the relevant levels of government***.
2. Within five years of the entry into force of this Directive and every five years thereafter, the Commission shall submit a report to the European Parliament ***and*** the Council on the application of this Directive, including on the basis of the information provided by Member States pursuant to paragraph 1 of this Article.	2. Within five years of the entry into force of this Directive and every five years thereafter, the Commission shall submit a report to the European Parliament, the Council ***and the European Committee of the Regions*** on the application of this Directive, including on the basis of the information provided by Member States pursuant to paragraph 1 of this Article.

Reason

To push for the involvement of the European Committee of the Regions in the process of monitoring the implementation of the Directive by the Member States.

The organisational matters related to elections are a matter for the Member States, and the specific arrangements regarding the conduct of elections can vary among them. In that regard, some of the obligations introduced by the recast of Council Directive 94/80/EC [1] could potentially pose significant administrative burdens on local authorities. It is therefore important to track the challenges observed which could potentially inform appropriate remedies on the European, national or local level.

Amendment 15

COM(2021) 733 final

Article 15

Text proposed by the European Commission	CoR amendment
Within two years after the 2029 elections to the European Parliament, the Commission shall assess its application and produce an evaluation report on the progress towards achievement of the objectives contained herein.	Within two years after the 2029 elections to the European Parliament, the Commission***, after consulting the European Committee of the Regions,*** shall assess its application and produce an evaluation report on the progress towards achievement of the objectives contained herein.

Reason

To ensure the involvement of the European Committee of the Regions in the Commission's implementation of the Directive.

Amendment 16

COM(2021) 733 final

Article 17(1)

Text proposed by the European Commission	CoR amendment
Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 8(2), (3) and (5), 9(1) and (2), 10, 11(1) and (3), 12, 14 and Annexes I, II and III by 31 December 2023. They shall immediately communicate the text of those measures to the Commission.	Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 8(2), (3) and (5), 9(1) and (2), 10, 11(1) and (3), 12, 14 and Annexes I, II and III by 31 December 2023. They shall immediately communicate the text of those measures to the Commission ***and the European Committee of the Regions***.
When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws, regulations and administrative provisions to the Directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.	When Member States adopt those measures, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. They shall also include a statement that references in existing laws, regulations and administrative provisions to the Directive repealed by this Directive shall be construed as references to this Directive. Member States shall determine how such reference is to be made and how that statement is to be formulated.

[1] Council Directive 94/80/EC of 19 December 1994 laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by citizens of the Union residing in a Member State of which they are not nationals (OJ L 368, 31.12.1994, p. 38).

Reason

To push for the involvement of the European Committee of the Regions in the process of monitoring the implementation of the Directive by the Member States.

Amendment 17

COM(2021) 733 final

Article 17(2)

Text proposed by the European Commission	CoR amendment
Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.	Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive. ***The Commission shall communicate to the European Committee of the Regions the information and documents received from the Member States pursuant to this Article.***

Reason

To ensure the involvement of the European Committee of the Regions in the Commission's implementation of the Directive.

Amendment 18

COM(2021) 734 final

Article 4(1)

Text proposed by the European Commission	CoR amendment
1. The statutes of a European political party shall comply with the applicable law of the Member State in which it has its seat and shall include provisions covering at least the following:	1. The statutes of a European political party shall comply with the applicable law of the Member State in which it has its seat and shall include provisions covering at least the following:
[…]	[…]
(j) ***its*** internal rules regarding gender balance.	(j) ***explicit and precise*** internal rules regarding gender balance***, specifying the concrete measures applied with a view to reaching gender parity in terms of membership, political representation and the exercise of democratic mandates***.

Reason

European political parties should lead by example when it comes to gender balance. Therefore, their internal rules should include specific measures aimed at ensuring gender balance also in terms of party membership, political representation and overall exercise of mandates.

Amendment 19

COM(2021) 734 final

Article 4(2)

Text proposed by the European Commission	CoR amendment
2. The statutes of a European political party shall include provisions on internal party organisation covering at least the following:	2. The statutes of a European political party shall include provisions on internal party organisation covering at least the following:

Text proposed by the European Commission	CoR amendment
[…]	[…]
(e) its approach to transparency, in particular in relation to bookkeeping, accounts and donations, privacy and the protection of personal data;	(e) its approach to transparency, in particular in relation to bookkeeping, accounts and donations, privacy and the protection of personal data;
(f) the internal procedure for amending its statutes.	(f) ***a statement of commitment to pursue the values on which the Union is founded, as expressed in Article 2 TEU, to combat disinformation and to refrain from the dissemination of incorrect or misleading information, hate speech and messages that incite violence;***
	(g) the internal procedure for amending its statutes.

Reason

European political parties play an important role in strengthening European identity and the feeling of belonging to a common European political space. In this context, they are also instrumental to promoting the rights and values on which the European Union is founded, as well as fighting disinformation and refraining from any actions that incite hatred and violence. This commitment should be reflected in their statutes.

Amendment 20

COM(2021) 734 final

Article 23(9) and (10)

Text proposed by the European Commission	CoR amendment
Donations, contributions and own resources	**Donations, contributions and own resources**
9. Contributions from members of a European political party that have their seat in, or are citizens of, a Member State ***or from member parties that have their seat in a country belonging to the Council of Europe*** shall be permitted. The total value of contributions from members shall not exceed 40 % of the annual budget of a European political party. The value of contributions from member parties that have their seat in a country outside the Union shall not exceed 10 % of the total contributions from members.	9. Contributions ***only*** from members of a European political party that have their seat in, or are citizens of, a Member State shall be permitted. The total value of contributions from members shall not exceed 40 % of the annual budget of a European political party. The value of contributions from member parties that have their seat in a country outside the Union shall not exceed 10 % of the total contributions from members.
10. Contributions from members of a European political foundation that have their seat in, or are citizens of, a Member State ***or from member organisations that have their seat in a country belonging to the Council of Europe***, and from the European political party with which it is affiliated, shall be permitted. The total value of contributions from members shall not exceed 40 % of the annual budget of a European political foundation and shall not derive from funds received by a European political party pursuant to this Regulation from the general budget of the European Union. The value of contributions from member organisations that have their seat in a country outside the Union shall not exceed 10 % of the total contributions from members.	10. Contributions ***only*** from members of a European political foundation that have their seat in, or are citizens of, a Member State, and from the European political party with which it is affiliated, shall be permitted. The total value of contributions from members shall not exceed 40 % of the annual budget of a European political foundation and shall not derive from funds received by a European political party pursuant to this Regulation from the general budget of the European Union. The value of contributions from member organisations that have their seat in a country outside the Union shall not exceed 10 % of the total contributions from members.

Reason

The newly introduced provision on allowing European political parties and foundations to be financed not only from within the European Union, but also from countries belonging to the Council of Europe raise concerns about the transparency of those contributions.

Amendment 21

COM(2021) 734 final

Article 24(2)

Text proposed by the European Commission	CoR amendment
The funding of European political parties and European political foundations from the general budget of the European Union or from any other source may be used to finance referendum campaigns when those campaigns concern the implementation of the Treaties of the Union.	The funding of European political parties and European political foundations from the general budget of the European Union or from any other source may be used to finance referendum campaigns when those campaigns concern the implementation of the Treaties of the Union***, with due regard to the principle of subsidiarity***.

Reason

In some Member States, referenda are held on local and regional (or state) level. This implies that referenda on those administrative levels would concern issues legally relevant in their specific area of competence. Additional safeguards need to be introduced to ensure that referendum campaigns are financed by European political parties and European political foundations only in referenda with a clear EU-wide dimension.

Amendment 22

COM(2021) 734 final

Article 35

Text proposed by the European Commission	CoR amendment
Provision of information to citizens	**Provision of information to citizens**
Subject to Articles 24 and 25 and to their own statutes and internal processes, European political parties ***may***, in the context of elections to the European Parliament, take all appropriate measures to inform citizens of the Union of the affiliations between national political parties and candidates and the European political parties concerned.	Subject to Articles 24 and 25 and to their own statutes and internal processes, European political parties ***shall***, in the context of elections to the European Parliament, take all appropriate measures to inform citizens of the Union of the affiliations between national political parties and candidates and the European political parties concerned.

Reason

An obligation to promote affiliations between national political parties and candidates and the European political parties concerned seems to be more appropriate and aligned with the general aim of this Regulation, including in terms of increasing the visibility of European political parties at national level. For example, the new provision contained in Article 4 (1) lays out a requirement that member parties display the European political party's logo in a clearly visible and user-friendly manner, so that it is as visible as the member party's own logo.

II. **POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

Introduction

1. welcomes the European Commission's package of measures on Reinforcing democracy and integrity of elections; shares the goals pursued by these measures, and firmly supports all efforts to ensure an open, fair and pluralistic political debate, and equal democratic participation and engagement;

2. regrets that the proposed measures in the package on Reinforcing democracy and integrity of elections do not adequately reflect their implications at the local and regional level; underscores the specific knowledge at local and regional level with regard to identifying potential threats to the integrity of democratic processes;

Democratic resilience

3. supports the approach to strengthen cooperation and exchange of best practice in the area of democratic and electoral resilience, and in this context welcomes the establishment of the 'joint mechanism for electoral resilience'; furthermore, believes that the local and regional dimension should be incorporated into such cooperation given its aim to protect elections at all levels;

Democratic participation

4. upholds in no uncertain terms the principle of non-discrimination, including in relation to electoral participation and democratic engagement in general; views this principle as well exemplified in the Conference on the Future of Europe and calls for the continuation of such practices on all levels;

5. stresses the need to overcome the democracy fatigue and to renew the interest of citizens in participating in democratic processes and engaging in local, regional, national and European political spheres, while acknowledging the importance of simplifying administrative procedures for electoral participation;

Electoral rights of mobile EU citizens

6. welcomes the steps undertaken by the Commission to increase legal certainty for mobile EU citizens in the exercise of their electoral rights; underlines in this regard that the exercise of free movement rights should not come at the expense of the exercise of other associated rights;

7. supports the inclusion of mobile EU citizens in local life and considers their engagement to be a valuable contribution to building diverse societies across Member States;

8. would like to see the legislative proposals recognise the fact that local and regional authorities contribute to strengthening European democracy by promoting and facilitating the participation of European citizens in European and local elections, a task that cannot be kept solely within the remit of state authorities in the individual Member States;

9. expects Member States to recognise the right of European citizens residing in other Member States (mobile citizens) to stand as candidates in municipal elections for all positions;

10. as part of efforts to counter falling voter turnout and encourage young people to vote, advocates that the right of citizens to participate by means of advance voting, postal voting, electronic voting and internet voting should be promoted;

11. acknowledges the need to provide appropriate, comprehensive and targeted information to mobile EU citizens on electoral participation and in this regard welcomes the establishment of a contact point on electoral rights at Commission level; highlights the associated need to ensure capacity building and adequate funding for local and regional authorities;

Transparency and disinformation

12. while acknowledging the need for a level playing field for all actors involved, the CoR requests due attention to be given to the principles of subsidiarity and proportionality, especially taking into account the effects of the proposed Regulation on forming the political will also at the purely national, regional and local level in the Member States;

13. underscores that resolute efforts are needed to counter disinformation which can erode the very foundations of our democratic societies, and undermine free and fair elections, trust in public authorities at all levels and informed and engaged citizenry; reiterates the positions expressed in the opinion on the European Democracy Action Plan ([2]);

([2]) OJ C 440, 29.10.2021, p. 31; https://cor.europa.eu/EN/our-work/Pages/OpinionTimeline.aspx?opId=CDR-1278-2021.

14. calls for related initiatives to be accompanied by capacity building of public authorities to address disinformation at all levels in a targeted manner; notes that there is a lack of recognition that local and regional authorities, being closest to the citizens, can be a valuable asset in fighting disinformation;

Conclusion

15. calls on the European Commission to invest further efforts in safeguarding European rights and values, including by pursuing the remaining commitments outlined in the European Democracy Action Plan; emphasises strongly the need to ensure utmost coherence among the various proposed instruments; and underscores that local and regional authorities are an indispensable building block in the European democratic structure.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — Making ETS and CBAM work for EU cities and regions

(2022/C 301/14)

Rapporteur:	Peter KURZ (DE/PES), Lord Mayor of Mannheim
Reference documents:	Proposal for amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme COM(2021) 551 final Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC as regards aviation’s contribution to the Union’s economy-wide emission reduction target and appropriately implementing a global market-based measure COM(2021) 552 final Proposal for a Regulation of the European Parliament and of the Council establishing a carbon border adjustment mechanism COM(2021) 564 final Proposal for a Decision of the European Parliament and of the Council amending Directive 2003/87/EC as regards the notification of offsetting in respect of a global market-based measure for aircraft operators based in the Union COM(2021) 567 final 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 COM(2021) 571 final

I. **RECOMMENDATIONS FOR AMENDMENTS**

Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757

COM(2021) 551 final

Amendment 1

Recital 7

Text proposed by the European Commission	CoR amendment
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 Council [1] to promote reductions of greenhouse gas emissions in a cost-effective ***and*** economically efficient manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030. [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).	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 Council [1] to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient, ***socially responsible and environmentally friendly*** manner, should be increased in a manner commensurate with this economy-wide net greenhouse gas emissions reduction target for 2030 ***and the overall climate neutrality objective, as set out in Regulation (EU) 2021/1119***. [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).

Amendment 2

Recital 9

Text proposed by the European Commission	CoR amendment
Council Directive 96/61/EC [1] was repealed by Directive 2010/75/EU of the European Parliament and of the Council [2]. The references to Directive 96/61/EC in Article 2 of Directive 2003/87/EC and in its Annex IV should be updated accordingly. Given the need for urgent economy-wide emission reductions, Member States should be able to act to reduce greenhouse gas emissions that are under the scope of the EU ETS through other policies than emission limits adopted pursuant to Directive 2010/75/EU. (1) Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (OJ L 257, 10.10.1996, p. 26). (2) Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.	Council Directive 96/61/EC [1] was repealed by Directive 2010/75/EU of the European Parliament and of the Council [2]. The references to Directive 96/61/EC in Article 2 of Directive 2003/87/EC and in its Annex IV should be updated accordingly. Given the need for urgent economy-wide emission reductions, Member States should***, taking into account the views of local and regional authorities through active participation systems, as well as the principles of subsidiarity, proportionality and social justice,*** be able to act to reduce greenhouse gas emissions that are under the scope of the EU ETS through other policies than emission limits adopted pursuant to Directive 2010/75/EU. (1) Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (OJ L 257, 10.10.1996, p. 26). (2) Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) OJ L 334, 17.12.2010, p. 17.

Reason

Self-evident.

Amendment 3

Recital 13

Text proposed by the European Commission	CoR amendment
Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a storage site in accordance with Directive 2009/31/EC of the European Parliament and of the Council [1], or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt implementing acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals. (1) Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).	Greenhouse gases that are not directly released into the atmosphere should be considered emissions under the EU ETS and allowances should be surrendered for those emissions unless they are stored in a ***environmentally safe and secure*** storage site, in accordance with Directive 2009/31/EC of the European Parliament and of the Council [1], or they are permanently chemically bound in a product so that they do not enter the atmosphere under normal use. The Commission should be empowered to adopt implementing acts specifying the conditions where greenhouse gases are to be considered as permanently chemically bound in a product so that they do not enter the atmosphere under normal use, including obtaining a carbon removal certificate, where appropriate, in view of regulatory developments with regard to the certification of carbon removals. (1) Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140, 5.6.2009, p. 114).

Reason

Power plants fuelled by fossil fuels generate a more significant percentage of CO_2 emissions than any other industry. Applying CCS to that sector has the potential for significant reduction of CO_2 emissions.

Amendment 4

New point — Recital 14.1

Text proposed by the European Commission	CoR amendment
	It is essential to ensure that the inclusion of maritime transport in the EU ETS does not lead to carbon leakage by diverting vessel traffic towards ports in neighbouring third countries that are not covered by the system.

Reason

Carbon leakage towards ports in neighbouring third countries not covered by the EU ETS is a real risk that can have a substitution effect towards ports outside the EU, create CO_2 tax havens near the EU and jeopardise the competitiveness of the European port system.

Amendment 5

Recital 28

Text proposed by the European Commission	CoR amendment
Achieving the increased climate ambition will require substantial public resources in the EU as well as national budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget should be used for climate-related purposes. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in low-income Member States, an additional amount of 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.	Achieving the increased climate ambition will require substantial public resources in the EU as well as national***, regional and local*** budgets to be dedicated to the climate transition. To complement and reinforce the substantial climate-related spending in the EU budget, all auction revenues that are not attributed to the Union budget should be used for climate-related purposes ***included in national, regional and/or local plans in this area***. This includes the use for financial support to address social aspects in lower- and middle-income households by reducing distortive taxes. Further, to address distributional and social effects of the transition in low-income Member States, an additional amount of ***at least*** 2,5 % of the Union-wide quantity of allowances from [year of entry into force of the Directive] to 2030 should be used to fund the energy transition of the Member States with a gross domestic product (GDP) per capita below 65 % of the Union average in 2016-2018 ***and NUTS 3 regions in Member States with clear internal imbalances***, through the Modernisation Fund referred to in Article 10d of Directive 2003/87/EC.

Reason

The value of GDP per capita of the NUTS 2 regions also to be taken into consideration in the allocation of allowances, since it would be simplistic to consider only national GDP per capita in Member States with significant regional imbalances.

Amendment 6

Recital 30

Text proposed by the European Commission	CoR amendment
[…] The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS'), renewable energy and energy storage, in a way that contributes to mitigating climate change. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.	[…] The free allocation no longer provided to the CBAM sectors based on this calculation (CBAM demand) must be auctioned and the revenues will accrue to the Innovation Fund ***and the Social Climate Fund***, so as to support innovation in low carbon technologies, carbon capture and utilisation ('CCU'), carbon capture and geological storage ('CCS') ***of unavoidable emissions from industrial production processes that do not result from the combustion of fossil fuels to generate energy as its main purpose,*** renewable energy and energy storage, in a way that contributes to mitigating climate change ***while also curbing any negative effects to the most vulnerable territories and households***. Special attention should be given to projects in CBAM sectors. To respect the proportion of the free allocation available for the non-CBAM sectors, the final amount to deduct from the free allocation and to be auctioned should be calculated based on the proportion that the CBAM demand represents in respect of the free allocation needs of all sectors receiving free allocation.

Reason

The phase-out of free allocations for sectors covered by the CBAM should be carried out sooner rather than later, as the option of free allowance allocation waters down the effect of carbon price signalling.

Amendment 7

Recital 33

Text proposed by the European Commission	CoR amendment
The scope of the Innovation Fund referred to in Article 10a (8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport. In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime] [1] are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21(1) of Regulation xxxx/xxxx [FuelEU Maritime]. To ensure sufficient funding is available for innovation within this extended scope, the Innovation Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the Innovation Fund. (1) [add ref to the FuelEU Maritime Regulation].	The scope of the Innovation Fund referred to in Article 10a (8) of Directive 2003/87/EC should be extended to support innovation in low-carbon technologies and processes that concern the consumption of fuels in the sectors of buildings and road transport ***as well as measures aiming to reduce large amounts of GHG emissions that are not project-based or innovative***. In addition, the Innovation Fund should serve to support investments to decarbonise the maritime transport sector, including investments in sustainable alternative fuels, such as hydrogen and ammonia that are produced from renewables, as well as zero-emission propulsion technologies like wind technologies. Considering that revenues generated from penalties raised in Regulation xxxx/xxxx [FuelEU Maritime] [1] are allocated to the Innovation Fund as external assigned revenue in accordance with Article 21(5) of the Financial Regulation, the Commission should ensure that due consideration is given to support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector, as specified in Article 21 (1) of Regulation xxxx/xxxx [FuelEU Maritime]. To ensure sufficient funding is available for innovation ***and measures*** within this extended scope, the Innovation Fund should be supplemented with 50 million allowances, stemming partly from the allowances that could otherwise be auctioned, and partly from the allowances that could otherwise be allocated for free, in accordance with the current proportion of funding provided from each source to the Innovation Fund. (1) [add ref to the FuelEU Maritime Regulation].

Reason

The Innovation Fund is one of the main sources of climate funding and yet restricted to innovative technologies, while the main obstacles to decarbonisation is not only a lack of innovation. The AM aims to suggest the extension of the scope to decarbonising measures already existing.

Amendment 8

Recital 38

Text proposed by the European Commission	CoR amendment
The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. In addition, the percentage of the Modernisation Fund that needs to be devoted to priority investments ***should be increased to 80 %***; energy efficiency should be targeted as a priority area at the demand side; and support of households to address energy poverty, ***including*** in rural and remote areas, should be included within the scope of the priority investments.	The scope of the Modernisation Fund should be aligned with the most recent climate objectives of the Union by requiring that investments are consistent with the objectives of the European Green Deal and Regulation (EU) 2021/1119, and eliminating the support to any investments related to fossil fuels. In addition, the Modernisation Fund ***should only be used for*** priority investments; energy efficiency ***and usage of renewables*** should be targeted as a priority areas at the demand side; and support of ***vulnerable territories and*** households to address energy ***and mobility*** poverty, ***especially those*** in ***outermost regions,*** rural and remote areas, should be included within the scope of the priority investments. ***Likewise, the Modernisation Fund should be opened to NUTS 3 regions in Member States with clear internal imbalances, in order to boost the revitalisation and modernisation of the energy sector.***

Amendment 9

Recital 43

Text proposed by the European Commission	CoR amendment
The Communication of the Commission on Stepping up Europe's 2030 climate ambition [1], underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. The new system is accompanied by complementary policies and measures safeguarding against undue price impacts, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC. (1) COM(2020) 562 final.	The Communication of the Commission on Stepping up Europe's 2030 climate ambition [1], underlined the particular challenge to reduce the emissions in the sectors of road transport and buildings. Therefore, the Commission announced that a further expansion of emissions trading could include emissions from road transport and buildings. Emissions trading for these two new sectors would be established through separate but adjacent emissions trading. This would avoid any disturbance of the well-functioning emissions trading in the sectors of stationary installations and aviation. ***Given that local and regional authorities bear most of the responsibility for these sectors, they should participate in the design of the new ETS. A part of the revenues of the new emission trading system will be allocated to local and regional authorities, as the levels of government impacted the most.*** The new system is accompanied by complementary policies and measures safeguarding against undue price impacts***, especially on vulnerable households, micro & small enterprises and mobility users including in rural and remote areas***, shaping expectations of market participants and aiming for a carbon price signal for the whole economy. Previous experience has shown that the development of the new market requires setting up an efficient monitoring, reporting and verification system. In view of ensuring synergies and coherence with the existing Union infrastructure for the EU ETS covering the emissions from stationary installations and aviation, it is appropriate to set up emissions trading for the road transport and buildings sectors via an amendment to Directive 2003/87/EC***, in accordance with the 'Fit for 55' package of measures and, if necessary, the regulations affecting these diffuse sectors***. (1) COM(2020) 562 final.

Reason

The expansion of the ETS to the road transport and buildings sector has major implications for local and regional authorities. Local and regional authorities have major competences when it comes to these sectors and should be taken into account when designing the new trading system.

Amendment 10

Recital 51

Text proposed by the European Commission	CoR amendment
The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018.	The distribution rules on auction shares are highly relevant for any auction revenues that would accrue to the Member States, especially in view of the need to strengthen the ability of the Member States to address the social impacts of a carbon price signal in the buildings and road transport sectors. Notwithstanding the fact that the two sectors have very different characteristics, it is appropriate to set a common distribution rule similar to the one applicable to stationary installations. The main part of allowances should be distributed among all Member States on the basis of the average distribution of the emissions in the sectors covered during the period from 2016 to 2018. ***Each Member State should set a minimum percentage threshold of at least 20 % of auction revenues to be managed directly by local and regional authorities. The revenues managed by local and regional authorities should be exclusively used for climate mitigation and adaptation efforts, especially those supporting the energy transition and addressing the risks on the most vulnerable territories, households, micro-and-small enterprises and mobility users.***

Reason

Due to the variety of Europe's territories from a geographical, social and economic perspective, local and regional authorities are the best level of government to ensure that the transition does not detract from Europe's territorial cohesion, nor does it endanger the most vulnerable households.

Amendment 11

Recital 52

Text proposed by the European Commission	CoR amendment
The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey [1]. To achieve an effective social and distributional compensation, Member States should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council [2]. Auction revenues should be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-enterprises and ***transport*** users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States to support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will ***in principle*** correspond to 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20…/nn of the European Parliament and the Council [3]. In addition, each Member State should use their auction revenues, inter alia, to finance a part of the costs of their Social Climate Plans.	The introduction of the carbon price in road transport and buildings should be accompanied by effective social compensation, especially in view of the already existing levels of energy poverty. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6,9 % of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey [1]***, while certain regions are forced to use inefficient energy sources for heating due to poverty***. To achieve an effective social and distributional compensation, Member States ***and regional and local authorities*** should be required to spend the auction revenues on the climate and energy-related purposes already specified for the existing emissions trading, but also for measures added specifically to address related concerns for the new sectors of road transport and buildings, including related policy measures under Directive 2012/27/EU of the European Parliament and of the Council [2]. Auction revenues should ***also*** be used to address social aspects of the emission trading for the new sectors with a specific emphasis in vulnerable households, micro-***and-small*** enterprises and ***mobility*** users. In this spirit, a new Social Climate Fund will provide dedicated funding to Member States ***and regional and local authorities*** to support the European citizens most affected or at risk of energy or mobility poverty. This Fund will promote fairness and solidarity between and within Member States while mitigating the risk of energy and mobility poverty during the transition. It will build on and complement existing solidarity mechanisms. The resources of the new Fund will correspond to ***at least*** 25 % of the expected revenues from new emission trading in the period 2026-2032, and will be implemented on the basis of the Social Climate Plans that Member States should put forward under Regulation (EU) 20…/nn of the European Parliament and the Council [3]. ***In case the carbon price leads to higher revenues than expected, the financial envelope of the Social Climate Fund will be increased accordingly. Each Member State should set a minimum threshold of at least 35 % of the Social Climate Fund financial envelope***

(1) Data from 2018. Eurostat, SILC [ilc_mdes01].

(2) Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

(3) [Add ref to the Regulation establishing the Social Climate Fund].

Text proposed by the European Commission	CoR amendment
	available to them to be managed directly by the local and regional authorities. In addition, each Member State ***and regional and local authorities*** should use their auction revenues, inter alia, to finance a part of the costs of their Social Climate Plans. (1) Data from 2018. Eurostat, SILC [ilc_mdes01]. (2) Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1). (3) [Add ref to the Regulation establishing the Social Climate Fund].

Reason

Local and regional authorities are best placed to address these issues so resources from the fund should also be made available to them.

Amendment 12

Recital 54

Text proposed by the European Commission	CoR amendment
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 ***and measures*** 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, ***social and environmentally responsible*** emission reductions.

Reason

Self-evident.

Amendment 13

Recital 58

Text proposed by the European Commission	CoR amendment
The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those matters by 1 January 2028.	The application of emissions trading in the buildings and road transport sectors should be monitored by the Commission, including the degree of price convergence with the existing ETS, and, if necessary, a review should be proposed to the European Parliament and the Council to improve the effectiveness, administration and practical application of emissions trading for those sectors on the basis of acquired knowledge as well as increased price convergence. The Commission should be required to submit the first report on those matters by 1 January 2028. ***The report should be preceded with a consultation period from 1 September 2027 until 31 October 2027. A targeted consultation of local and regional authorities should be carried out throughout this period.***

Reason

Local and regional authorities have significant competences when it comes to the road transport and buildings sector and should be consulted when assessing and reporting on the efficiency of the new ETS.

Amendment 14

Article 1.2

Text proposed by the European Commission	CoR amendment
(2) Article 3 is amended as follows:	(2) Article 3 is amended as follows:
(a) point (b) is replaced by the following: ‘(b) “emissions” means the release of greenhouse gases from sources in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;’;	(a) point (b) is replaced by the following: ‘(b) “emissions” means the release of greenhouse gases from sources in an installation or the release from an aircraft performing an aviation activity listed in Annex I or from ships performing a maritime transport activity listed in Annex I of the gases specified in respect of that activity, or the release of greenhouse gases corresponding to the activity referred to in Annex III;’;
(b) point (d) is replaced by the following: ‘(d) “greenhouse gas emissions permit” means the permit issued in accordance with Articles 5, 6 and 30b;’;	(b) point (d) is replaced by the following: ‘(d) “greenhouse gas emissions permit” means the permit issued in accordance with Articles 5, 6 and 30b;’;
(c) point (u) is deleted;	(c) point (u) is deleted;
(d) the following points (v) to (z) are added: ‘(v) “shipping company” means the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(*);’;	(d) the following points (v) to (z) are added: ‘(v) “shipping company” means the shipowner or any other organisation or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner and that, on assuming such responsibility, has agreed to take over all the duties and responsibilities imposed by the International Management Code for the Safe Operation of Ships and for Pollution Prevention, set out in Annex I to Regulation (EC) No 336/2006 of the European Parliament and of the Council(*);’; ***‘(aa) “port of call” means the port where a vessel stops to load or unload cargo or load or unload passengers. Consequently, for the purposes of this Directive, the following are excluded: calls with the sole aim of refuelling, obtaining supplies, relieving crew, entering a dry dock or repairing the vessel or equipment, and calls where a vessel needs assistance or is in danger. The following cases are also excluded: vessel-to-vessel transfers outside ports, calls to a transhipment port in a neighbouring third country and calls with the sole aim of sheltering from inclement weather or carrying out search and rescue operations;’;***

Reason

The change in the definition of 'port of call' will ensure that for the routes that link European ports with Asia or America, with intermediate stops in European ports, there is no advantage in relocating these operations to neighbouring third countries.

Amendment 15

Article 1.5

Text proposed by the European Commission	CoR amendment
Scope of application to maritime transport activities	**Scope of application to maritime transport activities**
1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, fifty percent (50 %) of the emissions from ships performing voyage departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, one hundred percent (100 %) of emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships at berth in a port under the jurisdiction of a Member State.	1. The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall apply in respect of fifty percent (50 %) of the emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State, fifty percent (50 %) of the emissions from ships performing voyage departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State, one hundred percent (100 %) of emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State and one hundred percent (100 %) of emissions from ships at berth in a port under the jurisdiction of a Member State.
	The allocation of allowances and the application of surrender requirements in respect of maritime transport activities shall adopt the following pattern in the following cases:
	(a) for ships sailing from a port under the jurisdiction of a Member State to a port outside the jurisdiction of a Member State or ships sailing from a port outside the jurisdiction of a Member State to a port under the jurisdiction of a Member State and calling at a neighbouring transhipment port outside the jurisdiction of a Member State:
	(i) shall apply to one hundred per cent (100 %) of the emissions for the segment of the voyage between the port under the jurisdiction of a Member State and the neighbouring transhipment port outside the jurisdiction of a Member State and;
	(ii) shall apply to fifty per cent (50 %) for the rest of the voyage;
	(b) for ships sailing from a port under the jurisdiction of a Member State to a port under the jurisdiction of a Member State and calling at a neighbouring transhipment port outside the jurisdiction of a Member State, shall apply to one hundred per cent (100 %) of the emissions for the entire voyage;

Text proposed by the European Commission	CoR amendment
2. Articles 9, 9a and 10 shall apply to maritime transport activities in the same manner as they apply to other activities covered by the EU ETS.’.	2. Articles 9, 9a and 10 shall apply to maritime transport activities in the same manner as they apply to other activities covered by the EU ETS.’.

Reason

Through this proposal, container ships carrying out long journeys cannot ‘reset their CO_2 meter to zero’ when calling at non-EU ports rather than EU ports.

Amendment 16

Article 1.11(a)

Text proposed by the European Commission	CoR amendment
(a) in paragraph 1, the third subparagraph is replaced by the following: ‘2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States (“the beneficiary Member States”) as set out in Article 10d (“the Modernisation Fund”). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part A of Annex IIb. In addition, 2,5 % of the total quantity of allowances between [year following the entry into force of the Directive] and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb.’	(a) in paragraph 1, the third subparagraph is replaced by the following: ‘2 % of the total quantity of allowances between 2021 and 2030 shall be auctioned to establish a fund to improve energy efficiency and modernise the energy systems of certain Member States (“the beneficiary Member States”) as set out in Article 10d (“the Modernisation Fund”). The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 60 % of the Union average in 2013 ***and NUTS 3 regions in Member States with clear internal imbalances***. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part A of Annex IIb. In addition, ***at least*** 2,5 % of the total quantity of allowances between [year following the entry into force of the Directive] and 2030 shall be auctioned for the Modernisation Fund. The beneficiary Member States for this amount of allowances shall be the Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018 ***and NUTS 3 regions in Member States with clear internal imbalances***. The funds corresponding to this quantity of allowances shall be distributed in accordance with Part B of Annex IIb.’

Amendment 17

Article 1.11(b)

Text proposed by the European Commission	CoR amendment
(b) in paragraph 3, the first and second sentence are replaced by the following: ‘3. Member States shall determine the use of revenues generated from the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), for one or more of the following:’;	(b) in paragraph 3, the first and second sentence are replaced by the following: ‘3. Member States shall determine the use of revenues generated from the auctioning of allowances, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget***, with a minimum threshold of 20 % of revenues allocated to local and regional authorities***. Member States shall use their revenues generated from the auctioning of allowances referred to in paragraph 2, with the exception of the revenues used for the compensation of indirect carbon costs referred to in Article 10a(6), for one or more of the following:’;

Amendment 18

Article 1.12(g) third paragraph

Text proposed by the European Commission	CoR amendment
Article 10a is amended as follows:	Article 10a is amended as follows:
(g) paragraph 8 is replaced by the following:	(g) paragraph 8 is replaced by the following:
‘8. 365 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 85 million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall be made available to a Fund with the objective of supporting innovation in low-carbon technologies and processes, and contribute to zero pollution objectives (the “Innovation Fund”). […]’	‘8. 365 million allowances from the quantity which could otherwise be allocated for free pursuant to this Article, and 85 million allowances from the quantity which could otherwise be auctioned pursuant to Article 10, as well as the allowances resulting from the reduction of free allocation referred to in Article 10a(1a), shall be made available to a Fund with the objective of supporting ***emission avoidance and*** innovation in low-carbon technologies and processes, and contribute to zero pollution objectives (the “Innovation Fund”). […]’

Text proposed by the European Commission	CoR amendment
The Innovation Fund shall cover the sectors listed in Annex I and Annex III, including environmentally safe carbon capture and utilisation ('CCU') that contributes substantially to mitigating climate change, as well as products substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe capture and geological storage ('CCS') of CO_2, as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in aviation, rail and road transport. Special attention shall be given to projects in sectors covered by the [CBAM regulation] to support innovation in low carbon technologies, CCU, CCS, renewable energy and energy storage, in a way that contributes to mitigating climate change.	The Innovation Fund shall cover the sectors listed in Annex I and Annex III, including ***large scale emission reduction projects using mature technologies, public and private initiatives supporting circularity, EU-wide programmes for emission reduction,*** environmentally safe carbon capture and utilisation ('CCU') that contributes substantially to mitigating climate change, as well as products substituting carbon intensive ones produced in sectors listed in Annex I, and to help stimulate the construction and operation of projects aimed at the environmentally safe ***and secure*** capture and geological storage ('CCS') of CO_2, as well as of innovative renewable energy and energy storage technologies; in geographically balanced locations. The Innovation Fund may also support break-through innovative technologies and infrastructure to decarbonise the maritime sector and for the production of low- and zero-carbon fuels in aviation, rail and road transport. Special attention shall be given to projects in sectors covered by the [CBAM regulation] to support ***circularity measures, professional training to use low-carbon products,*** innovation in low carbon technologies, CCU, ***environmentally safe and secure*** CCS, renewable energy and energy storage, in a way that contributes to mitigating ***or adapting to*** climate change ***in a socially responsible way***.
Projects in the territory of all Member States, including small-scale projects, shall be eligible. Technologies receiving support shall be innovative and not ***yet*** commercially viable at a similar scale without support but shall represent ***breakthrough*** solutions or be sufficiently mature for application at pre-commercial scale. […]	Projects ***and measures*** in the territory of all Member States, including small-scale projects, shall be eligible. Technologies receiving support shall be ***decarbonising, innovative*** and not commercially viable at a similar scale without support but shall represent solutions or be sufficiently mature for application at pre-commercial scale. […]
Projects shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2.	Projects ***and measures*** shall be selected on the basis of objective and transparent criteria, taking into account, where relevant, the extent to which projects contribute to achieving emission reductions well below the benchmarks referred to in paragraph 2.
	In paragraph 3, the following points are added:
	(l) to promote skill formation in line with the need to adjust professional practices to circularity and the use of low-carbon materials;

Text proposed by the European Commission	CoR amendment
	(m) to support the development of a circular economy;

Reason

Self-evident.

Amendment 19

Article 1.14(a)

Text proposed by the European Commission	CoR amendment
Article 10d is amended as follows:	Article 10d is amended as follows:
(a) in paragraph 1, the first and second subparagraphs are replaced by the following:	(a) in paragraph 1, the first and second subparagraphs are replaced by the following:
‘1. A fund to support investments proposed by the beneficiary Member States, including the financing of small-scale investment projects, to modernise energy systems and improve energy efficiency shall be established for the period from 2021 to 2030 (the “Modernisation Fund”). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein. The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal(*) and Regulation (EU) 2021/1119 of the European Parliament and of the Council(**) and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy generation facilities that use fossil fuels.’;	‘1. A fund to support investments proposed by the beneficiary Member States ***and NUTS 3 regions***, including the financing of small-scale investment projects, to modernise energy systems and improve energy efficiency shall be established for the period from 2021 to 2030 (the “Modernisation Fund”). The Modernisation Fund shall be financed through the auctioning of allowances as set out in Article 10, for the beneficiary Member States set out therein. The investments supported shall be consistent with the aims of this Directive, as well as the objectives of the Communication from the Commission of 11 December 2019 on The European Green Deal(*) and Regulation (EU) 2021/1119 of the European Parliament and of the Council(**) and the long-term objectives as expressed in the Paris Agreement. No support from the Modernisation Fund shall be provided to energy generation facilities that use fossil fuels.’;

Amendment 20

Article 1.14(b)

Text proposed by the European Commission	CoR amendment
(b) paragraph 2 is replaced by the following: ‘2. ***At least 80 % of*** the financial resources from the Modernisation Fund shall be used to support investments in the following:	(b) paragraph 2 is replaced by the following: ‘2. ***All*** the financial resources from the Modernisation Fund shall be used to support investments in the following:
(a) the generation and use of electricity from renewable sources;	(a) the generation and use of electricity from renewable sources;

Text proposed by the European Commission	CoR amendment
(b) heating and cooling from renewable sources;	(b) heating and cooling***, including district heating and cooling,*** from renewable sources;
(c) the improvement of demand side energy efficiency, including in transport, buildings, agriculture and waste;	(c) the improvement of demand side energy efficiency, including in transport, buildings, agriculture and waste;
(d) energy storage and the modernisation of energy networks, including district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States;	(d) energy storage and the modernisation of energy networks, including district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States;
(e) the support of low-income households, including in rural and remote areas, to address energy poverty and to modernise their heating systems; and	(e) the support of low-income households***, vulnerable micro-and-small enterprises and mobility users***, including in rural and remote areas, to address energy ***and mobility*** poverty and to modernise their heating ***and cooling*** systems; and
(f) a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the social partners.';	(f) a just transition in carbon-dependent regions in the beneficiary Member States ***and NUTS 3 regions***, so as to support the redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups, in dialogue with the social partners.';
	(g) the development of the circular economy.';

Amendment 21

Article 1.21

Text proposed by the European Commission	CoR amendment
Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues for one or more of the activities referred to in Article 10(3) or for one or more of the following:	Member States shall determine the use of revenues generated from the auctioning of allowances referred to in paragraph 4, except for the revenues established as own resources in accordance with Article 311(3) TFEU and entered in the Union budget. Member States shall use their revenues for one or more of the activities referred to in Article 10(3) or for one or more of the following:

Text proposed by the European Commission	CoR amendment
(a) measures intended to contribute to the decarbonisation of heating and cooling of buildings or to the ***reduction of*** the energy ***needs*** of buildings, including the integration of renewable energies and related measures according to Articles 7(11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing buildings;	(a) measures intended to contribute to the decarbonisation of heating and cooling of buildings or to the ***improvement in*** the energy ***efficiency*** of buildings including the integration of renewable energies and related measures according to Articles 7(11), 12 and 20 of Directive 2012/27/EU [references to be updated with the revised Directive], as well as measures to provide financial support for low-income households in worst-performing buildings ***from an energy perspective***;
(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles or measures to encourage a shift ***to public forms of*** transport ***and improve multimodality***, or to provide financial support in order to address social aspects concerning low and middle-income ***transport*** users.	(b) measures intended to accelerate the uptake of zero-emission vehicles or to provide financial support for the deployment of fully interoperable refuelling and recharging infrastructure for zero-emission vehicles or measures to encourage a ***modal*** shift ***in the*** transport ***of goods and people towards more efficient or zero-energy modes, or measures to make transport infrastructures and services more energy efficient***, or to provide financial support in order to address social aspects concerning low and middle-income ***mobility*** users.
Member States shall use a part of their auction revenues generated in accordance with this Article to address social aspects of the emission trading under this Chapter with a specific emphasis on vulnerable households, vulnerable micro-enterprises and vulnerable ***transport*** users as defined under Regulation (EU) 20…/nn [Social Climate Fund Regulation](*). Where a Member State submits to the Commission a [Social Climate Plan] pursuant to that Regulation, the Member State shall use those revenues, inter alia, to finance that plan.	Member States shall use a part of their auction revenues generated in accordance with this Article to address social aspects of the emission trading under this Chapter with a specific emphasis on vulnerable households, vulnerable micro-***and-small*** enterprises and vulnerable ***mobility*** users as defined under Regulation (EU) 20…/nn [Social Climate Fund Regulation](*). Where a Member State submits to the Commission a [Social Climate Plan] pursuant to that Regulation, the Member State shall use those revenues, inter alia, to finance that plan.
Member States shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies or regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to the revenues generated from the auctioning of allowances referred to in this Chapter.	***Member States shall establish a minimum threshold of 20 % of revenues to be allocated to local and regional authorities, to be used for one or more of the measures described in this paragraph.***

Text proposed by the European Commission	CoR amendment
Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph by including this information in their reports submitted under Regulation (EU) 2018/1999 of the European Parliament and of the Council (**).	Member States ***and local and regional authorities*** shall be deemed to have fulfilled the provisions of this paragraph if they have in place and implement fiscal or financial support policies or regulatory policies, which leverage financial support, established for the purposes set out in the first subparagraph and which have a value equivalent to the revenues generated from the auctioning of allowances referred to in this Chapter. Member States shall inform the Commission as to the use of revenues and the actions taken pursuant to this paragraph by including this information in their reports submitted under Regulation (EU) 2018/1999 of the European Parliament and of the Council (**).

Amendment 22

Article 1.21 — 30i

Text proposed by the European Commission	CoR amendment
By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.';	By 1 January 2028, the Commission shall report to the European Parliament and to the Council on the implementation of the provisions of this Chapter with regard to their effectiveness, administration and practical application, including on the application of the rules under Decision (EU) 2015/1814 and use of allowances of this Chapter to meet compliance obligations of the compliance entities covered by Chapters II, IIa and III. ***The report will be preceded with a consultation period from 1 September 2027 until 31 October 2027. A targeted consultation of local and regional authorities will be carried out throughout this period.*** Where appropriate, the Commission shall accompany this report with a proposal to the European Parliament and to the Council to amend this Chapter. By 31 October 2031 the Commission should assess the feasibility of integrating the sectors covered by Annex III in the Emissions Trading System covering the sectors listed in annex 1 of Directive 2003/87/EC.';

Proposal for a Regulation of the European Parliament and of the Council establishing a carbon border adjustment mechanism

COM(2021) 564 final

Amendment 23

Recital 10

Text proposed by the European Commission	CoR amendment
Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS weakens the price signal that the system provides for the installations receiving it compared to full auctioning and thus affects the incentives for investment into further abatement of emissions.	Existing mechanisms to address the risk of carbon leakage in sectors or sub-sectors at risk of carbon leakage are the transitional free allocation of EU ETS allowances and financial measures to compensate for indirect emission costs incurred from GHG emission costs passed on in electricity prices respectively laid down in Articles 10a(6) and 10b of Directive 2003/87/EC. However, free allocation under the EU ETS weakens the price signal that the system provides for the installations receiving it compared to full auctioning and thus affects the incentives for investment into further abatement of emissions. ***A phase-out from free allocations must, therefore, be achieved in an efficient and timely manner, in accordance with the objectives of the European Climate Law, and specifically the 'Fit for 55' package of measures.***

II. **POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. recalls that by signing the Paris Agreement, the EU committed itself to the goal of global net climate neutrality by 2050, now enshrined within the European Climate Law; welcomes the unprecedented environmental ambitions and commitment of the European Commission to the transition towards a more sustainable society and economy and sees the Fit for 55 package as a testament to the strength of this commitment; stresses that the emission reduction targets must be accompanied by targets on energy efficiency and renewable energy, rethinking of land use (to unequivocally increase natural carbon sequestration), as well as other objectives of the European Green Deal, in order to ensure a just and permanent transition;

2. underlines that a robust but gradually introduced carbon price should give the necessary signal to businesses and drive the transition in the most cost-effective way, and highlights the need for effective interaction between the revised ETS and the Carbon Border Adjustment Mechanism (CBAM), potentially combined with other supportive EU measures to ensure a climate-neutral and competitive economy in the EU's regions, especially in regions undergoing a sustainable transition of their energy-intensive industries;

3. acknowledges that these inequalities may become even further pronounced in view of the sustained soaring of energy prices and geopolitical instability worsened by the war in Ukraine; welcomes the proposals of the Commission to address these risks, as outlined in the REPowerEU Communication but stresses that some instruments, such as increased taxation of windfall profits, may not be enough to provide reliable support and thus calls for longer-term solutions;

4. acknowledges that ecological crises reinforce inequalities, just as inequalities increase environmental damage. Hence, policies to reduce greenhouse gas emissions must restore justice within our societies and territories;

5. supports the principle that all sectors of the economy must contribute to the transition towards climate neutrality and towards emission reductions, and EU ETS could contribute significantly if the polluter pays principle was extended to all the sector it covers; points out that mobility accounts for a quarter of CO_2 emissions within the EU, while the building sector is responsible for 40 % of the energy consumption in Europe; points out, however, that introducing carbon pricing into these sectors is delicate and should not result in burdens for the most vulnerable households, micro & small enterprises and mobility users, including in rural and remote areas;

6. insists that local and regional authorities, as the levels of government with strong competences in both of the sectors covered, are considered in the roll-out, assessment and review of the new ETS on road transport and buildings (ETS II); underlines that greenhouse gas emissions from the EU's transport sector have increased steadily from 2013 while the decarbonisation of the buildings sector remains a key pathway for emission reductions; stresses that, in case that the co-legislators decide not to go forward with ETS II as foreseen in the Commission proposal, the current ETS should be further reinforced to address road transport and buildings;

7. fully recognises the need for carbon pricing tools to support the EU's increased climate ambitions, but is very **concerned** about their potential distributional effects and stresses that all dimensions of sustainable development should be taken into account: economic, environmental, social and cultural sustainability. In this regard, calls for the respect of at least three principles:

— **solidarity and fairness between EU Member States when implementing**. Carbon pricing should address the differences between them when it comes to the magnitude of the challenge for the local and regional economies;

— **solidarity and fairness within Member States**. The impact of carbon pricing tools on vulnerable groups in society and lower income households should be tackled, not only in terms of affordability but equally in terms of access to certain good/services to fulfil their needs (energy, cooling and heating, transport and mobility, etc.);

— **addressing the territorial impact of such policies**, not only for remote or peripheral areas, but more generally for those areas within the EU which are already undergoing a profound transformation in respect of their social and economic development ('left behind areas', industrial areas undergoing the necessary transition process) for the outermost regions, as well as for rural areas;

8. welcomes the announcement of the Social Climate Fund as a way to balance the negative effects on the most vulnerable households, micro & small enterprises and mobility users and ensure socially sustainable development; underlines that the funding currently envisaged within the revision of the existing ETS is inadequate to ensure a truly just transition and stresses that the allocation of revenues outside of the ETS II for the Social Climate Fund should be considered; proposes that revenue pooling for the Social Climate Fund should begin sooner than the implementation of the ETS II;

9. underlines the importance of an accurate evaluation of distributional impacts of the mechanism, functioning, management and measures of the Social Climate Fund, focusing on consequences and benefits for the most vulnerable citizens at local and regional level, and permitting a better identification of the economically weakest households, in order to precisely channel the temporary targeted direct income support towards those who need it the most. In this regard, the measures within individual social climate plans and the allocation of the Fund itself should aim to accelerate the green transition, but not at the cost of social and territorial cohesion, nor should they detract from the protection of the most vulnerable citizens;

10. underlines the fact that the Modernisation Fund should be used to support sustainable development, making efforts to enhance the vitality of vulnerable groups and territories a priority for the usage of the fund; reiterates that the Modernisation Fund should, in order to respect the vast economic, social and geographic diversity of the UE, allow NUTS 3 regions with significant imbalances within a Member State to access it;

11. calls for the inclusion of local and regional authorities within the distribution of ETS revenues. The role played by local and regional authorities in the implementation of climate mitigation and adaptation policies is very significant. Europe's regions and cities are major innovators and drivers of societal change, and they should be enabled to contribute to the green transition in a more significant way; underlines this especially for the new ETS II;

12. welcomes the implementation of the Market Stability Reserve as a way to manage the surplus and shortage of allowances, as well as the frontloading scheme to alleviate the impacts of the new ETS II roll-out on prices and liquidity; reiterates, however, that the reserve should be accompanied with an additional mechanism to permanently remove allowances in order to create a floor price that is consistent with the 2030 and 2050 climate targets of the EU;

13. regrets that the Commission proposal does not take into account the real risk of carbon leakage that will occur in global maritime traffic towards ports of neighbouring third countries that are close to European ports. This leakage will have harmful consequences for port activities and, consequently, the associated logistical chains of the Member States, including job losses, distortions of the market and free competition, loss of connectivity among European ports, and the industry's overall competitiveness. This situation would also affect the principle of European strategic autonomy and the security and control of logistics and supply of goods coming from/to the EU as it would encourage the transhipment of goods in ports of third countries with logistical and economic priorities and interests that are not necessarily aligned with those of the EU;

14. welcomes the proposal for the establishment of a Carbon Border Adjustment mechanism (CBAM) to stimulate global climate action; urges that it be ensured that it is part of a broader EU industrial strategy that promotes climate-neutral investment and creates an enabling EU regulatory framework and lead markets for climate-neutral products, including enabling Carbon Contracts for Difference for the decarbonisation of the sectors covered and that new practices be put in place as soon as possible. Free ETS allocations ([1]) should, therefore, be abolished gradually for sectors covered by the CBAM, and replaced by auctioning of all emission allowances, as this will ensure WTO compatibility;

15. underlines the particular importance of an enhanced Innovation Fund that supports the necessary transition to climate neutrality of the energy-intensive industries covered by the EU ETS and CBAM in the EU's regions, by supporting the development of innovative, climate-neutral products such as green steel; stresses that the main obstacles to decarbonisation is not only a lack of technological innovation and thus suggests the extension of the scope to measures with high abatement potential in non-technological areas such as creative and innovative collaboration methods, professional training and circularity, which are disadvantaged by ETS incentives focused on industrial output

16. notes that it is also essential to improve the regulatory and monitoring mechanisms in order to avoid CO_2 price speculation, which can have a significant impact on both energy prices and on the sectors affected;

17. welcomes the fact that the revenues generated by the reformed ETS are to be directed towards financing climate neutrality action (e.g. to increase the financing of the Innovation Fund, the Modernisation Fund and the Social Climate Fund and to accelerate the uptake of renewable energy, energy efficiency and circularity), and not be used to feed the general EU budget as a whole; insists that the same approach be adopted for the revenues generated by the CBAM;

18. believes that in order to cope with technological, regulatory and market change, the CBAM should be dynamic and its sectoral scope and emission coverage should be regularly reviewed, taking into account the local and regional impact of the mechanism; stands ready to support the assessment of the territorial impacts of CBAM;

19. notes that it is also essential to improve the regulatory and monitoring mechanisms in order to avoid CO_2 price speculation, which can have a significant impact on both energy prices and on the sectors affected;

20. strongly welcomes that the Commission has accompanied the proposal for a new ETS scheme and the draft regulation establishing a CBAM with subsidiarity grids ([2]). The reasoning provided in relation to the European added value of the proposals and the roll-out of measures deriving from EU competencies in the area of climate change as defined in Articles 191 to 193 of the Treaty on the Functioning of the European Union ('TFEU') meets the CoR's own assessment of full compatibility of the proposals with the subsidiarity principle.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

([1]) Under the EU Emissions Trading System, companies need to obtain emission allowances covering their carbon emissions. Free allocation is set as a transitional method of allocating allowances in contrast to the default method (auctioning). However, allowances allocated for free continue to represent more than 40 % of the total number of available allowances.

([2]) https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/swd/2021/0552/COM_SWD(2021)0552_EN.pdf

Opinion of the European Committee of the Regions — Amending the Energy Efficiency Directive to meet the new 2030 climate targets

(2022/C 301/15)

Rapporteur:	Rafał Kazimierz TRZASKOWSKI (PL/EPP), President of the capital city of Warsaw
Reference documents:	Proposal for a Directive of the European Parliament and of the Council on energy efficiency (recast)
	COM(2021) 558 — 2021/0203 (COD)
	SEC(2021) 558 — 2021/0203 (COD)
	SWD(2021) 623 — 2021/0203 (COD)
	SWD(2021) 624 — 2021/0203 (COD)
	SWD(2021) 625 — 2021/0203 (COD)
	SWD(2021) 626 — 2021/0203 (COD)
	SWD(2021) 627 — 2021/0203 (COD)

I. **RECOMMENDATIONS FOR AMENDMENTS**

Amendment 1

Recital 16

Text proposed by the European Commission	CoR amendment
A fair transition towards a climate-neutral Union by 2050 is central to the European Green Deal. Energy poverty is a key concept consolidated in the legislative package entitled 'Clean Energy for All Europeans' and designed to facilitate a just energy transition. Pursuant to Regulation (EU) 2018/1999 and Directive (EU) 2019/944 of the European Parliament and of the Council [1], the Commission provided indicative guidance on appropriate indicators for measuring energy poverty and defining what a 'significant number of households in energy poverty' is. [2] Directive (EU) 2019/944 and Directive 2009/73/EC of the European Parliament and of the Council [3] requires Member States to take appropriate measures to address energy poverty wherever it is identified, ***including*** measures addressing the broader context of poverty. (1) Directive (EU) 2019/944 of the European Parliament and of the Council on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125). (2) Commission Recommendation on energy poverty, C(2020) 9600 final. (3) Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).	A fair transition towards a climate-neutral Union by 2050 is central to the European Green Deal. Energy poverty is a key concept consolidated in the legislative package entitled 'Clean Energy for All Europeans' and designed to facilitate a just energy transition. Pursuant to Regulation (EU) 2018/1999 and Directive (EU) 2019/944 of the European Parliament and of the Council [1], the Commission provided indicative guidance on appropriate indicators for measuring energy poverty and defining what a 'significant number of households in energy poverty' is. [2] Directive (EU) 2019/944 and Directive 2009/73/EC of the European Parliament and of the Council [3] requires Member States to take appropriate measures to address energy poverty wherever it is identified, ***whether it affects vulnerable households, vulnerable businesses, especially micro and small enterprises or vulnerable mobility users;*** measures addressing the broader context of poverty ***should also be included***. (1) Directive (EU) 2019/944 of the European Parliament and of the Council on common rules for the internal market for electricity and amending Directive 2012/27/EU (OJ L 158, 14.6.2019, p. 125). (2) Commission Recommendation on energy poverty, C(2020) 9600 final. (3) Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211, 14.8.2009, p. 94).

Amendment 2

Recital 17

Text proposed by the European Commission	CoR amendment
Low- and medium-income households, vulnerable customers, including final users, people facing or risking energy poverty and people living in social housing should benefit from the application of the energy efficiency first principle. Energy efficiency measures should be implemented as a priority to improve the situations of those individuals and households or to alleviate energy poverty. A holistic approach in policy making and in implementing policies and measures requires Member States to ensure that other policies and measures have no adverse effect on these individuals and households.	Low- and medium-income households, ***micro and small enterprises, vulnerable*** customers, including final users, people facing or risking energy ***and mobility*** poverty and people living in social housing should benefit from the application of the energy efficiency first principle. Energy efficiency measures should be implemented as a priority to improve the situations of those individuals and households or to alleviate energy poverty. A holistic approach in policy making and in implementing policies and measures requires Member States to ensure that other policies and measures have no ***direct or indirect*** adverse effect on these individuals and households.

Reason

Self-explanatory.

Amendment 3

Recital 25

Text proposed by the European Commission	CoR amendment
It would be preferable for the energy efficiency target to be achieved as a result of the cumulative implementation of specific national and European measures promoting energy efficiency in different fields. Member States should be required to set national energy efficiency policies and measures. Those policies and measures and the individual efforts of each Member State should be evaluated by the Commission, alongside data on the progress made, to assess the likelihood of achieving the overall Union target and the extent to which the individual efforts are sufficient to meet the common goal.	It would be preferable for the energy efficiency target to be achieved as a result of the cumulative implementation of specific ***local, regional,*** national and European measures promoting energy efficiency in different fields. Member States should be required to set national energy efficiency policies and measures. Those policies and measures and the individual efforts of each Member State should be evaluated by the Commission, alongside data on the progress made, to assess the likelihood of achieving the overall Union target and the extent to which the individual efforts are sufficient to meet the common goal.

Reason

Self-explanatory.

Amendment 4

Recital 28

Text proposed by the European Commission	CoR amendment
To fulfil their obligation, Member States should target the final energy consumption of all public services and installations of public bodies. To determine the scope of addressees, Member States should apply the definition of contracting authorities provided in the Directive 2014/24/EU of the European Parliament and of the Council ([1]). The obligation can be fulfilled by the reduction of final energy consumption in any area of the public sector, including transport, public buildings, healthcare, spatial planning, water management and wastewater treatment, sewage and water purification, waste management, district heating and cooling, energy distribution, supply and storage, public lighting, infrastructure planning. To lower the administrative burden for public bodies, Member States should establish digital platforms or tools to collect the aggregated consumption data from ***public*** bodies, make them publicly available, and report the data to the Commission. ([1]) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94 28.3.2014, p. 65).	To fulfil their obligation, Member States should target the final energy consumption of all public services and installations of public bodies. To determine the scope of addressees, Member States should apply the definition of contracting authorities provided in the Directive 2014/24/EU of the European Parliament and of the Council ([1]). The obligation can be fulfilled by the reduction of final energy consumption in any area of the public sector, including transport, public buildings, healthcare, spatial planning, water management and wastewater treatment, sewage and water purification, waste management, district heating and cooling, energy distribution, supply and storage, public lighting, infrastructure planning. To lower the administrative burden for ***local and regional authorities and other*** public bodies, Member States should establish digital platforms or tools to collect the aggregated consumption data from ***all*** public bodies, make them publicly available, and report the data to the Commission. ***Member States will have to ensure that local and regional authorities and other public bodies are sufficiently equipped for such data gathering.*** ([1]) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94 28.3.2014, p. 65).

Reason

Self-explanatory.

Amendment 5

Recital 29

Text proposed by the European Commission	CoR amendment
Member States should exercise an exemplary role by ensuring that all energy performance contracts and energy management systems are carried out in the public sector in line with European or international standards, or that energy audits are used to a large extent in the intense energy consuming parts of the public sector.	Member States, ***regions and local authorities*** should exercise an exemplary role by ensuring that all energy performance contracts and energy management systems are carried out in the public sector in line with European or international standards, or that energy audits are used to a large extent in the intense energy consuming parts of the public sector. ***To achieve this objective, Member States will have to provide clear guidance and procedures for the use of these instruments.***

Reason

Self-explanatory.

Amendment 6

Recital 30

Text proposed by the European Commission	CoR amendment
Public authorities are encouraged to obtain support from entities such as sustainable energy agencies, where applicable established at regional or local level. The organisation of those agencies usually reflect the individual needs of public authorities in a certain region or operating in a certain area of the public sector. Centralised agencies can serve the needs better and work more effectively in other respects, for example, in smaller or centralised Member States or regarding complex or cross-regional aspects such as district heating and cooling. Sustainable energy agencies can serve as one-stop-shops pursuant to Article 21. Those agencies are often responsible for developing local or regional decarbonisation plans, which may also include other decarbonisation measures, such as the exchange of fossil fuels boilers, and to support public authorities in the implementation of energy related policies. Sustainable energy agencies or other entities to assist regional and local authorities may have clear competences, objectives and resources in the field of sustainable energy. Sustainable energy agencies could be encouraged to consider initiatives taken in the framework of the Covenant of Mayors, which brings together local governments voluntarily committed to implementing the Union’s climate and energy objectives, and other existing initiatives for this purpose. The ***decarbonisation*** plans should be linked to territorial development plans and take into account the comprehensive assessment which the Member States should carry out.	Public authorities are encouraged to obtain support from entities such as sustainable energy agencies, where applicable established at regional or local level. The organisation of those agencies usually reflect the individual needs of public authorities in a certain region or operating in a certain area of the public sector. Centralised agencies can serve the needs better and work more effectively in other respects, for example, in smaller or centralised Member States or regarding complex or cross-regional aspects such as district heating and cooling. Sustainable energy agencies can serve as one-stop-shops pursuant to Article 21. Those agencies are often responsible for developing local or regional decarbonisation plans, which may also include other decarbonisation measures, such as the exchange of fossil fuels boilers, and to support public authorities in the implementation of energy related policies. Sustainable energy agencies or other entities to assist regional and local authorities may have clear competences, objectives and resources in the field of sustainable energy. Sustainable energy agencies could be encouraged to consider initiatives taken ***by local and regional governments, in their fight against climate change, as part of the plans they have drawn up in this area either on the basis of a legal mandate or on a voluntary basis including*** in the framework of the Covenant of Mayors, which brings together local governments voluntarily committed to implementing the Union’s climate and energy objectives, and other existing initiatives for this purpose. The ***plans to combat climate change*** should be linked to territorial development plans and take into account the comprehensive assessment, which the Member States should carry out. ***These plans should also feed into energy and climate planning at national level, starting from the periodical revision of National Energy and Climate Plans: the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action should be revised accordingly***.

Reason

Self-explanatory.

Amendment 7

Recital 31

Text proposed by the European Commission	CoR amendment
Member States should support public bodies in planning and the uptake of energy efficiency improvement measures, including at regional and local levels, by providing guidelines promoting competence building and training opportunities and ***encouraging*** cooperation amongst public bodies including amongst agencies. For that purpose, Member States could set up national competence centres on complex issues, such as advising local or regional energy agencies on district heating or cooling.	Member States should support ***local and regional authorities as well as other*** public bodies in planning and the uptake of energy efficiency improvement measures, including at regional and local levels, by providing ***financial and technical support and submitting plans addressing the lack of workforce and qualified professionals needed for all stages of the green transition, including craftsmen as well as high-skilled green technology experts, applied scientists and innovators. Member States should support public bodies to take into account the wider benefits beyond energy savings, such as healthy indoor climate with improved indoor air and environmental quality as well as the improvement of quality of life, especially for schools, daycares, sheltered housing, nursing homes and hospitals. Member States should provide*** guidelines promoting competence building and training opportunities and ***encourage*** cooperation amongst public bodies including amongst agencies. For that purpose, Member States could set up national ***and regional*** competence centres on complex issues, such as advising local or regional energy agencies on district heating or cooling.

Reason

Self-explanatory.

Amendment 8

Recital 32

Text proposed by the European Commission	CoR amendment
Buildings and transport, alongside industry, are the main energy users and main source of emissions [1]. Buildings are responsible for about 40 % of the Union's total energy consumption and for 36 % of its GHG from energy [2]. The Commission Communication entitled Renovation Wave [3] addresses the twin challenge of energy and resource efficiency and affordability in the building sector and aims at doubling the renovation rate. It focusses on the worst performing buildings, energy poverty and on public buildings. Moreover, buildings are crucial to achieving the Union objective of reaching climate neutrality by 2050. Buildings owned by public bodies account for a considerable share of the building stock and have high visibility in public life. It is therefore appropriate to set an annual rate of renovation of buildings owned by public bodies on the territory of a Member State to upgrade their energy performance. Member States are invited to set a higher renovation rate, where that is cost-effective in the framework of the renovation of their buildings stock in conformity with their Long Term Renovation Strategies or national renovation programmes. That renovation rate should be without prejudice to the obligations with regard to nearly-zero energy buildings (NZEBs) set in Directive 2010/31/EU of the European Parliament and of the Council [4]. During the next review of Directive 2010/31/EU, the Commission should assess the progress Member States achieved regarding the renovation of	Buildings and transport, alongside industry, are the main energy users and main source of emissions [1]. Buildings are responsible for about 40 % of the Union's total energy consumption and for 36 % of its GHG from energy [2]. The Commission Communication entitled Renovation Wave [3] addresses the twin challenge of energy and resource efficiency and affordability in the building sector and aims at doubling the renovation rate. It focusses on the worst performing buildings, energy poverty and on public buildings. Moreover, buildings are crucial to achieving the Union objective of reaching climate neutrality by 2050. Buildings owned by public bodies account for a considerable share of the building stock and have high visibility in public life. It is therefore appropriate to set an annual rate of renovation of buildings owned by public bodies on the territory of a Member State to upgrade their energy performance. Member States are invited to set a higher renovation rate, where that is cost-effective in the framework of the renovation of their buildings stock in conformity with their Long Term Renovation Strategies or national renovation programmes. That renovation rate should be without prejudice to the obligations with regard to nearly-zero energy buildings (NZEBs) set in Directive 2010/31/EU of the European Parliament and of the Council [4]. During the next review of Directive 2010/31/EU, the Commission should assess the progress Member States achieved regarding the renovation of

Text proposed by the European Commission	CoR amendment
public bodies' buildings. The Commission should consider submitting a legislative proposal to revise the renovation rate, while taking into account the progress achieved by the Member States, substantial economic or technical developments, or where needed, the Union's commitments for decarbonisation and zero pollution. The obligation to renovate public bodies' buildings in this Directive complements that Directive, which requires Member States to ensure that when existing buildings undergo major renovation their energy performance is upgraded so that they meet the requirements on NZEBs. (1) COM/2020/562 final. (2) See IRP, Resource Efficiency and Climate Change, 2020, and UN Environment Emissions Gap Report, 2019. These figures refer to the use and operation of buildings, including indirect emissions in the power and heat sector, not their full life cycle. The embodied carbon in construction is estimated to account for about 10 % of total yearly greenhouse gas emissions worldwide, see IRP, Resource Efficiency and Climate Change, 2020, and UN Environment Emissions Gap Report 2019. (3) COM/2020/662 final. (4) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).	public bodies' buildings. The Commission should consider submitting a legislative proposal to revise the renovation rate, while taking into account the progress achieved by the Member States, substantial economic or technical developments, or where needed, the Union's commitments for decarbonisation and zero pollution. The obligation to renovate public bodies' buildings in this Directive complements that Directive, which requires Member States to ensure that when existing buildings undergo major renovation their energy performance is upgraded so that they meet the requirements on NZEBs ***where applicable***. ***Additional guidance will be provided by the European Commission and the Member States on the deep renovation of buildings with historic value: specific initiatives aimed at supporting the renovation of such buildings will be put in place including different types of energy performance interventions.*** (1) COM/2020/562 final. (2) See IRP, Resource Efficiency and Climate Change, 2020, and UN Environment Emissions Gap Report, 2019. These figures refer to the use and operation of buildings, including indirect emissions in the power and heat sector, not their full life cycle. The embodied carbon in construction is estimated to account for about 10 % of total yearly greenhouse gas emissions worldwide, see IRP, Resource Efficiency and Climate Change, 2020, and UN Environment Emissions Gap Report 2019. (3) COM/2020/662 final. (4) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

Reason

Self-explanatory.

Amendment 9

Recital 34

Text proposed by the European Commission	CoR amendment
In 2020, more than half of the world's population lives in urban areas. That figure is expected to reach 68 % by 2050 ([1]). In addition, half of the urban infrastructures by 2050 are still to be built ([2]). Cities and metropolitan areas are centres of economic activity, knowledge generation, innovation and new technologies. Cities influence the quality of life of the citizens who live or work in them. Member States should support ***municipalities*** technically and financially. A number of ***municipalities*** and other public bodies in the Member States have already put into place integrated approaches to energy saving ***and*** energy supply, for example via sustainable energy action plans, such as those developed under the Covenant of Mayors ***initiative***, and integrated urban approaches which go beyond individual interventions in buildings or transport modes. ___ ([1]) https://www.unfpa.org/world-population-trends ([2]) https://www.un.org/en/ecosoc/integration/pdf/fact_sheet.pdf	In 2020, more than half of the world's population lives in urban areas. That figure is expected to reach 68 % by 2050 ([1]). In addition, half of the urban infrastructures by 2050 are still to be built ([2]). Cities and metropolitan areas are centres of economic activity, knowledge generation, innovation and new technologies. Cities influence the quality of life of the citizens who live or work in them. Member States should support ***local authorities*** technically and financially. A number of ***local and regional authorities*** and other public bodies in the Member States have already put into place integrated approaches to energy saving, energy supply ***and sustainable mobility on the basis of a legal mandate or on a voluntary basis***, for example via sustainable energy action plans, such as those developed under the Covenant of Mayors and integrated urban approaches ***such as those developed under Sustainable Urban Mobility Plans***, which go beyond individual interventions in buildings or transport modes. ***Further efforts are needed in the area of improving the energy efficiency of urban mobility, both passenger and freight transport. Considering the significant additional efforts that are asked from local and regional authorities that are at the forefront of the energy transition, it needs to be ensured that these local and regional authorities have an easy access to receive the necessary financial support for implementing their Sustainable Energy and Climate Plans and Sustainable Urban Mobility green transition plans from the European instruments. To this end, particular attention will be given to the implementation of measures that already exist within the current legal framework. This is relevant for example throughout the implementation of the European funds such as the MFF and NextGenerationEU including the Recovery and Resilience Facility, Structural Funds and the Cohesion Policy Funds, the Rural Development Fund and the Just Transition Fund, as well as the financial instruments and technical assistance available under InvestEU. The active involvement of regions and, where applicable, local authorities in the development and implementation of the Partnership agreements and Operational Programmes is crucial, together with the provision of direct support for sustainable urban development as well as sufficient resources under the Policy Objective for a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe.*** ___ ([1]) https://www.unfpa.org/world-population-trends ([2]) https://www.un.org/en/ecosoc/integration/pdf/fact_sheet.pdf

Reason

Self-explanatory.

Amendment 10

Recital 36

Text proposed by the European Commission	CoR amendment
All public entities investing public resources through procurement should lead by example when awarding contracts and concessions by choosing products, services works and buildings with the highest energy efficiency performance, also in relation to those procurements that are not subject to specific requirements under Directive 2009/30/EC. In that context, all award procedures for public contracts and concessions with the value above the thresholds set out in Articles 6 and 7 of Directive 2014/23/EU of the European Parliament and of the Council ([1]), Article 2(1) of Directive 2014/24/EU of the European Parliament and of the Council ([2]), and Articles 3 and 4 of Directive 2014/25/EU of the European Parliament and of the Council, need to take into account the energy efficiency performance of the products, buildings and services set by Union or national law, by considering as priority the energy efficiency first principle in their procurement procedures. ([1]) Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1). ([2]) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).	All public entities investing public resources through procurement should lead by example when awarding contracts and concessions by choosing products, services works and buildings with the highest energy efficiency performance, also in relation to those procurements that are not subject to specific requirements under Directive 2009/30/EC; ***the green and circular public procurement criteria should be used as guidance in this regard***. In that context, all award procedures for public contracts and concessions with the value above the thresholds set out in Articles 6 and 7 of Directive 2014/23/EU of the European Parliament and of the Council ([1]), Article 2(1) of Directive 2014/24/EU of the European Parliament and of the Council ([2]), and Articles 3 and 4 of Directive 2014/25/EU of the European Parliament and of the Council, need to take into account the energy efficiency performance of the products, buildings and services set by Union or national law, by considering as priority the energy efficiency first principle in their procurement procedures. ([1]) Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (OJ L 94, 28.3.2014, p. 1). ([2]) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

Reason

Self-explanatory.

Amendment 11

Recital 39

Text proposed by the European Commission	CoR amendment
It is important that Member States provide the necessary support to public bodies in the uptake of energy efficiency requirements in public procurement and, where appropriate, use of green public procurement, by providing necessary guidelines and methodologies on carrying out the assessment of life-cycle costs, and environment impacts and costs. Well-designed tools, in particular digital tools, are expected to facilitate the procurement procedures and reduce the administrative costs especially in smaller Member States that may not have sufficient capacity to prepare tenders. In this regard, Member States should actively promote the use of digital tools and cooperation amongst contracting authorities including across borders for the purpose of exchanging best practice.	It is important that Member States provide the necessary support to ***local authorities, regional authorities and other*** public bodies in the uptake of energy efficiency requirements in public procurement and, where appropriate, use of green public procurement, by providing necessary guidelines and methodologies on carrying out the assessment of life-cycle costs, and environment impacts and costs. Well-designed tools, in particular digital tools, are expected to facilitate the procurement procedures and reduce the administrative costs especially in smaller Member States that may not have sufficient capacity to prepare tenders. In this regard, Member States should actively promote the use of digital tools and cooperation amongst contracting authorities including across borders for the purpose of exchanging best practice. ***In addition to that, specific capacity-building activities should be carried out in order to ensure that administrations of all sizes have access to the same tools and opportunities, also in the framework of the RePowerEU Plan.*** ***Member States should promote the production of biogas from organic urban waste in municipalities and groupings of municipalities, as well as the installation of photovoltaic panels on public buildings.*** ***Groupings of irrigation communities should also be promoted as producers and injectors of photovoltaic energy into the general electricity grid.***

Reason

Self-explanatory.

Amendment 12

Recital 61

Text proposed by the European Commission	CoR amendment
This Directive refers to the concept of vulnerable customers, which Member States are to establish pursuant to Directive (EU) 2019/944. In addition, pursuant to Directive 2012/27/EU, the notion of 'final users' alongside the notion of 'final customer' clarifies that the rights to billing and consumption information also apply to consumers without individual or direct contracts with the supplier of energy used for collective heating, cooling or domestic hot water production systems in multi-occupant buildings. The concept of vulnerable customers does not necessarily ensure the targeting of final users. Therefore, in order to ensure that the measures set out in this Directive reach all individuals and households in a situation of vulnerability, Member States should include not only customers, in its strict sense, but also final users, in establishing their definition of vulnerable customers.	This Directive refers to the concept of vulnerable customers, which Member States are to establish pursuant to Directive (EU) 2019/944. In addition, pursuant to Directive 2012/27/EU, the notion of 'final users' alongside the notion of 'final customer' clarifies that the rights to billing and consumption information also apply to consumers without individual or direct contracts with the supplier of energy used for collective heating, cooling or domestic hot water production systems in multi-occupant buildings. The concept of vulnerable customers does not necessarily ensure the targeting of final users. Therefore, in order to ensure that the measures set out in this Directive reach all individuals and households in a situation of vulnerability, Member States should include not only customers, in its strict sense, but also final users, in establishing their definition of vulnerable customers. ***The concept of vulnerable micro and small enterprises, as defined in the Social Climate Fund, is also in the scope of the Directive.***

Reason

Self-explanatory.

Amendment 13

Recital 69

Text proposed by the European Commission	CoR amendment
It is crucial to raise the awareness of all Union citizens about the benefits of increased energy efficiency and to provide them with accurate information on the ways in which it can be achieved. Citizens of all ages should also be involved in the energy transition via the European Climate Pact and the Conference on the Future of Europe. Increased energy efficiency is also highly important for the security of energy supply of the Union through lowering its dependence on import of fuels from third countries.	It is crucial to raise the awareness of all Union citizens about the benefits of increased energy efficiency and to provide them with accurate information on the ways in which it can be achieved. Citizens of all ages should also be involved in the energy transition via the European Climate Pact***, the Erasmus+ programme*** and the Conference on the Future of Europe. Increased energy efficiency is also highly important for the security of energy supply of the Union through lowering its dependence on import of fuels from third countries.

Reason

Self-explanatory.

Amendment 14

Recital 71

Text proposed by the European Commission	CoR amendment
When implementing this Directive and taking other measures in the field of energy efficiency, Member States should pay particular attention to synergies between energy efficiency measures and the efficient use of natural resources in line with the principles of the circular economy.	When implementing Directive 2012/27/EU as amended by this Directive and taking other measures in the field of energy efficiency, Member States should pay particular attention to synergies between energy efficiency measures and the efficient use of natural resources in line ***with the zero-pollution ambition and*** with the principles of the circular economy***, and nature and biodiversity protection.***

Reason

Self-explanatory.

Amendment 15

Recital 80 (new point)

Text proposed by the European Commission	CoR amendment
	(80a) When assessing the potential for efficient heating and cooling, Member States shall take wider environmental, health and safety aspects into account. Due to the role of heat pumps for realising energy efficiency potentials in heating and cooling, the risks of negative environmental impacts from refrigerants that are persistent, bioaccumulative or toxic should be minimised.

Amendment 16

Recital 92

Text proposed by the European Commission	CoR amendment
The contribution of renewable energy communities, pursuant to Directive (EU) 2018/2001 of the European Parliament and of the Council ([1]), and citizen energy communities, according to Directive (EU) 2019/944 towards the objectives of the European Green Deal and the 2030 Climate Target Plan, should be recognised. Member States should, therefore, consider and promote the role of renewable energy communities and citizen energy communities. Those communities can help Member States to achieve the objectives of this Directive by advancing energy efficiency at local or household level. They can empower and engage consumers and enable certain groups of household customers, including in rural and remote areas to participate in energy efficiency projects and interventions. Energy communities can help fighting energy poverty through facilitation of energy efficiency projects, reduced energy consumption and lower supply tariffs. ([1]) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).	The contribution of renewable energy communities, pursuant to Directive (EU) 2018/2001 of the European Parliament and of the Council ([1]), and citizen energy communities, according to Directive (EU) 2019/944 towards the objectives of the European Green Deal and the 2030 Climate Target Plan, should be recognised. Member States should, therefore, consider and promote the role of renewable energy communities and citizen energy communities. Those communities can help Member States to achieve the objectives of this Directive ***and implement the energy efficiency first principle*** by advancing energy efficiency at local or household level ***as well as in public buildings in collaboration with local authorities***. They can empower and engage consumers and enable certain groups of household customers, including in rural and remote areas to participate in energy efficiency projects and interventions. Energy communities can help fighting energy poverty through facilitation of energy efficiency projects, reduced energy consumption and lower supply tariffs. ***To this purpose, Member States should review the implementing legislation and procedures with a view to removing unnecessary hurdles and bottlenecks. Public administrations at all levels should be duly trained on the subject. These efforts will also contribute to improving the energy security of the EU.*** ([1]) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Reason

Self-explanatory.

Amendment 17

Recital 97

Text proposed by the European Commission	CoR amendment
Public funding available at national and Union level should be strategically invested into energy efficiency improvement measures, in particular for the benefit of vulnerable customers, people affected by energy poverty and those living in social housing. Member States should take advantage of any financial contribution they might receive from the Social Climate Fund [Social Climate Fund Regulation], and of revenues from allowances from the EU Emissions Trading System. These revenues will support Member States in fulfilling their obligation to implement energy efficiency measures and policy measures under the energy savings obligation as a priority among vulnerable customers and people affected by energy poverty, which may include those living in rural and remote regions.	Public funding available at national and Union level should be strategically invested into energy efficiency improvement measures, in particular for the benefit of vulnerable customers, people affected by energy poverty and those living in social housing. Member States***, in close cooperation with local and regional authorities,*** should take advantage of any financial contribution they might receive from the Social Climate Fund [Social Climate Fund Regulation], and of revenues from allowances from the EU Emissions Trading System. These revenues will support Member States in fulfilling their obligation to implement energy efficiency measures and policy measures under the energy savings obligation as a priority among vulnerable customers and people affected by energy poverty, which may include those living in rural and remote regions.

Reason

Self-explanatory.

Amendment 18

Recital 98 (new point)

Text proposed by the European Commission	CoR amendment
	Long-term behavioural changes in energy consumption can be achieved through the empowerment of citizens. Energy communities can help deliver long-term energy savings, particularly among households, and an increase in sustainable investments from citizens and small businesses. Member States should empower such actions by citizens through support for community energy projects and organisations.

Amendment 19

Recital 108

Text proposed by the European Commission	CoR amendment
Member States ***and*** regions should be encouraged to make full use of the European funds available in the MFF and NextGenerationEU including the Recovery and Resilience Facility, the Cohesion Policy Funds, the Rural Development Fund and the Just Transition Fund, as well as the financial instruments and technical assistance available under InvestEU, to trigger private and public investments in energy efficiency improvement measures. Investment in energy efficiency has the potential to contribute to economic growth, employment, innovation and a reduction in energy poverty in households, and therefore makes a positive contribution to economic, social and territorial cohesion and green recovery. Potential areas for funding include energy efficiency measures in public buildings and housing, and ***providing new skills*** to promote employment in the energy efficiency sector. The Commission will ensure synergies between the different funding instruments, in particular the funds in the shared management and in the direct management (like the centrally managed programmes: Horizon Europe or LIFE), as well as between grants, loans and technical assistance to maximise their leverage effect on private financing and their impact on the achievement of energy efficiency policy objectives.	Member States, regions***, cities and municipalities*** should be encouraged to make full use of the European funds available in the MFF and NextGenerationEU including the Recovery and Resilience Facility, the Cohesion Policy Funds, the Rural Development Fund and the Just Transition Fund, as well as the financial instruments and technical assistance available under InvestEU, to trigger private and public investments in energy efficiency improvement measures ***particularly at the local level. They should ensure the active involvement of local authorities in the development and implementation of the Partnership agreements and Operational Programmes and provide them with direct support for sustainable urban development as well as sufficient resources under the Policy Objective for a greener, low-carbon transitioning towards a net zero carbon economy***. Investment in energy efficiency has the potential to contribute to economic growth, employment, innovation and a reduction in energy poverty in households, and therefore makes a positive contribution to economic, social and territorial cohesion and green recovery. Potential areas for funding include energy efficiency measures in public buildings and housing, and ***the training, reskilling and upskilling of professionals, in particular in jobs related to building renovation*** to promote employment in the energy efficiency sector. ***To this purpose, efforts will have to be stepped up at European and Member State level to increase the capacities of local and regional authorities to deal with European Funds and therefore enhance the overall absorption capacity of EU regions and cities.*** The Commission ***will aim for an easy access of cities and regions to the centrally managed programmes as well as for more funds that can be received directly. It*** will ensure synergies between the different funding instruments, in particular the funds in the shared management and in the direct management (like the centrally managed programmes: Horizon Europe or LIFE), as well as between grants, loans and technical assistance to maximise their leverage effect on private financing and their impact on the achievement of energy efficiency policy objectives.

Reason

Self-explanatory.

Amendment 20

Recital 109

Text proposed by the European Commission	CoR amendment
Member States should encourage the use of financing facilities to further the objectives of this Directive. Such financing facilities could include financial contributions and fines from non-fulfilment of certain provisions of this Directive; resources allocated to energy efficiency under Article 10(3) of Directive 2003/87/EC of the European Parliament and of the Council [1]; resources allocated to energy efficiency in the European funds and programmes, and dedicated European financial instruments, such as the European Energy Efficiency Fund. (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).	Member States should encourage the use of financing facilities to further the objectives of this Directive. Such financing facilities could include financial contributions and fines from non-fulfilment of certain provisions of this Directive; resources allocated to energy efficiency under Article 10(3) of Directive 2003/87/EC of the European Parliament and of the Council [1]; resources allocated to energy efficiency in the European funds and programmes, and dedicated European financial instruments, such as the European Energy Efficiency Fund. ***To this purpose, the European Commission and the Members States will have to work on building platforms aimed at aggregating small and medium-sized projects with a view to creating pools of projects suitable for financing purposes.*** (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).

Reason

Self-explanatory.

Amendment 21

Recital 113

Text proposed by the European Commission	CoR amendment
Available Union funding programmes, financial instruments and innovative financing mechanisms should be used to give practical effect to the objective of improving the energy performance of public bodies' buildings. In that respect, Member States may use their revenues from annual emission allocations under Decision No 406/2009/EC in the development of such mechanisms on a voluntary basis and taking into account national budgetary rules.	Available Union funding programmes, financial instruments and innovative financing mechanisms should be used to give practical effect to the objective of improving the energy performance of public bodies' buildings. In that respect, Member States may use their revenues from annual emission allocations under Decision No 406/2009/EC in the development of such mechanisms on a voluntary basis and taking into account national budgetary rules. ***The European Commission and the Member States will have to provide regional and local administrations with adequate information and training on such programmes in order to enhance their capacity to attract financial resources. The Covenant of Mayors platform could be one of the tools for such action, also in the framework of the RePowerEU plan, alongside other tools established under existing climate change regulations at regional and local level.***

Reason

Self-explanatory.

Amendment 22

Recital 119

Text proposed by the European Commission	CoR amendment
Local and regional authorities should be given a leading role in the development and design, execution and assessment of the measures laid down in this Directive, so that they are able properly to address the specific features of their own climate, culture and society.	Local and regional authorities should be given a leading role in the development and design, execution and assessment of the measures laid down in this Directive, so that they are able properly to address the specific features of their own climate, culture and society. ***The European Commission will work in close cooperation with the European Committee of the Regions to support local and regional authorities in this endeavour.***

Reason

Self-explanatory.

Amendment 23

Article 2 — subheading 49

Text proposed by the European Commission	CoR amendment
(49) ‘energy poverty’ means ***a household’s*** lack of access to essential energy services that underpin a decent standard of living and health, including adequate warmth, cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies.	(49) ‘energy poverty’ means ***the*** lack of access to essential energy services that underpin a decent standard of living, ***work*** and health, including adequate warmth, cooling, ***domestic hot water,*** lighting, ***mobility*** and energy to power appliances, in the relevant national context, existing social policy and other relevant policies.
	(49a) ‘vulnerable households’ means households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC, those that are vulnerable of falling into energy poverty, due to a rising energy prices and inefficient energy performance of their households and lack the means to renovate the building they occupy;

Text proposed by the European Commission	CoR amendment
	(49b) 'mobility users' means households or businesses, including micro-enterprises that use various transport and mobility options;
	(49c) 'vulnerable mobility users' means transport users, including from lower middle-income households, that are significantly affected by the price impacts of the inclusion of road transport into the scope of Directive 2003/87/EC and lack the means to purchase zero- and low-emission vehicles or to switch to alternative sustainable modes of transport, including public transport, particularly in rural and remote areas;
	(49d) 'micro-enterprise' means an enterprise that employs fewer than 10 persons and whose annual turnover or annual balance sheet does not exceed EUR 2 million, calculated in accordance with Articles 3 to 6 of Annex I to Commission Regulation (EU) No 651/2014;
	(49d bis) 'small enterprise' means an enterprise that employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million;
	(49e) 'vulnerable micro and small enterprises' means micro and small enterprises that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;

Reason

Self-explanatory.

Amendment 24

Article 4.1

Text proposed by the European Commission	CoR amendment
Member States shall collectively ensure a reduction of energy consumption of at least 9 % in 2030 compared to the projections of the 2020 Reference Scenario so that the Union's final energy consumption amounts to no more than 787 Mtoe and the Union's primary energy consumption amounts to no more than 1 023 Mtoe in 2030.	Member States shall collectively ensure a reduction of energy consumption of at least 9 % in 2030 compared to the projections of the 2020 Reference Scenario so that the Union's final energy consumption amounts to no more than 787 Mtoe and the Union's primary energy consumption ***or cumulative energy consumption*** amounts to no more than 1 023 Mtoe in 2030.

Reason

Self-explanatory.

Amendment 25

Article 4.2

Text proposed by the European Commission	CoR amendment
Each Member State shall set national energy efficiency contributions for final and primary energy consumption to meet, collectively, the binding Union target set in paragraph 1. Member States shall notify those contributions together with an indicative trajectory for those contributions to the Commission as part of the updates of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999, and as part of their integrated national energy and climate plans as referred to in, and in accordance with, the procedure set out in Article 3 and Articles 7 to 12 of Regulation (EU) 2018/1999. When doing so, Member States shall use the formula defined in Annex I of this Directive and explain how, and on the basis of which data, the contributions have been calculated.	Each Member State shall set ***indicative*** national energy efficiency contributions for final and primary energy consumption to meet, collectively, the binding Union target set in paragraph 1. Member States shall notify those contributions together with an indicative trajectory ***with milestones*** for those contributions to the Commission as part of the updates of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999, and as part of their integrated national energy and climate plans as referred to in, and in accordance with, the procedure set out in Article 3 and Articles 7 to 12 of Regulation (EU) 2018/1999. When doing so, Member States shall use the formula defined in Annex I of this Directive and explain how, and on the basis of which data, the contributions have been calculated.

Reason

Self-explanatory.

Amendment 26

Article 4.2(d)

Text proposed by the European Commission	CoR amendment
[…]	[…] ***(iv a) security of energy supply;***

Reason

Self-explanatory.

Amendment 27

Article 5

Text proposed by the European Commission	CoR amendment
Public sector leading on energy efficiency	**Public sector leading on energy efficiency**
1. Member States shall ensure that the total final energy consumption of all public bodies combined is reduced by ***at least*** 1,7 % each year, when compared to the year X-2 (with X as the year when this Directive enters into force).	1. Member States shall ensure that the total final energy consumption of all public bodies combined is reduced by 1,7 % each year, when compared to the year X-2 (with X as the year when this Directive enters into force).

Text proposed by the European Commission	CoR amendment
Member States may take into account climatic variations within the Member State when calculating their public bodies' final energy consumption.	Member States may take into account climatic variations within the Member State when calculating their public bodies' final energy consumption.
2. Member States shall include, in their national energy and climate plans and updates thereof pursuant to Regulation (EU) 2018/1999, a list of public bodies which shall contribute to the fulfilment of the obligation set out in paragraph 1 of this Article, the amount of energy consumption reduction to be achieved by each of them and the measures they plan to achieve it. As part of their integrated national energy and climate reports pursuant to Article 17 of Regulation (EU) 2018/1999, Member States shall report to the Commission the final energy consumption reduction achieved annually.	2. Member States shall include, in their national energy and climate plans and updates thereof pursuant to Regulation (EU) 2018/1999, a list of public bodies which shall contribute to the fulfilment of the obligation set out in paragraph 1 of this Article, the amount of energy consumption reduction to be achieved by each of them and the measures they plan to achieve it. As part of their integrated national energy and climate reports pursuant to Article 17 of Regulation (EU) 2018/1999, Member States shall report to the Commission the final energy consumption reduction achieved annually.
3. Member States shall ensure that regional and local authorities, establish specific energy efficiency measures in their decarbonisation plans after consulting stakeholders and the public, including the particular groups at risk of energy poverty or more susceptible to its effects, such as women, persons with disabilities, older persons, children, and persons with a minority racial or ethnic background.	3. Member States shall ensure that regional and local authorities, establish specific energy efficiency measures in their decarbonisation plans after consulting stakeholders and the public, including the particular groups at risk of energy poverty or more susceptible to its effects, such as women, persons with disabilities, older persons, children, and persons with a minority racial or ethnic background.
4. Member States shall support public bodies in the uptake of energy efficiency improvement measures, including at regional and local levels, by providing guidelines, promoting competence building and training opportunities and encouraging cooperation amongst public bodies.	4. Member States shall support ***regional and local authorities and other*** public bodies in the uptake of energy efficiency improvement measures, including at regional and local levels, by providing ***financial and technical support and submitting plans addressing the lack of workforce needed for all stages of the green transition, including craftsmen as well as high-skilled green technology experts, applied scientists and innovators. Member States shall encourage public bodies to take into account the wider benefits beyond energy savings, such as indoor air and environmental quality as well as the improvement of quality of life, especially for schools, daycares, sheltered housing, nursing homes and hospitals. Member States shall provide*** guidelines, ***promote competence*** building and training opportunities ***including on energy refurbishment by using Energy Performance Contracts and public private partnerships and encourage*** cooperation amongst public bodies.
5. Member States shall encourage public bodies to consider life cycle carbon emissions of their public bodies' investment and policy activities.	5. Member States shall encourage public bodies to consider life cycle carbon emissions of their public bodies' investment and policy activities ***and shall provide specific guidance in this regard***.

Text proposed by the European Commission	CoR amendment
	6. Member States shall support regional and local authorities and other public bodies in obtaining adequate financial resources for the implementation of the Directive through dedicated funding lines and through capacity-building activities in the field of fundraising.

Reason

There is a lack of assessments of the potential and impact of the level of 1,7 %. The level of 1,7 % can be acceptable as a starting point, but needs to regard MS context and impact assessment.

Amendment 28

Article 5 new

Text proposed by the European Commission	CoR amendment
	Partnerships for energy transition ***1. The Commission shall establish European sector-specific energy transition partnerships by bringing together key stakeholders in sectors such as the ICT, transport, financial and building sectors in an inclusive and representative manner. The Commission shall appoint a chair for each European sector-specific energy transition partnership, which should be set up within 12 months from the entry into force of this directive.*** ***2. The partnerships shall facilitate climate dialogues and encourage sectors to draw up 'energy transition roadmaps' in order to map available measures and technological options to achieve energy efficiency savings, prepare for renewable energy and decarbonize the sectors. Such roadmaps could make a valuable contribution in assisting sectors in planning the necessary investments needed to reach the objectives of this directive and the EU Climate Target Plan as well as facilitate cross-border cooperation between actors to strengthen the internal market of the European Union.***

Reason

Self-explanatory.

Amendment 29

Article 5 new

Text proposed by the European Commission	CoR amendment
	One-stop shops for energy efficiency
	1. Member States shall engage with relevant authorities and private stakeholders in developing dedicated local, regional or national one-stop shops. These one-stop shops shall be cross-sectorial and interdisciplinary and lead to locally developed projects by:
	i. advising and providing streamlined information on technical and financial possibilities and solutions to micro and small enterprises, regional and local authorities and other public bodies and households;
	ii. connecting potential projects with market players, in particular smaller-scale projects;
	iii. boosting active consumers by advising on energy consumption behaviour;
	iv. providing information on training programmes and education to ensure more energy efficiency professionals as well and re-skill and up-skill professionals in order to meet the market needs;
	v. promoting best practice examples from different building, housing and enterprise typologies;
	vi. collecting and submitting typology aggregated data from energy efficiency projects to the Commission. This information should be shared by the Commission in a report every second year in order to share experiences and enhance cross-border cooperation between Member States;
	2. These one-stop shops shall create strong and trustworthy partnerships with local and regional private actors such as SMEs, energy service companies, installers, consulting firms, project developers, financial institutions that can provide services such as energy audits, finance solutions and execution of energy renovations;
	3. Member States shall work together with local and regional authorities to promote these one-stop shops;
	4. The Commission shall provide Member States with guidelines to develop these one-stop shops with the aim of creating a harmonised approach throughout Europe.

Reason

Self-explanatory.

Amendment 30

Article 6

Text proposed by the European Commission	CoR amendment
Exemplary role of public bodies' buildings	**Exemplary role of public bodies' buildings**
1. Without prejudice to Article 7 of Directive 2010/31/EU of the European Parliament and of the Council[(1), each Member State shall ensure that at least 3 % of the total floor area of heated and/or cooled buildings owned by public bodies is renovated each year to at least be transformed into nearly zero-energy buildings in accordance with Article 9 of Directive 2010/31/EU.	1. Without prejudice to Article 7 of Directive 2010/31/EU of the European Parliament and of the Council (1), each Member State shall ensure that at least 3 % of the total floor area of heated and/or cooled buildings owned by public bodies is renovated each year to at least be transformed into nearly zero-energy buildings in accordance with Article 9 of Directive 2010/31/EU ***with the aim to fulfil the total energy savings potential to the extent it is cost efficient, technically and economically feasible. Member States shall exempt social housing from the obligation to renovate 3 % of the total floor area if the renovations not are cost-neutral and will lead to significant rent increases for people living in social housing, which are higher than the economic savings on the energy bill***.
Where public bodies occupy a building that they do not own, they shall ***exercise their contractual rights to the extent possible and*** encourage the building owner to ***renovate*** the building to a nearly zero-energy building in accordance with Article 9 of Directive 2010/31/EU. When concluding a new contract for occupying a building they do not own, public bodies shall aim for that building to fall into the top two energy efficiency classes on the energy performance certificate.	Where public bodies occupy a building that they do not own, they shall encourage the building owner to ***execute a deep or staged-deep renovation of*** the building to a nearly zero-energy building in accordance with Article 9 of Directive 2010/31/EU ***with the aim to fulfil the total energy savings potential to the extent it is cost efficient and technically feasible***. When concluding a new contract for occupying a building they do not own, public bodies shall aim for that building to fall into the top two energy efficiency classes on the energy performance certificate***, or other performance levels relevant to the Member State***.
The rate of at least 3 % shall be calculated on the total floor area of buildings having a total useful floor area over 250 m² owned by public bodies of the Member State concerned and which, on 1 January 2024, are not nearly zero-energy buildings.	The ***average*** rate of at least 3 % ***counted over a period of every five years*** shall be calculated on the total floor area of buildings having a total useful floor area over 250 m² owned by public bodies of the Member State concerned and which, on 1 January 2024, are not nearly zero-energy buildings.

Text proposed by the European Commission	CoR amendment
2. In exceptional cases, Member States may count towards the annual renovation rate of buildings new buildings owned as replacements for specific public bodies' buildings demolished in any of the two previous years. Such exceptions shall only apply where they would be more cost effective and sustainable in terms of the energy and lifecycle CO_2 emissions achieved compared to the renovations of such buildings. The general criteria, methodologies and procedures to identify such exceptional cases shall be clearly set out and published by each Member State.	2. ***Member States may decide to apply less stringent requirements to the following categories of buildings:***
	(a) buildings officially protected as part of a designated environment, or because of their special architectural or historical merit, in so far as compliance with certain minimum energy performance requirements would unacceptably alter their character or appearance; ***(b) buildings used as places of worship and for religious activities.*** ***In both cases, the responsible authorities shall demonstrate the incompatibility of the NZEB requirements with the buildings indicated for exemption.***
3. For the purposes of this Member States shall make publicly available an inventory of heated and/or cooled public bodies' buildings with a total useful floor area of more than 250 m². This inventory shall be updated at least once a year. The inventory shall contain at least the following data: (a) the floor area in m²; (b) the energy performance certificate of each building issued in accordance with Article 12 of Directive 2010/31/EU.	**3.** In exceptional cases, Member States may count towards the annual renovation rate of buildings new buildings owned as replacements for specific public bodies' buildings demolished in any of the two previous years. Such exceptions shall only apply where they would be more cost effective and sustainable in terms of the energy and lifecycle CO_2 emissions achieved compared to the renovations of such buildings. The general criteria, methodologies and procedures to identify such exceptional cases shall be clearly set out and published by each Member State.
([1]) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).	**4.** For the purposes of this Member States shall make publicly available an inventory of heated and/or cooled public bodies' buildings with a total useful floor area of more than 250 m² ***before XX/XX/XXXX.*** This inventory shall be updated at least once a year. The inventory shall contain at least the following data: (a) the floor area in m²; (b) the energy performance certificate of each building issued in accordance with Article 12 of Directive 2010/31/EU. ([1]) Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

Reason

Self-explanatory.

Amendment 31

Article 6 new

Text proposed by the European Commission	CoR amendment
	1 a. If a Member State renovates more than 3 % of the total floor area of buildings owned by public bodies in a given year it may deliver less the following years to reach the annual average counted over a period of every five years. If a Member State renovates less than 3 % of the total floor area of buildings owned by public bodies in a given year it shall deliver more to reach the annual average counted over a period of every five years.

Reason

Self-explanatory.

Amendment 32

Article 6 new

Text proposed by the European Commission	CoR amendment
	3 a. When planning implementation measures under this Article, Member States shall provide financial and technical support and submit plans addressing the lack of workforce and qualified professionals needed for all stages of the green transition, including craftsmen as well as high-skilled green technology experts, applied scientists and innovators. Member States shall support regional and local authorities and other public bodies to take into account the wider benefits beyond energy savings, such as healthy indoor climate with improved indoor air and environmental quality as well as the improvement of quality of life especially for schools, daycares, sheltered housing, nursing homes and hospitals.

Reason

Self-explanatory.

Amendment 33

Article 7

Text proposed by the European Commission	CoR amendment
1. Member States shall ensure that contracting authorities and contracting entities, when concluding public contracts and concessions with a value equal to or greater than the thresholds laid down in Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU, purchase ***only*** products, services, buildings and works with high energy-efficiency performance ***in accordance with the requirements*** referred to in Annex IV to this Directive.	1. Member States shall ensure that contracting authorities and contracting entities, ***with due respect for the principle of local self-government enshrined in Art. 4 TEU***, when concluding public contracts and concessions with a value equal to or greater than the thresholds laid down in Article 8 of Directive 2014/23/EU, Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU, purchase products, services, buildings and works with high energy-efficiency performance***, insofar as that is consistent with cost-effectiveness, economical feasibility, wider sustainability, technical suitability, as well as sufficient competition, striving for the criteria*** referred to in Annex IV to this Directive.
5. Member States ***may*** require that contracting authorities and contracting entities take into account, where appropriate, wider sustainability, social, environmental and circular economy aspects in procurement practices with a view to achieving the Union's decarbonisation and zero pollution objectives. Where appropriate, and in accordance with the requirements laid down in Annex IV, Member States shall require contracting authorities and contracting entities to take into account Union green public procurement criteria.	5. Member States ***shall*** require that contracting authorities and contracting entities take into account, where appropriate, wider sustainability, social, environmental and circular economy aspects in procurement practices with a view to achieving the Union's decarbonisation and zero pollution objectives. Where appropriate, and in accordance with the requirements laid down in Annex IV, Member States shall require contracting authorities and contracting entities to take into account Union green ***and circular*** public procurement criteria.
To ensure transparency in the application of energy efficiency requirements in the procurement process, Member States shall make publicly available information on the energy efficiency impact of contracts with a value equal to or greater than the thresholds referred to in paragraph 1. Contracting authorities may decide to require that tenderers disclose information on the life cycle global warming potential of a new building and may make that information publicly available for the contracts, in particular for new buildings having a floor area larger than 2 000 square metres.	To ensure transparency in the application of energy efficiency requirements in the procurement process, Member States shall make publicly available information on the energy efficiency impact of contracts with a value equal to or greater than the thresholds referred to in paragraph 1. Contracting authorities may decide to require that tenderers disclose information on the life cycle global warming potential of a new building and may make that information publicly available for the contracts, in particular for new buildings having a floor area larger than 2 000 square metres.
Member States shall support contracting authorities and contracting entities in the uptake of energy efficiency requirements, including at regional and local level, by providing clear rules and guidelines including methodologies on the assessment of lifecycle costs and environment impacts and costs, set up competence support centres, encouraging cooperation amongst contracting authorities including across borders and using aggregated procurement and digital procurement where possible.	Member States shall support contracting authorities and contracting entities in the uptake of energy efficiency requirements, including at regional and local level, by providing clear rules and guidelines including methodologies on the assessment of lifecycle costs and environment impacts and costs, set up competence support centres, encouraging cooperation amongst contracting authorities including across borders and using aggregated procurement and digital procurement where possible

Reason

Self-explanatory.

Amendment 34

Article 8

Text proposed by the European Commission	CoR amendment
(3) Member States shall implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, or programmes or measures financed under an Energy Efficiency National Fund, as a priority among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. Member States shall ensure that policy measures implemented pursuant to this Article have no adverse effect on those persons. Where applicable, Member States shall make the best possible use of funding, including public funding, funding facilities established at Union level, and revenues from allowances pursuant to Article 22(3)(b) with the aim of removing adverse effects and ensuring a just and inclusive energy transition.	(3) Member States shall implement energy efficiency obligation schemes, alternative policy measures, or a combination of both, or programmes or measures financed under an Energy Efficiency National Fund, as a priority among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing ***as well as vulnerable micro and small enterprises, and vulnerable mobility users***. Member States shall ensure that policy measures implemented pursuant to this Article have no adverse effect on those persons. Where applicable, Member States shall make the best possible use of funding, including public funding, funding facilities established at Union level, and revenues from allowances pursuant to Article 22(3)(b) with the aim of removing adverse effects and ensuring a just and inclusive energy transition.
In designing such policy measures, Member States shall consider and promote the role of renewable energy communities and citizen energy communities in the contribution to the implementation towards these policy measures.	In designing such policy measures, Member States shall consider and promote the role of renewable energy communities and citizen energy communities in the contribution to the implementation towards these policy measures.
Member States shall achieve a share of the required amount of cumulative end-use energy savings among people affected by energy poverty vulnerable customers and, where applicable, people living in social housing. This share shall at least equal the proportion of households in energy poverty as assessed in their National Energy and Climate Plan established in accordance with Article 3(3)(d) of the Governance Regulation (EU) 2018/1999. If a Member State had not notified the share of households in energy poverty as assessed in their National Energy and Climate Plan, the share of the required amount of cumulative end-use energy savings among people affected by energy poverty vulnerable customers and, where applicable, people living in social housing, shall at least equal the arithmetic average share of the following indicators for the year 2019 or, if not available for 2019, for the linear extrapolation of their values for the last three years that are available:	Member States shall achieve a share of the required amount of cumulative end-use energy savings among people affected by energy poverty vulnerable customers and, where applicable, people living in social housing***, as well as vulnerable micro and small enterprises and vulnerable mobility users.*** This share shall at least equal the proportion of households in energy poverty as assessed in their National Energy and Climate Plan established in accordance with Article 3(3)(d) of the Governance Regulation (EU) 2018/1999. If a Member State had not notified the share of households in energy poverty as assessed in their National Energy and Climate Plan, the share of the required amount of cumulative end-use energy savings among people affected by energy poverty vulnerable customers and, where applicable, people living in social housing, shall at least equal the arithmetic average share of the following indicators for the year 2019 or, if not available for 2019, for the linear extrapolation of their values for the last three years that are available:

Text proposed by the European Commission	CoR amendment
(a) Inability to keep home adequately warm (Eurostat, SILC [ilc_mdes01]);	(a) Inability to keep home adequately warm (Eurostat, SILC [ilc_mdes01]);
(b) Arrears on utility bills (Eurostat, SILC, [ilc_mdes07]); and	(b) Arrears on utility bills (Eurostat, SILC, [ilc_mdes07]); and
(c) Structure of consumption expenditure by income quintile and COICOP consumption purpose (Eurostat, HBS, [hbs_str_t223], data for [CP045] Electricity, gas and other fuels).	(c) Structure of consumption expenditure by income quintile and COICOP consumption purpose (Eurostat, HBS, [hbs_str_t223], data for [CP045] Electricity, gas and other fuels).
	The European Commission will issue guidance in the identification of vulnerable micro and small enterprises and vulnerable mobility users by proposing clear criteria. Member States will include an analysis of energy poverty among micro and small enterprises and vulnerable mobility users in the revision of their National Energy and Climate Plan.

Reason

Consistency with the Social Climate Fund proposal.

Amendment 35

Article 8.14

Text proposed by the European Commission	CoR amendment
As part of their updates of national energy and climate plans and respective progress reports, and their subsequent integrated national energy and climate plans and notified pursuant to Regulation (EU) 2018/1999 Member States shall demonstrate including, where appropriate, evidence and calculations:	As part of their updates of national energy and climate plans and respective progress reports, and their subsequent integrated national energy and climate plans and notified pursuant to Regulation (EU) 2018/1999 Member States shall demonstrate including, where appropriate, evidence and calculations:
(a) that where there is an overlap in the impact of policy measures or individual actions, there is no double counting of energy savings;	(a) that where there is an overlap in the impact of policy measures or individual actions, there is no double counting of energy savings;
(b) how energy savings achieved pursuant to points (b) and (c) of the first subparagraph of paragraph 1 contribute to the achievement of their national contribution pursuant to Article 4.	(b) how energy savings achieved pursuant to points (b) and (c) of the first subparagraph of paragraph 1 contribute to the achievement of their national contribution pursuant to Article 4.
(c) that policy measures are established for fulfilling their energy savings obligation, designed in compliance with the requirements of this Article and that those policy measures are eligible and appropriate to ensure the achievement of the required amount of cumulative end-use energy savings by the end of each obligation period.	(c) that policy measures are established for fulfilling their energy savings obligation, designed in compliance with the requirements of this Article and that those policy measures are eligible and appropriate to ensure the achievement of the required amount of cumulative end-use energy savings by the end of each obligation period.

Text proposed by the European Commission	CoR amendment
	In these calculations Member States shall include the savings obtained at regional and local level that do not overlap with national measures, as locally determined contributions to the national target.

Reason

As the Directive includes targets and obligations for actions that are necessarily taken at subnational level, these actions should be duly accounted and the level at which they are taken should be reflected, with a view to fine-tuning policies after an initial revision cycle.

Amendment 36

Article 9.5

Text proposed by the European Commission	CoR amendment
(5) Member States may require obligated parties to work with local authorities ***or municipalities*** to promote energy efficiency improvement measures among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. This includes identifying and addressing the specific needs of particular groups at risk of energy poverty or more susceptible to its effects. To protect people affected by energy poverty vulnerable customers and, where applicable, people living in social housing, Member States shall encourage obligated parties to carry out actions such as renovation of buildings, including social housing, replacement of appliances, financial support and incentives for energy efficiency improvement measures in conformity with national financing and support schemes, or energy audits.	(5) Member States may require obligated parties to work with ***regional and*** local authorities to promote energy efficiency improvement measures among people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. This includes identifying and addressing the specific needs of particular groups at risk of energy poverty or more susceptible to its effects. To protect people affected by energy poverty vulnerable customers and, where applicable, people living in social housing, Member States shall encourage obligated parties to carry out actions such as renovation of buildings, including social housing, replacement of appliances, financial support and incentives for energy efficiency improvement measures in conformity with national financing and support schemes, or energy audits.

Reason

Self-explanatory.

Amendment 37

Article 11

Text proposed by the European Commission	CoR amendment
	11. Member States shall actively promote the implementation of the energy management system within the public administration at national, regional and local level. To this purpose, they will promote capacity-building actions and incentives for smaller authorities.

Reason

Self-explanatory.

Amendment 38

Article 21.1

Text proposed by the European Commission	CoR amendment
1. Member States shall ensure that information on available energy efficiency improvement measures, individual actions and financial and legal frameworks is transparent and widely disseminated to all relevant market actors, such as final customers, final users, consumer organisations, civil society representatives, renewable energy communities, citizen energy communities, local and regional authorities, energy agencies, social service providers, builders, architects, engineers, environmental and energy auditors, and installers of building elements as defined in by Article 2(9) of Directive 2010/31/EU.	1. Member States***, in close cooperation with regional and local authorities where possible,*** shall ensure that information on available energy efficiency improvement measures, individual actions and financial and legal frameworks is transparent and widely disseminated to all relevant market actors, such as final customers, final users, consumer organisations, civil society representatives, renewable energy communities, citizen energy communities, local and regional authorities, energy agencies, social service providers, builders, architects, engineers, environmental and energy auditors, and installers of building elements as defined in by Article 2(9) of Directive 2010/31/EU.

Reason

Self-explanatory.

Amendment 39

Article 21.5

Text proposed by the European Commission	CoR amendment
5. Without prejudice to the basic principles of their property and tenancy law, Member States shall take necessary measures to remove regulatory and non-regulatory barriers to energy efficiency, as regards the split of incentives between the owners and tenants or among owners of a building or building unit, with a view to ensuring that these parties are not deterred from making efficiency-improving investments that they would otherwise have made by the fact that they will not individually obtain the full benefits or by the absence of rules for dividing the costs and benefits between them. Measures to remove such barriers may include providing incentives, repealing or amending legal or regulatory provisions, or adopting guidelines and interpretative communications, or simplifying administrative procedures, including national rules and measures regulating decision-making processes in multi-owner properties. ***The*** measures may be combined with the provision of education, training and specific information and technical assistance on energy efficiency to market actors such as those referred in paragraph 1.	5. Without prejudice to the basic principles of their property and tenancy law, Member States shall take necessary measures to remove regulatory and non-regulatory barriers to energy efficiency, as regards the split of incentives between the owners and tenants or among owners of a building or building unit, with a view to ensuring that these parties are not deterred from making efficiency-improving investments that they would otherwise have made by the fact that they will not individually obtain the full benefits or by the absence of rules for dividing the costs and benefits between them. Measures to remove such barriers may include providing incentives, repealing or amending legal or regulatory provisions, ***e.g. the introduction of fast permitting,*** or adopting guidelines and interpretative communications, or simplifying administrative procedures, including national rules and measures regulating decision-making processes in multi-owner properties. ***These*** measures ***shall be designed in cooperation with local and regional authorities and*** may be combined with the provision of education, training and specific information and technical assistance on energy efficiency to market actors such as those referred in paragraph 1.

Text proposed by the European Commission	CoR amendment
Member States shall take appropriate measures to support a multilateral dialogue with the participation of relevant public and social partners such as owners and tenants organisations, consumer organisations, renewable energy communities, citizen energy communities local and regional authorities, relevant public authorities and agencies and the aim to set out proposals on jointly accepted measures, incentives and guidelines pertinent to the split of incentives between the owners and tenants or among owners of a building or building unit.	Member States shall take appropriate measures to support a multilateral dialogue with the participation of relevant ***local and regional authorities,*** public and social partners such as owners and tenants organisations, consumer organisations, renewable energy communities, citizen energy communities local and regional authorities, relevant public authorities and agencies and the aim to set out proposals on jointly accepted measures, incentives and guidelines pertinent to the split of incentives between the owners and tenants or among owners of a building or building unit.
Each Member State shall report such barriers and the measures taken in its long-term renovation strategy pursuant to Article 2a of Directive 2010/31/EU and Regulation (EU) 2018/1999.	Each Member State shall report such barriers and the measures taken in its long-term renovation strategy pursuant to Article 2a of Directive 2010/31/EU and Regulation (EU) 2018/1999.

Reason

Self-explanatory.

Amendment 40

Article 22

Text proposed by the European Commission	CoR amendment
1. Member States shall take appropriate measures to empower and protect people affected by energy poverty, vulnerable customers and, where applicable, people living in social housing. In defining the concept of vulnerable customers pursuant to Articles 28(1) and 29 of Directive (EU) 2019/944 and Article 3(3) of Directive 2009/73/EC, Member States shall take into account final users.	1. Member States shall take appropriate measures to empower and protect people affected by energy poverty, vulnerable ***mobility users, vulnerable micro and small enterprises, vulnerable*** customers and, where applicable, people living in social housing, ***taking specific account of regions that are isolated from an energy point of view and have no possibility to connect to the European network***. In defining the concept of vulnerable customers pursuant to Articles 28(1) and 29 of Directive (EU) 2019/944 and Article 3(3) of Directive 2009/73/EC, Member States shall take into account final users. ***The European Commission will issue guidance for the definition of vulnerable mobility users and vulnerable micro and small enterprises, in continuity with the definitions included in the Social Climate Fund Regulation.***

Reason

Self-explanatory.

Amendment 41

Article 23.2

Text proposed by the European Commission	CoR amendment
2. Member States shall ensure that the public is given the opportunity to participate in the preparation of heating and cooling plans, the comprehensive assessment and the policies and measures.	2. Member States ***shall draw up heating and cooling plans in close cooperation with the relevant local and regional authorities; together, they*** shall ensure that the public is given the opportunity to participate in the preparation of heating and cooling plans, the comprehensive assessment and the policies and measures.

Reason

Self-explanatory.

Amendment 42

Article 23.3

Text proposed by the European Commission	CoR amendment
For the purpose of the assessment referred to in paragraph 1, Member States shall carry out a cost-benefit analysis covering their territory Ö and Õ based on climate conditions, economic feasibility and technical suitability in accordance with Part 1 of Annex IX. The cost-benefit analysis shall be capable of facilitating the identification of the most resource- and cost-efficient solutions to meeting heating and cooling needs. That cost-benefit analysis may be part of an environmental assessment under Directive 2001/42/EC of the European Parliament and of the Council.	For the purpose of the assessment referred to in paragraph 1, Member States***, when applicable in close cooperation with relevant local and regional authority,*** shall carry out a cost-benefit analysis covering their territory Ö and Õ based on climate conditions, economic feasibility and technical suitability in accordance with Part 1 of Annex IX. The cost-benefit analysis shall be capable of facilitating the identification of the most resource- and cost-efficient solutions to meeting heating and cooling needs. That cost-benefit analysis may be part of an environmental assessment under Directive 2001/42/EC of the European Parliament and of the Council.

Reason

Some heating and cooling systems, such as district heating networks are deeply connected to the territory they are supplying. Any analysis of these networks should be done in close cooperation with the local and regional authorities.

Amendment 43

Article 23.4

Text proposed by the European Commission	CoR amendment
4. Where the assessment referred to in paragraph 1 and the analysis referred to in paragraph 3 identify a potential for the application of high-efficiency cogeneration and/or efficient district heating and cooling whose benefits exceed the costs, Member States shall take adequate measures for efficient district heating and cooling infrastructure to be developed and/or to accommodate the development of high-efficiency cogeneration and the use of heating and cooling from waste heat and renewable energy sources in accordance with paragraph 1 and Article 24(4) and (6).	4. Where the assessment referred to in paragraph 1 and the analysis referred to in paragraph 3 identify a potential for the application of high-efficiency cogeneration and/or efficient district heating and cooling whose benefits exceed the costs, Member States ***and local and regional authorities having jurisdiction in the area in question*** shall take adequate measures for efficient district heating and cooling infrastructure to be developed and/or to accommodate the development of high-efficiency cogeneration and the use of heating and cooling from waste heat ***(including from municipal waste)*** and renewable energy sources in accordance with paragraph 1 and Article 24(4) and (6).
Where the assessment referred to in paragraph 1 and the analysis referred to in paragraph 3 do not identify a potential whose benefits exceed the costs, including the administrative costs of carrying out the cost-benefit analysis referred to in Article 24(4), the Member State concerned may exempt installations from the requirements laid down in that paragraph.	Where the assessment referred to in paragraph 1 and the analysis referred to in paragraph 3 do not identify a potential whose benefits exceed the costs, including the administrative costs of carrying out the cost-benefit analysis referred to in Article 24(4), the Member State***, together with the local and regional authorities*** concerned, may exempt installations from the requirements laid down in that paragraph.
5. Member States shall adopt policies and measures, which ensure that the potential identified in the comprehensive assessments carried out pursuant to paragraph 1. These policies and measures shall include at least the elements set out in Annex IX. Each Member State shall notify those policies and measures as part of the update of its integrated national energy and climate plans, its subsequent integrated national energy and climate plan, and respective progress reports notified in accordance with Regulation (EU) 2018/1999.	5. Member States shall adopt policies and measures, which ensure that the potential identified in the comprehensive assessments carried out pursuant to paragraph 1. These policies and measures shall include at least the elements set out in Annex IX. Each Member State shall notify those policies and measures as part of the update of its integrated national energy and climate plans, its subsequent integrated national energy and climate plan, and respective progress reports notified in accordance with Regulation (EU) 2018/1999.
6. Member States shall encourage regional and local authorities to prepare local heating and cooling plans at least in municipalities having a total population higher than 50 000. Those plans should at least:	6. Member States shall encourage regional and local authorities to prepare local heating and cooling plans at least in municipalities having a total population higher than 50 000. Those plans should at least:
(a) be based on the information and data provided in the comprehensive assessments carried out pursuant to paragraph 1 provide estimate and mapping of the potential for increasing energy efficiency, including via waste heat recovery, and renewable energy in heating and cooling in that particular area;	(a) be based on the information and data provided in the comprehensive assessments carried out pursuant to paragraph 1 provide estimate and mapping of the potential for increasing energy efficiency, including via waste heat recovery, and renewable energy in heating and cooling in that particular area;

Text proposed by the European Commission	CoR amendment
(b) include a strategy for the use of the identified potential pursuant to paragraph 6(a);	(b) include a strategy for the use of the identified potential pursuant to paragraph 6(a);
(c) be prepared with the involvement of all relevant regional or local stakeholders and ensure participation of general public;	(c) be prepared with the involvement of all relevant regional or local stakeholders and ensure participation of general public;
(d) consider the common needs of local communities and multiple local or regional administrative units or regions;	(d) consider the common needs of local communities and multiple local or regional administrative units or regions;
(e) include the monitoring of the progress of implementation of policies and measures identified.	(e) include the monitoring of the progress of implementation of policies and measures identified.
Member States shall ensure that the public is given the opportunity to participate the preparation of heating and cooling plans, the comprehensive assessment and the policies and measures.	Member States ***and relevant local and regional authorities*** shall ensure that the public is given the opportunity to participate the preparation of heating and cooling plans, the comprehensive assessment and the policies and measures.
For this purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in energy efficient and renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes.	For this purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in energy efficient and renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes.

Amendment 44

Article 23.6

Text proposed by the European Commission	CoR amendment
For this purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in energy efficient and renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes.	For this purpose, Member States shall develop recommendations supporting the regional and local authorities to implement policies and measures in energy efficient and renewable energy based heating and cooling at regional and local level utilising the potential identified. Member States shall support regional and local authorities to the utmost extent possible by any means including financial support and technical support schemes. ***Member States shall ensure that heating and cooling plans are aligned with other local climate, energy and environment planning requirements, in terms of content and dates, to avoid duplication of work and administrative burden for local and regional authorities and encourage the effective implementation of the plans.***

Reason

Self-explanatory.

Amendment 45

Article 23.6a (new point)

Text proposed by the European Commission	CoR amendment
	6 a. Local heating and cooling plans may be carried out jointly by a group of several neighbouring local authorities if the geographical and administrative context as well as the heating and cooling infrastructure is appropriate.

Reason

Self-explanatory.

Amendment 46

Article 23.6

Text proposed by the European Commission	CoR amendment
	(d bis 1) assess the important role of renewable energy communities and other consumer-led initiatives that can actively contribute to the implementation of local heating and cooling projects;

Reason

Self-explanatory.

Amendment 47

Article 23.6

Text proposed by the European Commission	CoR amendment
	(d bis 2) assess how to finance the implementation of policies and measures identified and provide for financial mechanisms, including EU direct financing, allowing local and regional authorities and individual consumers to shift to renewable heating and cooling;

Reason

Self-explanatory.

Amendment 48

Article 24

Text proposed by the European Commission	CoR amendment
1. In order to increase primary energy efficiency and the share of renewable energy in heating and cooling supply, an efficient district heating and cooling system is a system which meets the following criteria:	1. In order to increase primary energy efficiency and the share of renewable energy in heating and cooling supply, an efficient district heating and cooling system is a system which meets the following criteria:

Text proposed by the European Commission	CoR amendment
a. until 31 December ***2025***, a system using at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat;	a. until 31 December ***2029***, a system using at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat;
b. from 1 January ***2026***, a system using at least 50 % renewable energy, 50 % waste heat, 80 % of high-efficiency cogenerated heat or at least a combination of such thermal energy going into the network where the share of renewable energy is at least 5 % and the total share of renewable energy, waste heat or high-efficiency cogenerated heat is at least 50 %;	b. from 1 January ***2030***, a system using at least 50 % renewable energy, 50 % waste heat, 80 % of high-efficiency cogenerated heat or at least a combination of such thermal energy going into the network where the share of renewable energy is at least 5 % and the total share of renewable energy, waste heat or high-efficiency cogenerated heat is at least 50 %;
c. from 1 January 2035, a system using at least 50 % renewable energy and waste heat, where the share of renewable energy is at least 20 %;	c. from 1 January 2035, a system using at least 50 % renewable energy and waste heat, where the share of renewable energy is at least 20 %;
d. from 1 January 2045, a system using at least 75 % renewable energy and waste heat, where the share of renewable energy is at least 40 %;	d. from 1 January 2045, a system using at least 75 % renewable energy and waste heat, where the share of renewable energy is at least 40 %;
e. from 1 January 2050, a system using only renewable energy and waste heat, where the share of renewable energy is at least 60 %.	e. from 1 January 2050, a system using only renewable energy and waste heat, where the share of renewable energy is at least 60 %.

Reason

Promoting cogeneration solutions as more energy efficient should take priority in improvement measures for district heating. Such a rapid change in the definition of an efficient district heating system would mean that a large proportion of the units and networks currently being modernised would not meet the criteria in the time allowing for the depreciation of the solutions and it would not be possible to obtain funding for further modernisation and investment in new energy sources. A dynamic change in this area could also result in an uncontrolled increase in the cost of supplying energy from district heating networks, which could result in less consumer interest in using these systems and a return to less efficient local heat sources that cannot be controlled in terms of CO_2 and dust emissions.

In general, technologies and fuels used in district heating systems in principle should not eliminate the possibility of reporting and financing savings coming from energy efficiency measures.

Amendment 49

Article 26.1.1

Text proposed by the European Commission	CoR amendment
	Member States shall put in place measures to promote participation in such training programmes, in particular by SMEs, micro-enterprises and self-employed persons.

Amendment 50

Article 26.1b

Text proposed by the European Commission	CoR amendment
	1 b. The Commission shall set up a single point of access platform for support and sharing knowledge related to ensure the appropriate level of qualified professionals to reach EU's climate and energy targets by 12 months after the entry into force of this directive. The platform shall gather Member States, social partners, education institutions, academia and other relevant stakeholders to foster and promote best practices to ensure more energy efficiency professionals as well and re-skill and up-skill professionals in order to meet the market needs and connect the challenge to ongoing EU initiatives such as the Social Climate Fund, Erasmus+ and European New Bauhaus.

Reason

Self-explanatory.

Amendment 51

Article 27 subheading 4 and 5

Text proposed by the European Commission	CoR amendment
4. Member States shall encourage public bodies to use energy performance contracting for renovations of large buildings. For renovations of large non-residential buildings with a useful floor area above 1 000 m^2, Member States shall ensure that public bodies assess the feasibility of using energy performance contracting.	4. Member States shall encourage ***local and regional authorities and other*** public bodies to use energy performance contracting for renovations of large buildings. For renovations of large non-residential buildings with a useful floor area above 1 000 m^2, Member States shall ensure that ***all*** public bodies assess the feasibility of using energy performance contracting.
Member States may encourage public bodies to combine energy performance contracting with expanded energy services including demand response and storage.	Member States may encourage ***local and regional authorities and other*** public bodies to combine energy performance contracting with expanded energy services including demand response and storage.
5. Member States shall support the public sector in taking up energy service offers, in particular for building refurbishment, by:	5. Member States shall support the public sector***, and in particular local and regional authorities,*** in taking up energy service offers, in particular for building refurbishment, by:

Text proposed by the European Commission	CoR amendment
(a) providing model contracts for energy performance contracting which include at least the items listed in Annex XIII and take into account the existing European or international standards, available tendering guidelines and Eurostat guide to the statistical treatment of energy performance contracts in government accounts;	(a) providing model contracts for energy performance contracting which include at least the items listed in Annex XIII and take into account the existing European or international standards, available tendering guidelines and Eurostat guide to the statistical treatment of energy performance contracts in government accounts;
(b) providing information on best practices for energy performance contracting, including, if available, cost-benefit analysis using a life-cycle approach;	(b) providing information on best practices for energy performance contracting, including, if available, cost-benefit analysis using a life-cycle approach;
(c) making publicly available a database of implemented and ongoing energy performance contracting projects that includes the projected and achieved energy savings.	(c) making publicly available a database of implemented and ongoing energy performance contracting projects that includes the projected and achieved energy savings.

Reason

Self-explanatory.

Amendment 52

Article 28

Text proposed by the European Commission	CoR amendment
1. Without prejudice to Articles 107 and 108 TFEU, Member States shall facilitate the establishment of financing facilities, or use of existing ones, for energy efficiency improvement measures to maximise the benefits of multiple streams of financing and the combination of grants, financial instruments and technical assistance.	1. Without prejudice to Articles 107 and 108 TFEU, Member States shall facilitate the establishment of financing facilities, or use of existing ones, for energy efficiency improvement measures to maximise the benefits of multiple streams of financing and the combination of grants, financial instruments and technical assistance.
2. The Commission shall, where appropriate, directly or via the European financial institutions, assist Member States in setting up financing facilities and project development assistance facilities at national, regional or local level with the aim of increasing investments in energy efficiency in different sectors, and protecting and empowering vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing including by integrating an equality perspective so that no one is left behind.	2. The Commission shall, where appropriate, directly or via the European financial institutions, assist Member States in setting up financing facilities and project development assistance facilities at national, regional or local level with the aim of increasing investments in energy efficiency in different sectors, and protecting and empowering vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing including by integrating an equality perspective so that no one is left behind.

Text proposed by the European Commission	CoR amendment
3. Member States shall adopt measures that ensure that energy efficiency lending products, such as green mortgages and green loans, secured and unsecured, are offered widely and in a non-discriminatory manner by financial institutions and, are visible and accessible to consumers. Member States shall adopt measures to facilitate the implementation of on-bill and on-tax financing schemes. Member States shall ensure that banks and other financial institutions receive information on opportunities to participate in the financing of energy efficiency improvement measures, including through the creation of public/private partnerships.	3. Member States shall adopt measures that ensure that energy efficiency lending products, such as green mortgages and green loans, secured and unsecured, ***and financial support to acquire or provide access to public transport and zero emissions modes of transport*** are offered widely and in a non-discriminatory manner by financial institutions and, are visible and accessible to consumers. Member States shall adopt measures to facilitate the implementation of on-bill and on-tax financing schemes. Member States shall ensure that banks and other financial institutions receive information on opportunities to participate in the financing of energy efficiency improvement measures, including through the creation of public/private partnerships.
4. The Commission shall facilitate the exchange of best practice between the competent national ***or*** regional authorities or bodies, e.g. through annual meetings of the regulatory bodies, public databases with information on the implementation of measures by Member States, and country comparison.	4. The Commission shall facilitate the exchange of best practice between the competent national, regional ***or local*** authorities or bodies, e.g. through annual meetings of the regulatory bodies, public databases with information on the implementation of measures by Member States, and country comparison.
5. In order to mobilise private financing for energy efficiency measures and energy renovation, in accordance with Directive 2010/31/EU, the Commission shall conduct a dialogue with both public and private financial institutions in order to map out possible actions it can take.	5. In order to mobilise private financing for energy efficiency measures and energy renovation, in accordance with Directive 2010/31/EU, the Commission shall conduct a dialogue with both public and private financial institutions in order to map out possible actions it can take.
6. The actions referred to in paragraph 4 shall include the following elements:	6. The actions referred to in paragraph 4 shall include the following elements:
(a) mobilising capital investment into energy efficiency by considering the wider impacts of energy savings;	(a) mobilising capital investment into energy efficiency by considering the wider impacts of energy savings;
(b) ensuring better energy and finance performance data by:	(b) ensuring better energy and finance performance data by:
(i) examining further how energy efficiency investments improve underlying asset values;	(i) examining further how energy efficiency investments improve underlying asset values;
(ii) supporting studies to assess the monetisation of the non-energy benefits of energy efficiency investments.	(ii) supporting studies to assess the monetisation of the non-energy benefits of energy efficiency investments.

Text proposed by the European Commission	CoR amendment
7. For the purpose of mobilising private financing of energy efficiency measures and energy renovation, Member States shall, when implementing this Directive:	7. For the purpose of mobilising private financing of energy efficiency measures and energy renovation, Member States shall, when implementing this Directive:
(a) consider ways to make better use of energy audits under Article 11 to influence decision-making;	(a) consider ways to make better use of energy audits under Article 11 to influence decision-making;
(b) make optimal use of the possibilities and tools available from the Union budget, and proposed in the smart finance for smart buildings initiative and in Commission Communication entitled 'Renovation Wave'.	(b) make optimal use of the possibilities and tools available from the Union budget, and proposed in the smart finance for smart buildings initiative and in Commission Communication entitled 'Renovation Wave'.
8. By 31 December 2024 the Commission shall provide guidance for Member States and market actors on how to unlock private investment.	8. By 31 December 2024 the Commission shall provide guidance for Member States and market actors on how to unlock private investment.
The guidance shall have the purpose of helping Member States and market actors to develop and implement their energy efficiency investments in the various Union programmes, and will propose adequate financial mechanisms and solutions, with a combination of grants, financial instruments and project development assistance, to scale up existing initiatives and use the Union funding as a catalyst to leverage and trigger private financing.	The guidance shall have the purpose of helping Member States***, regions, local authorities*** and market actors to develop and implement their energy efficiency investments in the various Union programmes, and will propose adequate financial mechanisms and solutions, with a combination of grants, financial instruments and project development assistance, to scale up existing initiatives and use the Union funding as a catalyst to leverage and trigger private financing.
9. Member States may set up an Energy Efficiency National Fund. The purpose of this fund shall be to implement energy efficiency measures, including measures pursuant to Article 8(3) and Article 22 as a priority among vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing, and to implement national energy efficiency measures to support Member States in meeting their national energy efficiency contributions and their indicative trajectories referred to in Article 4(2). The Energy Efficiency National Fund may be financed with revenues from the allowance auctions pursuant to the EU Emission Trading System on buildings and transport sectors.	9. Member States may set up an Energy Efficiency National Fund. The purpose of this fund shall be to implement energy efficiency measures, including measures pursuant to Article 8(3) and Article 22 as a priority among vulnerable customers, people affected by energy poverty and, where applicable, people living in social housing, and to implement national energy efficiency measures to support Member States in meeting their national energy efficiency contributions and their indicative trajectories referred to in Article 4(2). The Energy Efficiency National Fund may be financed with revenues from the allowance auctions pursuant to the EU Emission Trading System on buildings and transport sectors.
10. Member States may allow public bodies to fulfil the obligations set out in Article 6(1) by means of annual contributions to the Energy Efficiency National Fund equivalent to the amount of the investments required to achieve those obligations.	10. Member States may allow public bodies to fulfil the obligations set out in Article 6(1) by means of annual contributions to the Energy Efficiency National Fund equivalent to the amount of the investments required to achieve those obligations.

Text proposed by the European Commission	CoR amendment
11. Member States may provide that obligated parties can fulfil their obligations set out in Article 9(1) and 4 by contributing annually to the Energy Efficiency National Fund an amount equal to the investments required to achieve those obligations.	11. Member States may provide that obligated parties can fulfil their obligations set out in Article 9(1) and 4 by contributing annually to the Energy Efficiency National Fund an amount equal to the investments required to achieve those obligations.
12. Member States may use their revenues from annual emission allocations under Decision No 406/2009/EC for the development of innovative financing for energy efficiency improvements.	12. Member States may use their revenues from annual emission allocations under Decision No 406/2009/EC for the development of innovative financing for energy efficiency improvements.

Reason

Self-explanatory.

Amendment 53

Annex IV

Text proposed by the European Commission	CoR amendment
In award procedures for public contracts and concessions, contracting authorities and contracting entities that purchase products, services, buildings and works, ***insofar*** shall:	In award procedures for public contracts and concessions, contracting authorities and contracting entities that purchase products, services, buildings and works, ***in accordance with cost-effectiveness, economical feasibility, wider sustainability, technical suitability, and sufficient competition,*** shall:
[…]	[…]
(d) purchase only tyres that comply with the criterion of having the highest fuel energy efficiency class, as defined by Regulation (EU) 2020/740 of the European Parliament and of the Council. This requirement shall ***not prevent public bodies from purchasing tyres with the highest*** wet grip class ***or*** external rolling noise class where justified by safety or public health reasons;	(d) purchase only tyres that comply with the criterion of having the highest fuel energy efficiency class, as defined by Regulation (EU) 2020/740 of the European Parliament and of the Council. This requirement shall***, however, take balanced account of winter conditions in a high*** wet grip class ***and*** external rolling noise class where justified by safety or public health reasons;
[…]	[…]
(f) purchase, or make new rental agreements for, only buildings that comply at least with the minimum energy performance requirements referred to in Article 4(1) of Directive 2010/31/EU unless the purpose of the purchase is:	(f) purchase, or make new rental agreements for, only buildings that comply at least with the minimum energy performance requirements referred to in Article 4(1) of Directive 2010/31/EU***, or other requirements for existing buildings or more extensive renovations that are appropriate for the Member States,*** unless the purpose of the purchase is:
[…]	[…]

Reason

Account should be taken of all dimensions of sustainability, including in the EED. Winter conditions should also be taken into account for tyres. Minimum energy performance requirements under the EPBD are not an appropriate level of requirements for renovations, as they are defined differently across Member States.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

1. agrees with the European Commission that energy efficiency plays a critical role in achieving climate neutrality by 2050, improving the security of energy supply and reducing the EU's dependence on imported fuels, especially now given the current crisis with energy prices that have been hugely impacted by the war in Ukraine;

2. welcomes the proposed amendments to the existing provisions of the Energy Efficiency Directive and underlines that these changes should strengthen the legal framework, affording more opportunities to exploit the potential for energy efficiency improvements in line with the Climate Law implemented at national, regional or local level;

3. reiterates the crucial role of EU-level action on energy efficiency, which is necessary in order to achieve the objectives of the Green Deal; stresses that this action must, of course, be implemented at national, regional or local level and therefore welcomes the increased recognition of the role of local and regional authorities in the proposal;

4. highlights that the ongoing energy transition is resulting in a move away from an energy system based on traditional centralised generation to one which is more decentralised, energy-efficient, flexible and largely renewables-based; welcomes therefore the recognition of the role of citizens in the energy transition and the need for constant awareness-raising, including through instruments like the Climate Pact; in this regard, reiterates the crucial role that local and regional action plays in engaging with citizens and promoting the green transition through successful community-led best practices;

5. believes that the energy union should empower citizens to produce, consume, store or trade their own renewable energy either individually or collectively, to take energy-saving measures, to become active participants in the energy market through consumer choice, and to allow them the possibility of safely and confidently participating in demand response; in this context, reiterates its call ([1]) and of the European Parliament that a practical common understanding of the definition of 'prosumers' ([2]) should be agreed at EU level, through a participative process guided by the Commission;

6. points out that local and regional authorities primarily own and manage buildings to support statutory government and welfare activities. Buildings are far more than just tools to achieve energy savings. Rigid requirements for energy renovation would therefore require local and regional authorities to carry out costly construction projects that do not necessarily take a holistic view of the building and may not be sustainable in the medium and long term. In this context, the Committee would like the Energy Efficiency Directive to give more recognition and attention to making smarter and more efficient use of existing public buildings as a way of increasing energy efficiency

7. welcomes the explicit reference to the need to combat energy and mobility poverty using energy efficiency measures and the subsequent need for Member States to support the local and regional level in this sense; considers it essential, in this connection, to alleviate the initial cost burden of energy efficiency measures, especially for vulnerable households and groups of consumers;

8. welcomes the reference to the connectivity of rural and remote areas, where most of the inhabitants may become vulnerable transport users in the transition to sustainable mobility;

([1]) 'A Renovation Wave for Europe — greening our buildings, creating jobs, improving lives' (CDR-2786-2020) (OJ C 175, 7.5.2021, p. 23)..

([2]) Various types of prosumers exist: residential prosumers who produce electricity at home — mainly through solar photovoltaic panels on their rooftops, citizen-led energy cooperatives or housing associations, commercial prosumers whose main business activity is not electricity production, and public institutions like schools or hospitals.

9. underlines that the proposed absolute reductions in energy use and final energy consumption of all public bodies by 1,7 % each year will be a huge challenge for most Member States. It will require extensive capacity building in terms of finance, competence, guidance, data, reporting etc. Broad application of both existing and new transformative techniques and practices is necessary. Therefore calls for local and regional authorities to be fully involved in the process, together with other relevant stakeholders;

10. proposes revising the energy consumption targets to include the option of setting cumulative energy savings and consumption targets instead of separate requirements for final and primary energy. This will improve energy efficiency across the entire chain — from production to transmission, distribution and end use;

11. welcomes the proposal of legislative requirements to renovate 3 % of the public building stock on an annual basis, sees a need for extensive capacity building through technical, financial and policy support and exchange of good practice and calls for further clarification and a definition of measures and methods regarding building renovation, applicable correction factors for different building types and characteristics ([3]), as well as financial arrangements at local, regional and national level;

12. welcomes the announcement of the Social Climate Fund as a way to balance the negative effects on the most vulnerable households, micro-and-small enterprises and mobility users and to ensure socially sustainable development; underlines the fact that the funding currently envisaged within the revision of the existing ETS is inadequate to ensure a truly just transition and stresses that the allocation of revenues outside of the ETS on road transport and buildings (ETS II) for the Social Climate Fund should be considered; proposes that revenue pooling for the Social Climate Fund should begin sooner than the implementation of the ETS II; stresses that, in case that the co-legislators decide not to go forward with ETS II as foreseen in the Commission proposal, the current ETS should be further reinforced to address road transport and buildings;

13. supports the principle enshrined within the European Climate Law that that all sectors of the economy must contribute to the transition towards climate neutrality and towards emission reductions, and EU ETS could contribute significantly if the polluter pays principle was extended to all the sector it covers; points out that the building sector is responsible for 40 % of the energy consumption in Europe; believes, however, that introducing carbon pricing into this sector is delicate and should not result in burdens for the most vulnerable EU territories and groups of citizens;

14. underlines that a robust but gradually introduced carbon price should give the necessary signal to businesses and drive the transition in the most cost-effective way, and highlights the need for effective interaction between the revised ETS and the Carbon Border Adjustment Mechanism (CBAM), potentially combined with other supportive EU measures to ensure a climate-neutral and competitive economy in the EU’s regions, especially in regions undergoing a sustainable transition of their energy-intensive industries; It strongly recommends using as far as possible market-compatible instruments, including financial instruments with the support of the multiannual financial framework and NextGenerationEU;

15. supports the Commission in its intention to ‘ensure synergies between the different funding instruments, in particular the funds in the shared management and in the direct management (like the centrally managed programmes: Horizon Europe or LIFE), as well as between grants, loans and technical assistance to maximise their leverage effect on private financing and their impact on the achievement of energy efficiency policy objectives.’ In this regard, calls for concrete next steps to be taken as soon as possible, as these are a precondition for the complete renovation of the building stock;

16. calls on the Commission and the European Parliament to set up a Pilot Project dealing specifically with the challenging renovation and increasing of energy efficiency of historical and/or particular landmark buildings. The regions or cities participating in this Pilot Project would provide a detailed concept for the renovation of the historical or other landmark building of their choosing. When selected to receive funding and after the renovation project is complete, the results of this Pilot Project would further highlight the commitment of local and regional authorities to move towards an energy efficient future and could serve as clear examples for other local and regional authorities of how to renovate complex historical and/or landmark buildings within regions and cities;

([3]) Building characteristics such as age, form, use, historical/architectural design, ownership, purpose, local property market, alternative value, subcontracting costs and any previous renovation work.

17. calls on the Commission and Member States to ensure that the measures already existing in the legal frameworks for the different programmes and funding instruments available to cities and regions are fully applied. In light of the extra efforts in energy efficiency that are asked from local and regional authorities, it is crucial that there is an easy access for cities and regions to the different programmes and funding instruments. This increased pressure on local and regional authorities could for example be taken into account when looking at eligibility scoring in the assessment of funding applications;

18. regrets the revision's lack of ambition in setting clear targets for green and circular public procurement; therefore calls on the Commission to develop in cooperation with local and regional authorities clear, commonly applicable and detailed procedures concerning energy efficiency and sustainability in public procurement to avoid the rule where the lowest price takes priority;

19. emphasises that energy efficiency, especially in relation to business and in particular the manufacturing sector, should be taken into account alongside the consumption cap, which applies more to households;

20. underlines that the use of district heating and cooling systems based on cogeneration units is the most effective way of improving air quality and increasing the energy efficiency of fuel use; supports therefore the promotion of combined heat and power generation and the efficient use of waste heat (including municipal waste), where it is unavoidable, in line with the principle of circularity; acknowledges the potential of waste heat to complement gas/renewable solutions while noting the importance of limiting its emission in light of its contribution to global warming; moreover, exploiting waste heat from industry, data centres and other societal activities should be a measure, as is not without environmental impact. renewable energy is still in limited supply;

21. welcomes a clear timeline for introduction of efficient district heating and cooling systems. However, sufficient flexibility needs to be ensured, allowing for the adaptation of the heating and cooling systems to the regional and local specifies and needs of the territory;

22. recognises the role of local and regional energy agencies as a powerful tool to promote energy efficiency all over the EU and calls on the European Commission to support their activities through a dedicated network and dedicated funds;

23. concurs with the legal basis upon which the European Commission is basing the EU's competence in this. In accordance with Article 194 TFEU, the EU is competent to take measures to promote, among other things, energy efficiency. Therefore, it considers the proposal to be in line with the principle of subsidiarity, provided it duly respects the principle of local self-government enshrined in Article 4 TEU and subject to the above amendments. Measures to combat energy poverty should come under Article 151 TFEU. The Committee of the Regions deems it to be warranted to set up and maintain a European target in energy efficiency. The assessment of proportionality principle compliance is positive.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — Amending the Renewable Energy Directive to meet the new 2030 climate targets

(2022/C 301/16)

Rapporteur:	Andries GRYFFROY (BE/EA), Member of a Regional Assembly: Flemish Parliament
Reference document:	Proposal for a Directive of the European Parliament and of the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 COM(2021) 557

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	The European Commission, in accordance with the principle of subsidiarity, will issue guidance to the Member States and regional and local authorities on good permitting procedures and mechanisms to speed up existing procedures, to facilitate meeting the timing deadlines for issuing permits to build, repower and operate plants for the production of energy from renewable sources and assets necessary for their connection to the grid. This guidance will be issued within six months after the adoption of Directive amending Directive (EU) 2018/2001 (2021/0218 (COD)).

Reason

Delays in permitting procedures hamper the effective rollout of renewable energy projects and create difficulties for achieving the renewable energy targets for 2030.

Amendment 2

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	Renewable energy production has a strong local dimension. ***It is therefore important that the Member States fully involve local and regional authorities in the planning and implementation of national climate measures, ensuring direct access to funding and monitoring of the progress of adopted measures; where applicable, Member States should integrate local and regional contributions in National Energy and Climate Plans. The Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action should be revised accordingly.***

Reason

Self-explanatory

Amendment 3

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	The European Commission and Member States should support regional and local commitments and a bottom-up approach to achieve the European Green Deal objectives, notably to ensure greater deployment of renewable energy sources: this will contribute not only to the achievement of EU climate targets, but also support the EU efforts in achieving more security of supply in the energy system. ***Both regional and local climate change planning that either already exists or is being developed as laid down in legislation, for instance networks such as the EU Covenant of Mayors, and relevant EU initiatives such as the Climate Pact, EU Cities mission on Climate-Neutral and Smart Cities, the C40 network and others, facilitate multilevel governance arrangements and play an essential role in increasing ambition and action at local level, involving citizens, local actors and sectors that are involved in or affected by climate change policies.***

Amendment 4

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	Renewable Energy Communities are a key tool for promoting the widespread use of renewable energy sources and achieving a decentralised and secure energy system while ensuring local economic and social benefits. ***Initiatives for (collective) self-generation and (collective) self-consumption in buildings and at district level should be facilitated by reducing the difficulties in obtaining permits, reducing factors inhibiting grid access, grid fees, and enhancing the deployment of technologies such as solar thermal, photovoltaic, wind, and geothermal technologies.***

Reason

Self-explanatory.

Amendment 5

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	The Member States shall carry out an assessment of the barriers to the development of renewable energy communities as required by Art. 22 of the revised Renewable Energy Directive (EU) 2018/2001 (RED II). ***The European Commission will provide assistance to Member States in order to ensure timely transposition of the Directive, coherence with national legal frameworks and the participation of regional and local authorities.***

Reason

Self-explanatory

Amendment 6

Proposal for a Directive

Recital 3

Text proposed by the European Commission	CoR amendment
Directive (EU) 2018/2001 of the European Parliament and of the Council [1] sets a binding Union target to reach a share of at least 32 % of energy from renewable sources in the Union's gross final consumption of energy by 2030. Under the Climate Target Plan, the share of renewable energy in gross final energy consumption would need to increase to 40 % by 2030 in order to achieve the Union's greenhouse gas emissions reduction target. Therefore, the target set out in Article 3 of that Directive needs to be increased. [1] Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209	Directive (EU) 2018/2001 of the European Parliament and of the Council [1] sets a binding Union target to reach a share of at least 32 % of energy from renewable sources in the Union's gross final consumption of energy by 2030. Under the Climate Target Plan, the share of renewable energy in gross final energy consumption would need to increase to ***at least*** 40 % by 2030 in order to achieve the Union's greenhouse gas emissions reduction target. Therefore, the target set out in Article 3 of that Directive needs to be increased. ***In order to contribute to a greater energy security of supply and ensure a faster and cost-effective transition to net zero emissions, the Commission will make a proposal, to further increase the emission targets set in article 3 of the Directive, subject to a thorough impact assessment, including the territorial dimension, in cooperation with the European Committee of the Regions.*** [1] Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209

Amendment 7

Proposal for a Directive

Recital 4

Text proposed by the European Commission	CoR amendment
	The specific situation of the outermost regions and islands, recognised respectively in Article 349 and 174 TFEU, demands a targeted approach. Those territories, often characterised by isolated systems and dependence on fossil fuels, incur in higher energy production, storage capacity costs and need support to tap into the potential of the local renewable energy production.

Reason

Amendment 8

Proposal for a Directive

Recital (new)

Text proposed by the European Commission	CoR amendment
	The European Commission, in accordance with the principle of subsidiarity, will issue guidance to the Member States and regional and local authorities on good permitting procedures and mechanisms to speed up existing procedures, to facilitate meeting the timing deadlines for issuing permits to build, repower and operate plants for the production of energy from renewable sources and assets necessary for their connection to the grid. This guidance will be issued within six months after the adoption of Directive amending Directive (EU) 2018/2001 (2021/0218 (COD)).

Reason

Self-explanatory

Amendment 9

Proposal for a Directive

Recital 5

Text proposed by the European Commission	CoR amendment
(5) The rapid growth and increasing cost-competitiveness of renewable electricity production can be used to satisfy a growing share of energy demand, for instance using heat pumps for space heating or low-temperature industrial processes, electric vehicles for transport, or electric furnaces in certain industries. Renewable electricity can also be used to produce synthetic fuels for consumption in hard-to-decarbonise transport sectors such as aviation and maritime transport. A framework for electrification needs to enable robust and efficient coordination and expand market mechanisms to match both supply and demand in space and time, stimulate investments in flexibility, and help integrate large shares of variable renewable generation. Member States should therefore ensure that the deployment of renewable electricity continues to increase at an adequate pace to meet growing demand. For this, Member States should establish a framework that includes market-compatible mechanisms to tackle remaining barriers to have secure and adequate electricity systems fit for a high level of renewable energy, as well as storage facilities, fully integrated into the electricity system. In particular, this framework shall tackle remaining barriers, including non-financial ones such as insufficient digital and human resources of authorities to process a growing number of permitting applications.	(5) The rapid growth and increasing cost-competitiveness of renewable electricity production can be used to satisfy a growing share of energy demand, for instance using heat pumps for space heating or low-temperature industrial processes, electric vehicles for transport, or electric furnaces in certain industries. Renewable electricity can also be used to produce synthetic fuels for consumption in hard-to-decarbonise transport sectors such as aviation and maritime transport***, also in connection with RFNBOs and biofuels***. A framework for electrification needs, ***as well as supply infrastructures for RFNBOs and biofuels,*** to enable robust and efficient coordination and expand market mechanisms to match both supply and demand in space and time, stimulate investments in flexibility, and help integrate large shares of variable renewable generation. Member States ***as well as import strategies coordinated at European level*** should therefore ensure that the deployment of renewable electricity continues to increase at an adequate pace to meet growing demand. For this, Member States should establish a framework that includes market compatible mechanisms to tackle remaining barriers to have secure and adequate electricity systems ***and infrastructures for RFNBOs and biofuels that are*** fit for a high level of renewable energy, as well as storage facilities, fully integrated into the electricity system. In particular, this framework shall tackle remaining barriers, including non-financial ones such as insufficient digital and human resources of authorities to process a growing number of permitting applications.

Reason

Adding the role of biofuels and import strategies for decarbonisation needs.

Amendment 10

Proposal for a Directive

Recital 7

Text proposed by the European Commission	CoR amendment
Member States' cooperation to promote renewable energy can take the form of statistical transfers, support schemes or joint projects. It allows for a cost-efficient deployment of renewable energy across Europe and contributes to market integration. Despite its potential, cooperation has been very limited, thus leading to suboptimal results in terms of efficiency in increasing renewable energy.	Member States' cooperation, to promote renewable energy, ***which may involve local and regional authorities,*** can take the form of statistical transfers, support schemes or joint projects. It allows for a cost-efficient deployment of renewable energy across Europe and contributes to market integration. Despite its potential, cooperation***, especially in cross border regions,*** has been very limited, thus leading to suboptimal results in terms of ***cost effectiveness and*** efficiency in increasing renewable energy. ***Smart grid projects in border regions, including cross border electricity exchanges at medium-voltage level, can provide high added value to the cross-border approach as they allow for greater resource optimisation, connectivity, flexibility and resilience of electricity energy systems, ensuring wider societal benefits to the local communities involved as well as contributing to the energy security of supply of the EU.***
Member States should therefore be obliged to test cooperation through implementing a pilot ***project***. Projects financed by national contributions under the Union renewable energy financing mechanism established by Commission Implementing Regulation (EU) 2020/1294 would meet this obligation for the Member States involved.	Member States should therefore be obliged to test cooperation through implementing pilot ***projects, in addition to those planned within the TEN-E framework. One of them should be in a cross border region***. Projects financed by national contributions under the Union renewable energy financing mechanism established by Commission Implementing Regulation (EU) 2020/1294 would meet this obligation for the Member States involved.

Reason

Self-explanatory

Amendment 11

Proposal for a Directive

Recital 7a new

Text proposed by the European Commission	CoR amendment
	Local and regional authorities play a very important role in an integrated and decentralised energy system. The Commission shall support LRAs, including in insular territories, with regard to working across borders by assisting them in setting up cooperation mechanisms, including European Groupings of Territorial Cooperation (EGTCs).Closer cooperation between the EU and Member States and increased investment in RDI, for example to promote EU missions, will provide the significant added value needed to meet the objectives of this Directive across the EU.

Reason

Self-explanatory

Amendment 12

Proposal for a Directive

Recital 7b new

Text proposed by the European Commission	CoR amendment
	European financing mechanisms such as the Connecting Europe Facility and the Innovation Fund shall also finance smaller-scale cross-border cooperation projects and cross-border interconnection between Member States and regions.

Reason

Self-explanatory

Amendment 13

Proposal for a Directive

Recital 7c new

Text proposed by the European Commission	CoR amendment
	Accurate data and information are necessary to ensure the transition to an energy system based on renewable technologies at the national, regional and local level. This data can be obtained through different sources ranging from smart devices up to earth observation systems such as Copernicus.

Reason

Self-explanatory

Amendment 14

Proposal for a Directive

Recital 8

Text proposed by the European Commission	CoR amendment
The Offshore Renewable Energy Strategy introduces an ambitious objective of 300 GW of offshore wind and 40 GW of ocean energy across all the Union's sea basins by 2050. To ensure this step change, Member States will need to work together across borders at sea-basin level. Member States should therefore jointly define the amount of offshore renewable generation to be deployed within each sea basin by 2050, with intermediate steps in 2030 and 2040. These objectives should be reflected in the updated national energy and climate plans that will be submitted in 2023 and 2024 pursuant to Regulation (EU) 2018/1999. In defining the amount, Member States should take into account the offshore renewable energy potential of each sea basin, environmental protection, climate adaptation and other uses of the sea, as well as the Union's decarbonisation targets. In addition, Member States should increasingly consider the possibility of combining offshore renewable energy generation with transmission lines interconnecting several Member States, in the form of hybrid projects or, at a later stage, a more meshed grid. This would allow electricity to flow in different directions, thus maximising socioeconomic welfare, optimising infrastructure expenditure and enabling a more sustainable usage of the sea	The Offshore Renewable Energy Strategy introduces an ambitious objective of 300 GW of offshore wind and 40 GW of ocean energy across all the Union's sea basins by 2050. To ensure this step change, Member States, ***or their competent regional and local authorities,*** will need to work together across borders at sea-basin level. Member States should therefore jointly define ***and allocate adequate space in their maritime spatial plan for*** the amount of offshore renewable generation ***and related infrastructure*** to be deployed within each sea basin by 2050, with intermediate steps in 2030 and 2040. These objectives should be reflected in the updated national energy and climate plans that will be submitted in 2023 and 2024 pursuant to Regulation (EU) 2018/1999. In defining the amount, Member States should take into account the offshore renewable energy potential of each sea basin, environmental ***and biodiversity*** protection, climate adaptation and other uses of the sea, as well as the Union's decarbonisation targets. In addition, Member States should increasingly consider the possibility of combining offshore renewable energy generation with ***storage systems and*** transmission lines interconnecting several Member States, in the form of hybrid projects or, at a later stage, a more meshed grid. This would allow electricity to flow in different directions, thus maximising socioeconomic welfare, optimising infrastructure expenditure and enabling a more sustainable usage of the sea.

Reason

Self-explanatory

Amendment 15

Proposal for a Directive

Recital 19

Text proposed by the European Commission	CoR amendment
Distributed storage assets, such as domestic batteries and batteries of electric vehicles have the potential to offer considerable flexibility and balancing services to the grid through aggregation. In order to facilitate the development of such services, the regulatory provisions concerning connection and operation of the storage assets, such as tariffs, commitment times and connection specifications, should be designed in a way that does not hamper the potential of all storage assets, including small and mobile ones, to offer flexibility and balancing services to the system and to contribute to the further penetration renewable electricity, in comparison with larger, stationary storage assets.	Distributed storage assets, such as ***community and*** domestic batteries and batteries of electric vehicles have the potential to offer considerable flexibility and balancing services to the grid through aggregation. In order to facilitate the development of such services, the regulatory provisions concerning connection and operation of the storage assets, such as tariffs, commitment times and connection specifications, should be designed in a way that does not hamper the potential of all storage assets, including small and mobile ones, to offer flexibility and balancing services to the system and to contribute to the further penetration renewable electricity, in comparison with larger, stationary storage assets.

Reason

Batteries on a community system level prove to be safer in operation and require less investment in comparison with domestic batteries.

Amendment 16

Proposal for a Directive

Recital 22

Text proposed by the European Commission	CoR amendment
Renewable fuels of non-biological origin can be used for energy purposes, but also for non-energy purposes as feedstock or raw material in industries such as steel or chemicals. The use of renewable fuels of non-biological origin for both purposes exploits their full potential to replace fossil fuels used as feedstock and to reduce greenhouse gas emissions in industry and should therefore be included in a target for the use of renewable fuels of non-biological origin. National measures to support the uptake of renewable fuels of non-biological origin in industry should not result in net pollution increases due to an increased demand for electricity generation that is satisfied by the most polluting fossil fuels, such as coal, diesel, lignite, oil peat and oil shale.	Renewable fuels of non-biological origin can be used for energy purposes, but also for non-energy purposes as feedstock or raw material in industries such as steel or chemicals***, for which they are mostly the only option to decarbonise and where their use has proven to be highly effective in preventing greenhouse gas emissions.*** The use of renewable fuels of non-biological origin for both purposes exploits their full potential to replace fossil fuels used as feedstock and to reduce greenhouse gas emissions in industry and should therefore be included in a target for the use of renewable fuels of non-biological origin. National measures to support the uptake of renewable fuels of non-biological origin in industry should not result in net pollution increases due to an increased demand for electricity generation that is satisfied by the most polluting fossil fuels, such as coal, diesel, lignite, oil peat and oil shale.

Reason

From a cross-sectoral perspective, the use of renewable fuels of non-biological origin, such as renewable hydrogen as feedstock or raw materials in the steel or chemical industry, is of particular importance for decarbonisation.

Amendment 17

Proposal for a Directive

Recital 29

Text proposed by the European Commission	CoR amendment
The use of renewable fuels and renewable electricity in transport can contribute to the decarbonisation of the Union transport sector in a cost-effective manner, and improve, amongst other, energy diversification in that sector while promoting innovation, growth and jobs in the Union economy and reducing reliance on energy imports. With a view to achieving the increased target for greenhouse gas emission savings defined by the Union, the level of renewable energy supplied to all transport modes in the Union should be increased. Expressing the transport target as a greenhouse gas intensity reduction target would stimulate an increasing use of the most cost-effective and performing fuels, in terms of greenhouse gas savings, in transport. In addition, a greenhouse gas intensity reduction target would stimulate innovation and set out a clear benchmark to compare across fuel types and renewable electricity depending on their greenhouse gas intensity. Complementary to this, increasing the level of the energy-based target on advanced biofuels and biogas and introducing a target for renewable fuels of non-biological origin would ensure an increased use of the renewable fuels with smallest environmental impact in transport modes that are difficult to electrify. The achievement of those targets should be ensured by obligations on fuel suppliers as well as by other measures included in [Regulation (EU) 2021/XXX on the use of renewable and low-carbon fuels in maritime transport — FuelEU Maritime and Regulation (EU) 2021/XXX on ensuring a level playing field for sustainable air transport]. Dedicated obligations on aviation fuel suppliers should be set only pursuant to [Regulation (EU) 2021/XXX on ensuring a level playing field for sustainable air transport].	The use of renewable fuels and renewable electricity in transport can contribute to the decarbonisation of the Union transport sector in a cost-effective manner, and improve, amongst other, energy diversification in that sector while promoting innovation, growth and jobs in the Union economy and reducing reliance on energy imports. With a view to achieving the increased target for greenhouse gas emission savings defined by the Union, the level of renewable energy supplied to all transport modes in the Union should be increased. Expressing the transport target as a greenhouse gas intensity reduction target would stimulate an increasing use of the most cost-effective and performing fuels, in terms of greenhouse gas savings, in transport. In addition, a greenhouse gas intensity reduction target would stimulate innovation and set out a clear benchmark to compare across fuel types and renewable electricity depending on their greenhouse gas intensity. Complementary to this, increasing the level of the energy-based target on advanced biofuels and biogas and introducing a target for renewable fuels of non-biological origin would ensure an increased use of the renewable fuels with smallest environmental impact in transport modes ***and regions*** that are difficult to electrify. The achievement of those targets should be ensured by obligations on fuel suppliers as well as by other measures included in [Regulation (EU) 2021/XXX on the use of renewable and low-carbon fuels in maritime transport — FuelEU Maritime and Regulation (EU) 2021/XXX on ensuring a level playing field for sustainable air transport]. Dedicated obligations on aviation fuel suppliers should be set only pursuant to [Regulation (EU) 2021/XXX on ensuring a level playing field for sustainable air transport].

Reason

Self-explanatory

Amendment 18

Proposal for a Directive

Recital 33

Text proposed by the European Commission	CoR amendment
Direct electrification of end-use sectors, including the transport sector, contributes to the efficiency and facilitates the transition to an energy system based on renewable energy. It is therefore in itself an effective means to reduce greenhouse gas emissions. The creation of a framework on additionality applying ***specifically*** to renewable electricity ***supplied*** to ***electric vehicles in the transport*** is therefore not required.	Direct electrification of end-use sectors, including the transport sector, contributes to the efficiency and facilitates the transition to an energy system based on renewable energy. It is therefore in itself an effective means to reduce greenhouse gas emissions. The creation of a framework on additionality applying to renewable electricity ***that is used*** to ***produce RNFBOs*** is therefore not required.

Reason

The additionality principle disproportionally affects countries that already have a high share of renewable electricity in their energy system. Moreover, the additionality and correlation principles complicate the already difficult business case of electrolysis and the scaling-up of green hydrogen.

Amendment 19

Proposal for a Directive

Recital 34

Text proposed by the European Commission	CoR amendment
Since renewable fuels of non-biological origin are to be counted as renewable energy regardless of the sector in which they are consumed, the rules to determine their renewable nature when produced from electricity***, which were applicable only to those fuels when consumed in the transport sector,*** should ***be extended*** to all renewable fuels of non-biological origin, regardless of the sector where they are consumed.	Since renewable fuels of non-biological origin are to be counted as renewable energy regardless of the sector in which they are consumed, the rules to determine their renewable nature when produced from electricity should ***apply*** to all renewable fuels of non-biological origin, regardless of the sector where they are consumed.

Reason

The uptake of RFNBO’s should be irrespective of the end use of the energy and should apply to all sectors.

Amendment 20

Proposal for a Directive

Recital 36

Text proposed by the European Commission	CoR amendment
Directive (EU) 2018/2001 strengthened the bioenergy sustainability and greenhouse gas savings framework by setting criteria for all end-use sectors. It set out specific rules for biofuels, bioliquids and biomass fuels produced from forest biomass, requiring the sustainability of harvesting operations and the accounting of land-use change emissions. To achieve an enhanced protection of especially biodiverse and carbon-rich habitats, such as primary forests, highly biodiverse forests, grasslands and peat lands, exclusions and limitations to source forest biomass from those areas should be introduced, in line with the approach for biofuels, bioliquids and biomass fuels produced from agricultural biomass***. In addition, the greenhouse gas emission saving criteria should also apply to existing biomass-based installations to ensure that bioenergy production in all such installations leads to greenhouse gas emission reductions compared to energy produced from fossil fuels.***	Directive (EU) 2018/2001 strengthened the bioenergy sustainability and greenhouse gas savings framework by setting criteria for all end-use sectors. It set out specific rules for biofuels, bioliquids and biomass fuels produced from forest biomass, requiring the sustainability of harvesting operations and the accounting of land-use change emissions. ***Such sustainability criteria should be maintained, along with national legislation, to take into account different national and regional conditions.*** To achieve an enhanced protection of especially biodiverse and carbon-rich habitats, such as primary forests, highly biodiverse forests, grasslands and peat lands, exclusions and limitations to source forest biomass from those areas should be introduced, in line with the approach for biofuels, bioliquids and biomass fuels produced from agricultural biomass.

Amendment 21

Proposal for a Directive

Article 1.1

Directive (EU) 2018/2001

Article 2 paragraph 2

Text proposed by the European Commission	CoR amendment
Directive (EU) 2018/2001 is amended as follows:	Directive (EU) 2018/2001 is amended as follows:
(1) in Article 2, the second paragraph is amended as follows:	(1) in Article 2, the second paragraph is amended as follows:

Text proposed by the European Commission	CoR amendment
	(a) point (16) is replaced by the following: ***'(16)" renewable energy community" means a legal entity:*** ***(a) which, in accordance with the applicable national law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;*** ***(b) the shareholders or members of which are natural persons, SMEs or local and regional authorities, including municipalities;*** ***(c) the primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits;'***
(a) point (36) is replaced by the following: '(36) "renewable fuels of non-biological origin" means liquid and gaseous fuels the energy content of which is derived from renewable sources other than biomass;';	***(b)*** point (36) is replaced by the following: '(36) "renewable fuels of non-biological origin" means liquid and gaseous fuels the energy content ***and crude raw material*** of which is derived from renewable sources other than biomass';
(b) point (47) is replaced by the following: '(47) "default value" means a value derived from a typical value by the application of pre-determined factors and that may, in circumstances specified in this Directive, be used in place of an actual value;';	***(c)*** point (47) is replaced by the following: '(47) "default value" means a value derived from a typical value by the application of pre-determined factors and that may, in circumstances specified in this Directive, be used in place of an actual value';

Reason

Regional authorities can also contribute greatly to decentralised renewable energy production.

The current wording of the definition (36) could include in this classification fuels produced from non-renewable raw materials (oil, natural gas, etc.) produced from a renewable energy supply (thermal or renewable electricity). It is proposed to amend the wording so as to prevent fuels produced from oil, natural gas and other fuels of fossil origin from being included therein. We consider that it is not in keeping with the spirit of the articles that refer to this definition to include renewable fuels that come from non-renewable raw materials.

Amendment 22

Proposal for a Directive

Article 1.1(c)

Directive (EU) 2018/2001

Article 2 paragraph 2

Text proposed by the European Commission	CoR amendment
	(14p) 'community battery' means a stand-alone rechargeable battery with a rated capacity greater than 50 kWh, which is suitable for installation and use in a residential, commercial or industrial environment and is owned by jointly acting renewable self-consumers or a renewable energy community; ***(14q) 'joint project' means any transnational joint undertaking between regions, cities or Member States, legally, technically or financially, for the production of renewable energy, which would not be possible without that cooperation;***

Reason

Batteries on a community system level prove to be safer in operation and require less investment in comparison with domestic batteries.

Amendment 23

Proposal for a Directive

Article 1.2(b)

Text proposed by the European Commission	CoR amendment
(b) paragraph 3 is replaced by the following:	(b) paragraph 3 is replaced by the following:
'3. Member States shall take measures to ensure that energy from biomass is produced in a way that minimises undue distortive effects on the biomass raw material market and harmful impacts on biodiversity. To that end, they shall take into account the waste hierarchy as set out in Article 4 of Directive 2008/98/EC and the cascading principle referred to in the third subparagraph.	'3. Member States shall take measures to ensure that energy from biomass is produced in a way that minimises undue distortive effects on the biomass raw material market and harmful impacts on biodiversity. To that end, they shall take into account the waste hierarchy as set out in Article 4 of Directive 2008/98/EC and the cascading principle referred to in the third subparagraph.
As part of the measures referred to in the first subparagraph:	As part of the measures referred to in the first subparagraph:
(a) Member States shall grant no support for:	(a) Member States shall grant no support for:

Text proposed by the European Commission	CoR amendment
(i) the use of saw logs, veneer logs, stumps and roots to produce energy.	(i) the use of saw logs, veneer logs, stumps and roots to produce energy.
(ii) the production of renewable energy produced from the incineration of waste if the separate collection obligations laid down in Directive 2008/98/EC have not been complied with.	(ii) the production of renewable energy produced from the incineration of waste if the separate collection obligations laid down in Directive 2008/98/EC have not been complied with.
[…]	[…]
No later than one year after [the entry into force of this amending Directive], the Commission shall adopt a delegated act in accordance with Article 35 on how to apply the cascading principle for biomass, in particular on how to minimise the use of quality roundwood for energy production, with a focus on support schemes and with due regard to national specificities.	***Energy generated from waste from households and industry in waste-to-energy (WtE) plants shall be regarded as waste energy, provided that the waste has gone through collection, sorting and material recovery in accordance with the waste hierarchy.***

Reason

New paragraph concerning energy generated from waste from households and industry.

Amendment 24

Proposal for a Directive

Article 1.2(c)

Directive (EU) 2018/2001

Article 3 paragraph 4

Text proposed by the European Commission	CoR amendment
'4a. Member States shall establish a framework, which may include support schemes and facilitating the uptake of renewable power purchase agreements, enabling the deployment of renewable electricity to a level that is consistent with the Member State's national contribution referred to in paragraph 2 and at a pace that is consistent with the indicative trajectories referred to in Article 4(a)(2) of Regulation (EU) 2018/1999. In particular, that framework shall tackle remaining barriers, including those related to permitting procedures, to a high level of renewable electricity supply. When designing that framework, Member States shall take into account the additional renewable electricity required to meet demand in the transport, industry, building and heating and cooling sectors and for the production of renewable fuels of non-biological origin.'	'4a. Member States shall establish a framework, which will include support schemes and facilitating the uptake of renewable power purchase agreements, enabling the deployment of renewable electricity to a level that is consistent with the Member State's national contribution referred to in paragraph 2 and at a pace that is consistent with the indicative trajectories referred to in Article 4(a)(2) of Regulation (EU) 2018/1999. In particular, that framework shall tackle remaining barriers, including those related to permitting procedures, to a high level of renewable electricity supply. When designing that framework, Member States shall take into account the additional renewable electricity required to meet demand in the transport, industry, building and heating and cooling sectors and for the production of renewable fuels of non-biological origin ***and recycled carbon fuels. This framework shall be established at the latest within two years after the adoption of Directive amending Directive (EU) 2018/2001 (2021/0218 (COD));'***

Reason

Similar to renewable fuels of non-biological origin, recycled carbon fuels will require their share of renewable energy to be durably produced. Enhancing circular economy models enabling waste reduction and recycling while ensuring high GHG savings plays an important role in achieving climate objectives.

Amendment 25

Proposal for a Directive

Article 1.4(a)(b)

Directive (EU) 2018/2001

Article 9 paragraph 1a

Text proposed by the European Commission	CoR amendment
Article 9 is amended as follows:	Article 9 is amended as follows:
(a) the following paragraph 1a is inserted: '1a. By 31 December 2025, each Member State shall agree to establish ***at least*** one joint project with one or more other Member States for the production of renewable energy. The Commission shall be notified of such an agreement, including the date on which the project is expected to become operational. Projects financed by national contributions under the Union renewable energy financing mechanism established by Commission Implementing Regulation (EU) 2020/1294 shall be deemed to satisfy this obligation for the Member States involved.';	(a) the following paragraph 1a is inserted: '1a. By 31 December 2025, each Member *State* ***or region*** shall agree to establish ***more than*** one joint project with one or more other Member States ***or regions*** for the production of renewable energy. ***The joint projects shall not correspond to the projects of common interest already adopted under trans-European framework. Such cooperation may involve local and regional authorities and private operators.*** The Commission shall be notified of such an agreement, including the date on which the project is expected to become operational. Projects financed by national contributions under the Union renewable energy financing mechanism established by Commission Implementing Regulation (EU) 2020/1294 shall be deemed to satisfy this obligation for the Member States involved.';
(b) the following ***paragraph is*** inserted: '***7a***. Member States bordering a sea basin shall cooperate to jointly define the amount of offshore renewable energy they plan to produce in that sea basin by 2050, with intermediate steps in 2030 and 2040. They shall take into account the specificities and development in each region, the offshore renewable potential of the sea basin and the importance of ensuring the associated integrated grid planning. Member States shall notify that amount in the updated integrated national energy and climate plans submitted pursuant to Article 14 of Regulation (EU) 2018/1999.';	(b) the following ***paragraphs are*** inserted: ***'7. Local and regional authorities involved in cross-border projects, including joint structures such as Euroregions and EGTCs, are eligible for financial support and technical assistance';*** '**8**. Member States bordering a sea basin shall cooperate, ***after consulting regional and local authorities and other stakeholders,*** to jointly define the amount of offshore renewable energy they plan to produce in that sea basin by 2050, with intermediate steps in 2030 and 2040. They shall take into account the ***competences***, specificities and development in each region, the offshore renewable potential of the sea basin and the importance of ensuring the associated integrated grid planning. Member States shall notify that amount in the updated integrated national energy and climate plans submitted pursuant to Article 14 of Regulation (EU) 2018/1999.';

Text proposed by the European Commission	CoR amendment
	‘9. Border Member States and regions may also cooperate on joint projects for the production of renewable energy and storage solutions’;

Reason

The local and regional levels play a very important role in an integrated and decentralised energy system. The cooperation with the local and regional levels is therefore key for the success of such projects. The Commission should support LRAs in working across borders.

Amendment 26

Proposal for a Directive

Article 1.6(2)

Text proposed by the European Commission	CoR amendment
To achieve the indicative share of renewables set out in paragraph 1, Member States shall, in their building regulations and codes and, where applicable, in their support schemes or by other means with equivalent effect, require the use of minimum levels of energy from renewable sources in buildings, in line with the provisions of Directive 2010/31/EU. Member States shall allow those minimum levels to be fulfilled, among others, through efficient district heating and cooling.	To achieve the indicative share of renewables set out in paragraph 1, Member States shall, in their building regulations and codes and, where applicable, in their support schemes or by other means with equivalent effect, require the use of minimum levels of energy from renewable sources in ***new*** buildings ***and those to be renovated***, in line with the provisions of Directive 2010/31/EU. Member States shall allow those minimum levels to be fulfilled, among others, through efficient district heating and cooling.

Reason

Self-explanatory

Amendment 27

Proposal for a Directive

Article 1.7

Directive (EU) 2018/2001

Article 18 paragraph 3

Text proposed by the European Commission	CoR amendment
‘[…] To achieve such sufficient numbers of installers and designers, Member States ***shall ensure that sufficient*** training programmes leading to qualification or certification covering renewable heating and cooling technologies, and their latest innovative solutions***, are made available.*** Member States shall put in place measures to promote participation in such programmes, in particular by small and medium-sized enterprises and the self-employed. Member States may put in place voluntary agreements with the relevant technology providers and vendors to train sufficient numbers of installers, which may be based on estimates of sales, in the latest innovative solutions and technologies available on the market. […]’	‘[…] To achieve such sufficient numbers of installers and designers, Member States***, or their competent authorities at regional and local level, shall promote*** training programmes leading to qualification or certification covering renewable heating and cooling technologies, ***storage technologies,*** and their latest innovative solutions, ***based on state of the art infrastructure***. Member States shall put in place measures to promote participation in such programmes, in particular by small and medium-sized enterprises and the self-employed. Member States may put in place voluntary agreements with the relevant technology providers and vendors to train sufficient numbers of installers, which may be based on estimates of sales, in the latest innovative solutions and technologies available on the market. […]’

Reason

Training should take place on state of the art technology in order to avoid the training being focused on less energy efficient systems. The EU has a limited competence in education policy, and training programmes are also managed at regional and local level.

Amendment 28

Proposal for a Directive

Article 1.9

Directive (EU) 2018/2001

Article 20 paragraph 3

Text proposed by the European Commission	CoR amendment
Subject to their assessment included in the integrated national energy and climate plans in accordance with Annex I to Regulation (EU) 2018/1999 on the necessity to build new infrastructure for district heating and cooling from renewable sources in order to achieve the Union target set in Article 3(1) of this Directive, Member States shall, where relevant, take the necessary steps with a view to developing efficient district heating and cooling infrastructure to promote heating and cooling from renewable energy sources, including solar energy, ambient energy, geothermal energy, biomass, biogas, bioliquids and waste heat and cold, in combination with thermal energy storage.	Subject to their assessment included in the integrated national energy and climate plans in accordance with Annex I to Regulation (EU) 2018/1999 on the necessity to build new infrastructure for district heating and cooling from renewable sources in order to achieve the Union target set in Article 3(1) of this Directive, Member States shall, where relevant, take the necessary steps with a view to developing efficient district heating and cooling infrastructure to promote heating and cooling from renewable energy sources, including solar energy, ambient energy, geothermal energy, biomass, biogas, bioliquids***, recycled carbon fuels,*** and waste heat and cold, in combination with ***heat pumps and*** thermal energy storage.

Reason

Self-explanatory

Amendment 29

Proposal for a Directive

Article 1.10

Directive (EU) 2018/2001

Article 20 a

Text proposed by the European Commission	CoR amendment
'1. Member States shall require transmission system operators and distribution system operators in their territory to make available information on the share of renewable electricity and the greenhouse gas emissions content of the electricity supplied in each bidding zone, as accurately as possible and ***as close to real time as possible but in*** time ***intervals*** of ***no more than one hour, with forecasting where available***. This information shall be made available digitally in a manner that ensures it can be used by electricity market participants, aggregators, consumers and end-users, and that it can be read by electronic communication devices such as smart metering systems, electric vehicle recharging points, heating and cooling systems and building energy management systems.	'1. Member States shall require transmission system operators and distribution system operators in their territory to make available information on the share of renewable electricity and the greenhouse gas emissions content of the electricity supplied in each bidding zone, as accurately as possible and ***with a*** time ***resolution deemed relevant by Member States to encourage the uptake*** of ***renewable energy***. This information shall be made available digitally in a manner that ensures it can be used by electricity market participants, aggregators, consumers and end-users, and that it can be read by electronic communication devices such as smart metering systems, electric vehicle recharging points, heating and cooling systems and building energy management systems.
2. In addition to the requirements in [the proposal for a Regulation concerning batteries and waste batteries, repealing Directive 2006/66/EC and amending Regulation (EU) 2019/1020], Member States shall ensure that manufacturers of domestic and industrial batteries enable real-time access to basic battery management system information, including battery capacity, state of health, state of charge and power set point, to battery owners and users as well as to third parties acting on their behalf, such as building energy management companies and electricity market participants, under non-discriminatory terms and at no cost.	2. In addition to the requirements in [the proposal for a Regulation concerning batteries and waste batteries, repealing Directive 2006/66/EC and amending Regulation (EU) 2019/1020], Member States shall ensure that manufacturers of domestic***, community*** and industrial batteries enable real-time access to basic battery management system information, including battery capacity, state of health, state of charge and power set point, to battery owners and users as well as to third parties acting on their behalf, such as building energy management companies and electricity market participants, under non-discriminatory terms and at no cost.
Member States shall ensure that vehicle manufacturers make available, in real-time, in-vehicle data related to the battery state of health, battery state of charge, battery power setpoint, battery capacity, as well as the location of electric vehicles to electric vehicle owners and users, as well as to third parties acting on the owners' and users' behalf, such as electricity market participants and electromobility service providers, under non-discriminatory terms and at no cost, in addition to further requirements in the type approval and market surveillance regulation.	Member States shall ensure that vehicle ***and ship*** manufacturers make available, in real-time, in-vehicle data related to the battery state of health, battery state of charge, battery power setpoint, battery capacity, as well as the location of electric vehicles ***and ships*** to electric vehicle ***and ship*** owners and users, as well as to third parties acting on the owners' and users' behalf, such as electricity market participants and electromobility service providers, under non-discriminatory terms and at no cost, in addition to further requirements in the type approval and market surveillance regulation.

Text proposed by the European Commission	CoR amendment
3. In addition to the requirements in [the proposal for a Regulation concerning the deployment of alternative fuel infrastructure, repealing Directive 2014/94/EU], Member States shall ensure that non–publicly accessible normal power recharging points installed in their territory from [the transposition deadline of this amending Directive] can support smart charging functionalities and, where appropriate based on assessment by the regulatory authority, bidirectional charging functionalities.	3. In addition to the requirements in [the proposal for a Regulation concerning the deployment of alternative fuel infrastructure, repealing Directive 2014/94/EU], Member States shall ensure that non–publicly accessible normal power recharging points installed in their territory from [the transposition deadline of this amending Directive] can support smart charging functionalities and, where appropriate based on assessment by the regulatory authority, bidirectional charging functionalities.
4. Member States shall ensure that the national regulatory framework does not discriminate against participation in the electricity markets, including congestion management and the provision of flexibility and balancing services, of small or mobile systems such as domestic batteries and electric vehicles, both directly and through aggregation.';	4. Member States shall ensure that the national regulatory framework does not discriminate against participation in the electricity markets, including congestion management and the provision of flexibility and balancing services, of small or mobile systems such as domestic batteries***, community batteries***, electric vehicles ***including trucks and ships***, both directly and through aggregation';

Reason

Batteries on a community system level prove to be safer in operation and require less investment in comparison with domestic batteries; ships provide greater flexibility and should not be omitted from this market.

Amendment 30

Proposal for a Directive

Article 1.10

Directive (EU) 2018/2001

Article 20 a

Text proposed by the European Commission	CoR amendment
	Paragraph 6 is amended as follows: ***'Member States may provide for renewable energy communities to be open to cross-border participation. This may include a direct physical cross-border connection for the purpose of intra-Community electricity exchanges.'***

Amendment 31

Proposal for a Directive

Article 1.11

Directive (EU) 2018/2001

Article 22a

Text proposed by the European Commission	CoR amendment
1. Member States shall endeavour to increase the share of renewable sources in the amount of energy sources used for final energy and non-energy purposes in the industry sector by an indicative average minimum annual increase of 1.1 percentage points by 2030.	1. Member States, ***in coordination with regions and cities,*** shall endeavour to increase the share of renewable sources in the amount of energy sources used for final energy and non-energy purposes in the industry sector by an indicative average minimum annual increase of 1.1 percentage points by 2030.
Member States shall include the measures planned and taken to achieve such indicative increase in their integrated national energy and climate plans and progress reports submitted pursuant to Articles 3, 14 and 17 of Regulation (EU) 2018/1999.	Member States, ***in coordination with regions and cities,*** shall include the measures planned and taken to achieve such indicative increase in their integrated national energy and climate plans and progress reports submitted pursuant to Articles 3, 14 and 17 of Regulation (EU) 2018/1999.
Member States shall ensure that the contribution of renewable fuels of non-biological origin used for final energy and non-energy purposes shall be 50 % of the hydrogen used for final energy and non-energy purposes in industry by 2030. For the calculation of that percentage, the following rules shall apply:	Member States, ***in coordination with regions and cities,*** shall ***strive to*** ensure that the contribution of renewable fuels of non-biological origin used for final energy and non-energy purposes shall be 50 % of the hydrogen used for final energy and non-energy purposes in industry by 2030. For the calculation of that percentage, the following rules shall apply:
(a) For the calculation of the denominator, the energy content of hydrogen for final energy and non-energy purposes shall be taken into account, excluding hydrogen used as intermediate products for the production of conventional transport fuels.	(a) For the calculation of the denominator, the energy content of hydrogen for final energy and non-energy purposes shall be taken into account, excluding hydrogen used as intermediate products for the production of conventional transport fuels.
(b) For the calculation of the numerator, the energy content of the renewable fuels of non-biological origin consumed in the industry sector for final energy and non-energy purposes shall be taken into account, excluding renewable fuels of non-biological origin used as intermediate products for the production of conventional transport fuels.	(b) For the calculation of the numerator, the energy content of the renewable fuels of non-biological origin ***and low carbon hydrogen*** consumed in the industry sector for final energy and non-energy purposes shall be taken into account, excluding renewable fuels of non-biological origin used as intermediate products for the production of conventional transport fuels.
(c) For the calculation of the numerator and the denominator, the values regarding the energy content of fuels set out in Annex III shall be used.	(c) For the calculation of the numerator and the denominator, the values regarding the energy content of fuels set out in Annex III shall be used.

Text proposed by the European Commission	CoR amendment
2. Member States shall ensure that industrial products that are labelled or claimed to be produced with renewable energy and renewable fuels of non-biological origin shall indicate the percentage of renewable energy used or renewable fuels of non-biological origin used in the raw material acquisition and pre-processing, manufacturing and distribution stage, calculated on the basis of the methodologies laid down in Recommendation 2013/179/EU [1] or, alternatively, ISO 14067:2018.'; [1] 2013/179/EU: Commission Recommendation of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations, OJ L 124, 4.5.2013, p. 1.	2. Member States, ***in coordination with regions and cities,*** shall ensure that industrial products that are labelled or claimed to be produced with renewable energy and renewable fuels of non-biological origin shall indicate the percentage of renewable energy used or renewable fuels of non-biological origin used in the raw material acquisition and pre-processing, manufacturing and distribution stage, calculated on the basis of the methodologies laid down in Recommendation 2013/179/EU [1] or, alternatively, ISO 14067:2018.'; [1] 2013/179/EU: Commission Recommendation of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations, OJ L 124, 4.5.2013, p. 1.

Reason

Local and regional authorities should be part of the efforts to effectively apply the revised directive, They should be involved in the definition of national plans and targets, and their contributions be taken into account.

Amendment 32

Proposal for a Directive

Article 1.12(d)

Directive (EU) 2018/2001

Article 23 paragraph 4

Text proposed by the European Commission	CoR amendment
'4. To achieve the average annual increase referred to in paragraph 1, first subparagraph, Member States may implement one or more of the following measures:	'4. To achieve the average annual increase referred to in paragraph 1, first subparagraph, Member States may implement one or more of the following measures:
(a) physical incorporation of renewable energy or waste heat and cold in the energy sources and fuels supplied for heating and cooling;	(a) physical incorporation of renewable energy or waste heat and cold in the energy sources and fuels supplied for heating and cooling;
(b) installation of highly efficient renewable heating and cooling systems in buildings, or use of renewable energy or waste heat and cold in industrial heating and cooling processes;	(b) installation of highly efficient renewable heating and cooling systems in buildings, or use of renewable energy or waste heat and cold in industrial heating and cooling processes;

Text proposed by the European Commission	CoR amendment
(c) measures covered by tradable certificates proving compliance with the obligation laid down in paragraph 1, first subparagraph, through support to installation measures under point (b) of this paragraph, carried out by another economic operator such as an independent renewable technology installer or an energy service company providing renewable installation services;	(c) measures covered by tradable certificates proving compliance with the obligation laid down in paragraph 1, first subparagraph, through support to installation measures under point (b) of this paragraph, carried out by another economic operator such as an independent renewable technology installer or an energy service company providing renewable installation services;
(d) capacity building for national and local authorities to plan and implement renewable projects and infrastructures;	(d) capacity building for national***, regional*** and local authorities to plan and implement renewable projects and infrastructures;
(e) creation of risk mitigation frameworks to reduce the cost of capital for renewable heat and cooling projects;	(e) creation of risk mitigation frameworks to reduce the cost of capital for renewable heat and cooling projects;
(f) promotion of heat purchase agreements for corporate and collective small consumers;	(f) promotion of heat ***and cold*** purchase agreements for corporate and collective small consumers ***including SMEs***;
(g) planned replacement schemes of fossil heating systems or fossil phase-out schemes with milestones;	(g) planned replacement schemes of fossil heating systems or fossil phase-out schemes with milestones;
(h) renewable heat planning, encompassing cooling, requirements at local and regional level;	(h) renewable heat planning, encompassing cooling, requirements at local and regional level;
(i) other policy measures, with an equivalent effect, including fiscal measures, support schemes or other financial incentives.	***(i) promotion of renewable heating and cooling systems as part of renewable energy communities;***
	(j) other policy measures, with an equivalent effect, including fiscal measures, support schemes or other financial incentives.
When adopting and implementing those measures, Member States shall ensure their accessibility to all consumers, in particular those in low-income or vulnerable households, who would not otherwise possess sufficient up-front capital to benefit.';	When adopting and implementing those measures, Member States shall ensure their accessibility to all consumers, in particular those in low-income or vulnerable households ***and vulnerable micro and small enterprises*** who would not otherwise possess sufficient up-front capital to benefit.';

Reason

Adding the regional level and adapting the criteria of energy poverty as defined by the Social Climate Fund. Renewable Energy Communities can make important environmental gains by coupling heat/cold with electricity systems.

Amendment 33

Proposal for a Directive

Article 1.13(e)

Directive (EU) 2018/2001

Article 24 paragraph 8

Text proposed by the European Commission	CoR amendment
Member States shall establish a framework under which electricity distribution system operators will assess, at least every four years, in cooperation with the operators of district heating and cooling systems in their respective areas, the potential for district heating and cooling systems to provide balancing and other system services, including demand response and thermal storage of excess electricity from renewable sources, and whether the use of the identified potential would be more resource- and cost-efficient than alternative solutions.	Member States ***or their competent regional and local authorities*** shall establish a framework under which electricity distribution system operators will assess, at least every four years, in cooperation with the operators of district heating and cooling systems in their respective areas, the potential for district heating and cooling systems to provide balancing and other system services, including demand response and thermal storage of excess electricity from renewable sources, and whether the use of the identified potential would be more resource- and cost-efficient than alternative solutions. ***The assessment, shall consider in priority alternatives to network development in compliance with the Energy Efficiency First Principle.***
Member States shall ensure that electricity transmission and distribution system operators take due account of the results of the assessment required under the first subparagraph in grid planning, grid investment and infrastructure development in their respective territories.	Member States shall ensure that electricity transmission and distribution system operators take due account of the results of the assessment required under the first subparagraph in grid planning, grid investment and infrastructure development in their respective territories.
Member States shall facilitate coordination between operators of district heating and cooling systems and electricity transmission and distribution system operators to ensure that balancing, storage and other flexibility services, such as demand response, provided by district heating and district cooling system operators, can participate in their electricity markets.	Member States shall facilitate coordination between operators of district heating and cooling systems and electricity transmission and distribution system operators to ensure that balancing, storage and other flexibility services, such as demand response, provided by district heating and district cooling system operators, can participate in their electricity markets.
Member States may extend the assessment and coordination requirements under the first and third subparagraphs to gas transmission and distribution system operators, including hydrogen networks and other energy networks.	Member States may extend the assessment and coordination requirements under the first and third subparagraphs to gas transmission and distribution system operators, including hydrogen networks and other energy networks. ***Member States shall coordinate with regions and cities to facilitate the implementation of this framework, and its operation afterwards.***

Reason

The local and regional levels should participate throughout the process for a smooth implementation of the directive.

Amendment 34

Proposal for a Directive

Article 1.14(2)

Text proposed by the European Commission	CoR amendment
Member States shall establish a mechanism allowing fuel suppliers in their territory to exchange credits for supplying renewable energy to the transport sector. Economic operators that supply renewable electricity to electric vehicles through public recharging stations shall receive credits, irrespectively of whether the economic operators are subject to the obligation set by the Member State on fuel suppliers, and may sell those credits to fuel suppliers, which shall be allowed to use the credits to fulfil the obligation set out in paragraph 1, first subparagraph.;	Member States shall establish a mechanism allowing fuel suppliers in their territory to exchange credits for supplying renewable energy ***and low-carbon hydrogen with a different mechanism*** to the transport sector. Economic operators that supply renewable electricity to electric vehicles through public recharging stations***, renewable energy, low-carbon hydrogen or RFNBOs derived from hydrogen*** shall receive credits, irrespectively of whether the economic operators are subject to the obligation set by the Member State on fuel suppliers, and may sell those credits to fuel suppliers, which shall be allowed to use the credits to fulfil the obligation set out in paragraph 1, first subparagraph.

Reason

The accelerated development of new renewables should be taken into account.

Amendment 35

Proposal for a Directive

Article 1.16(b)(a)

Text proposed by the European Commission	CoR amendment
(ii) for renewable fuels of non biological origin and recycled carbon fuels, by multiplying the amount of these fuels that is supplied to all transport modes by their emissions savings determined in accordance with delegated acts adopted pursuant to Article 29a(3);	(ii) for renewable fuels of non biological origin***, low-carbon hydrogen, RFNBOs derived from hydrogen*** and recycled carbon fuels, by multiplying the amount of these fuels that is supplied to all transport modes by their emissions savings determined in accordance with delegated acts adopted pursuant to Article 29a(3);

Reason

To align with the addition of low-carbon hydrogen.

Amendment 36

Proposal for a Directive

Article 1.16(b)(d)

Directive (EU) 2018/2001

Article 27 paragraph 1 (d)

Text proposed by the European Commission	CoR amendment
(d) the greenhouse gas intensity reduction from the use of renewable energy is determined by dividing the greenhouse gas emissions saving from the use of biofuels, biogas and renewable electricity supplied to all transport modes by the baseline.	(d) the greenhouse gas intensity reduction from the use of renewable energy is determined by dividing the greenhouse gas emissions saving from the use of biofuels, biogas, ***RFNBOs, low-carbon hydrogen, recycled carbon fuels*** and renewable electricity supplied to all transport modes by the baseline.

Reason

Self-explanatory

Amendment 37

Proposal for a Directive

Article 1.16(d)

Text proposed by the European Commission	CoR amendment
(d) paragraph 3 is amended as follows:	(d) paragraph 3 is amended as follows:
(i) the first, second and third subparagraphs are deleted;	(i) the first, second and third subparagraphs are deleted;
(ii) the fourth subparagraph is replaced by the following: 'Where electricity is used for the production of renewable fuels of non-biological origin, either directly or for the production of intermediate products, the average share of electricity from renewable sources in the country of production, as measured two years before the year in question, shall be used to determine the share of renewable energy.';	(ii) the fourth subparagraph is replaced by the following: 'Where electricity is used for the production of renewable fuels of non-biological origin, either directly or for the production of intermediate products, the average share of electricity from renewable sources in the country of production, as measured two years before the year in question, shall be used to determine the share of renewable energy.';

Text proposed by the European Commission	CoR amendment
(iii) ***in*** the fifth subparagraph, ***the introductory phrase is*** replaced by the following: 'However, electricity obtained from direct connection to an installation generating renewable electricity may be fully counted as renewable electricity where it is used for the production of renewable fuels of non-biological origin, provided that the installation:';	(iii) the fifth subparagraph, ***incl. points (a) and (b) are*** replaced by the following: 'However, electricity obtained from direct connection to an installation generating renewable electricity may be fully counted as renewable electricity where it is used for the production of renewable fuels of non-biological origin, provided that the installation ***is not connected to the grid or is connected to the grid but evidence can be provided that the electricity concerned has been supplied without taking electricity from the grid.***';
	(iv) the sixth subparagraph is replaced by the following: 'Electricity that has been taken from the grid may be counted as fully renewable provided that it is produced exclusively from renewable sources, confirmed through guarantees of origin.'
	(v) the seventh paragraph is deleted.

Reason

The additionality and correlation principles complicate the already difficult business case of electrolysis and the scaling-up of green H2. Public support for green H2 production should also be possible with a contract with an existing solar or wind farm, for example through guarantees of origin.

Amendment 38

Proposal for a Directive

Article 1.18(a)

Directive (EU) 2018/2001

Article 29 paragraph 1

Text proposed by the European Commission	CoR amendment
Article 29 is amended as follows:	Article 29 is amended as follows:
(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:
(i) in the first subparagraph, point (a) is replaced by the following: '(a) contributing towards the renewable energy shares of Member States and the targets referred to in Articles 3(1),15a(1), 22a(1), 23(1), 24(4), and 25(1) of this Directive;';	(i) in the first subparagraph, point (a) is replaced by the following: '(a) contributing towards the renewable energy shares of Member States and the targets referred to in Articles 3(1),15a(1), 22a(1), 23(1), 24(4), and 25(1) of this Directive;';

Text proposed by the European Commission	CoR amendment
(ii) the fourth subparagraph is replaced by the following:	
'Biomass fuels shall fulfil the sustainability and greenhouse gas emissions saving criteria laid down in paragraphs 2 to 7 and 10 if used,	
– (a) in the case of solid biomass fuels, in installations producing electricity, heating and cooling with a total rated thermal input equal to or exceeding 5 MW,	
– (b) in the case of gaseous biomass fuels, in installations producing electricity, heating and cooling with a total rated thermal input equal to or exceeding 2 MW,	
– (c) in the case of installations producing gaseous biomass fuels with the following average biomethane flow rate:	
(i) above 200 m3 methane equivalent/h measured at standard conditions of temperature and pressure (i.e. 0 °C and 1 bar atmospheric pressure);	
(ii) if biogas is composed of a mixture of methane and non-combustible other gases, for the methane flow rate, the threshold set out in point (i), recalculated proportionally to the volumetric share of methane in the mixture;	
(iii) the following subparagraph is inserted after the fourth subparagraph:	
'Member States may apply the sustainability and greenhouse gas emissions saving criteria to installations with lower total rated thermal input or biomethane flow rate.';	

Reason

The amendment aims at reinstating part of the text of the Directive 2018/2001 currently in force and adopted only three years ago (not yet transposed by all Members States).

Unstable legislation would produce the effect of curbing investment and hinder market development.

Amendment 39

Proposal for a Directive

Article 1.18(e) and (f)

Text proposed by the European Commission	CoR amendment
(e) in paragraph 6, first subparagraph, point (a), point (iv) is replaced by the following: ‘(iv) that harvesting is carried out considering maintenance of soil quality and biodiversity with the aim of minimising negative impacts, in a way that avoids ***harvesting of stumps and roots,*** degradation of primary forests or their conversion into plantation forests, and harvesting on vulnerable soils; minimises large clear-cuts and ensures locally appropriate thresholds for deadwood extraction and requirements to use logging systems that minimise impacts on soil quality, including soil compaction, and on biodiversity features and habitats:’;	(e) in paragraph 6, first subparagraph, point (a), point (iv) is replaced by the following: ‘(iv) that harvesting is carried out considering maintenance of soil quality and biodiversity with the aim of minimising negative impacts, in a way that avoids degradation of primary forests or their conversion into plantation forests, and harvesting on vulnerable soils; minimises large clear-cuts and ensures locally appropriate thresholds for deadwood extraction and requirements to use logging systems that minimise impacts on soil quality, including soil compaction, and on biodiversity features and habitats:’;
(f) in paragraph 6, first subparagraph, point (b), point (iv) is replaced by the following: ‘(iv) that harvesting is carried out considering maintenance of soil quality and biodiversity with the aim of minimising negative impacts, in a way that avoids ***harvesting of stumps and roots,*** degradation of primary forests or their conversion into plantation forests, and harvesting on vulnerable soils; minimises large clear-cuts and ensures locally appropriate thresholds for deadwood extraction and requirements to use logging systems that minimise impacts on soil quality, including soil compaction, and on biodiversity features and habitats:’	(f) in paragraph 6, first subparagraph, point (b), point (iv) is replaced by the following: ‘(iv) that harvesting is carried out considering maintenance of soil quality and biodiversity with the aim of minimising negative impacts, in a way that avoids degradation of primary forests or their conversion into plantation forests, and harvesting on vulnerable soils; minimises large clear-cuts and ensures locally appropriate thresholds for deadwood extraction and requirements to use logging systems that minimise impacts on soil quality, including soil compaction, and on biodiversity features and habitats:’

Reason

Long-term field trials in Nordic silviculture show that partial harvest of stumps & roots is possible without harming biodiversity. Local and regional conditions regarding ecological consequences in different forest management strategies need to be taken into account.

Amendment 40

Proposal for a Directive

Article 1.18(g)

Directive (EU) 2018/2001

Article 29 paragraph 10

Text proposed by the European Commission	CoR amendment
(g) in paragraph 10, first subparagraph, point (d) is replaced by the following: ***'(d) at least 70 % for electricity, heating and cooling production from biomass fuels used in installations until 31 December 2025, and at least 80 % from 1 January 2026.';***	

Reason

RED II rules are applicable to installations that start their operations until 31 December 2025.

Introducing new, stricter criteria for existing installations (retroactively) would undermine the stability of the legal framework and investments. It would have a particularly negative impact on rural areas.

Amendment 41

Proposal for a Directive

Article 1.19

Directive (EU) 2018/2001

Article 29a paragraph 2

Text proposed by the European Commission	CoR amendment
Energy from recycled carbon fuels may be counted towards ***the greenhouse gas emissions reduction target referred to in Article*** 25(1)***, first subparagraph, point (a),*** only if the greenhouse gas emissions savings from the use of those fuels are at least 70 %.	Energy from recycled carbon fuels ***and low carbon hydrogen*** may be counted towards ***the targets referred to in Articles 15a(1), 22a(1), 23(1), 24(4) and*** 25(1) only if the greenhouse gas emissions savings from the use of those fuels are at least 70 %.

Reason

The European Commission is putting a strong emphasis on CCU to play an important role in the decarbonising industry and should as such also create a market for the resulting fuel.

Amendment 42

Proposal for a Directive

Article 1.22

Directive (EU) 2018/2001

Article 31 — paragraphs 2, 3 and 4

Text proposed by the European Commission	CoR amendment
1. The Commission shall ensure that a Union database is set up to enable the tracing of liquid and gaseous renewable fuels and recycled carbon fuels.	1. The Commission shall ensure that a Union database is set up to enable the tracing of liquid and gaseous renewable fuels and recycled carbon fuels.
2. Member States shall require the relevant economic operators to enter in a timely manner accurate information into that database on the transactions made and the sustainability characteristics of the fuels subject to those transactions, including their life-cycle greenhouse gas emissions, starting from their point of production to the moment it is consumed in the Union. Information on whether support has been provided for the production of a specific consignment of fuel, and if so, on the type of support scheme, shall also be included in the database.	2. Member States shall require the relevant economic operators to enter in a timely manner accurate information into that database on the transactions made and the sustainability characteristics of the fuels subject to those transactions, including their ***raw material and its origins,*** life-cycle greenhouse gas emissions, starting from their point of production to the moment it is consumed in the Union. Information on whether support has been provided for the production of a specific consignment of fuel, and if so, on the type of support scheme, shall also be included in the database.
Where appropriate to improve traceability of data along the entire supply chain, the Commission is empowered to adopt delegated acts in accordance with Article 35 to further extend the scope of the information to be included in the Union database to cover relevant data from the point of production or collection of the raw material used for the fuel production.	Where appropriate to improve traceability of data along the entire supply chain, the Commission is empowered to adopt delegated acts in accordance with Article 35, ***only in strictly exceptional cases,*** to further extend the scope of the information to be included in the Union database to cover relevant data from the point of production or collection of the raw material used for the fuel production.
Member States shall require fuel suppliers to enter the information necessary to verify compliance with the requirements laid down in Article 25(1), first subparagraph, into the Union database.	Member States shall require fuel suppliers to enter the information necessary to verify compliance with the requirements laid down in Article 25(1), first subparagraph, into the Union database.
3. Member States shall have access to the Union database for the purposes of monitoring and data verification.	3. Member States ***and regional authorities*** shall have access to the Union database for the purposes of monitoring and data verification.
4. If guarantees of origin have been issued for the production of a consignment of renewable gases, Member States shall ensure that those guarantees of origin are cancelled before the consignment of renewable gases can be registered in the database.	4. If guarantees of origin have been issued for the production of a consignment of renewable gases, Member States shall ensure that those guarantees of origin are cancelled before the consignment of renewable gases can be registered in the database.

Text proposed by the European Commission	CoR amendment
5. Member States shall ensure that the accuracy and completeness of the information included by economic operators in the database is verified, for instance by using voluntary or national schemes.	5. Member States shall ensure that the accuracy and completeness of the information included by economic operators in the database is verified, for instance by using voluntary or national schemes.
For data verification, voluntary or national schemes recognised by the Commission pursuant to Article 30(4), (5) and (6) may use third party information systems as intermediaries to collect the data, provided that such use has been notified to the Commission.	For data verification, voluntary or national schemes recognised by the Commission pursuant to Article 30(4), (5) and (6) may use third party information systems as intermediaries to collect the data, provided that such use has been notified to the Commission.
	6. The Union database will gather and be able to display data at the regional level.

Reason

The granularity of the data can improve the traceability and understanding of the flow of liquid and gaseous renewable fuels and recycled carbon fuels. Delegated acts may only be used in exceptional cases and with due respect of the principle of subsidiarity.

Amendment 43

Proposal for a Directive

Article 3.2 (b)

Amendments to Directive 98/70/EC

Article 2

Text proposed by the European Commission	CoR amendment
(b) points 8 and 9 are replaced by the following:	(b) points 8 and 9 are replaced by the following:
‘8. “supplier” means “fuel supplier” as defined in Article 2, first paragraph, point (38) of Directive (EU) 2018/2001of the European Parliament and of the Council;	‘8. “supplier” means “fuel supplier” as defined in Article 2, first paragraph, point (38) of Directive (EU) 2018/2001of the European Parliament and of the Council;
‘9. “biofuels” means “biofuels” as defined in Article 2, first paragraph, point (33) of Directive 2018/2001;’;	‘9. “biofuels” means “biofuels” as defined in Article 2, first paragraph, point (33) of Directive 2018/2001;’;
	‘10. “Low-carbon hydrogen” means fossil-based hydrogen with carbon capture and storage or electricity-based hydrogen, where that hydrogen achieves life-cycle greenhouse gas emissions savings of at least 73,4 % resulting in life-cycle greenhouse gas emissions below 3 tCO_2eq/tH_2 relative to a fossil fuel comparator of 94g CO_2e/MJ (2,256 tCO_2eq/tH_2). The carbon content of electricity-based hydrogen shall be determined by the marginal generation unit in the bidding zone where the electrolyser is located in the imbalance settlement periods when the electrolyser consumes electricity from the grid;’

II. **POLICY RECOMMENDATIONS**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. underlines that, following the invasion of Ukraine by Russia, the need for an urgent energy transition and energy security of supply have never been stronger and clearer;

2. welcomes the proposed revision of the Renewable Energy Directive which stems from the overall ambition of the EU to become a climate-neutral continent by 2050;

3. supports the increase of the 2030 renewable energy target and the fact that all sectors are expected to contribute and underlines that massive and rapid expansion of renewables, in conjunction with increased energy sovereignty and efficiency, is instrumental to achieve EU climate objectives, as well as strengthening the affordability and security of supply of the EU energy system.

4. Advocates nonetheless a flexible and balanced approach to the renewable energy objectives that encourages continuous development of technologies, provides certainty to investors while maintaining EU competitiveness and guaranteeing a sustainable and just transition;

5. stresses that it is paramount to ensure coherence among the legislative texts under the 'Fit for 55' package, and that the 'energy efficiency first principle' as well as of technological neutrality are upheld in order to achieve net-zero emissions by 2050 in the most sustainable and cost-effective manner;

6. insists that the Member States must transpose the REDII in the spirit intended in the document;

Subsidiarity and Impact Assessment

7. welcomes the inclusion of a subsidiarity grid accompanying the legislative proposals as proposed by the CoR; at the same shares the remarks of the Regulatory Scrutiny Board remarks raised prior to the publication of the proposal, in particular on the need to address systematically the subsidiarity and proportionality concerns, the need to better present impact of the proposed measures across Member States and regions, including of bioenergy sustainability criteria;

8. points out that the competences of local and regional authorities are not homogeneous across the European Union and decisions should be taken on the level of governance that provides the most effective solution; the CoR is committed to monitoring the implementation of the subsidiarity and proportionality principles as well as the territorial impact of the proposed legislation in order to ensure the successful implementation of the climate targets in the most sustainable and cost-efficient manner;

9. reiterates the importance for the Union of taking into account existing regional disparities and the specific features of each region, and supporting cost-effective and resource-efficient solutions, while ensuring that energy costs remain affordable for citizens and companies;

10. underlines that renewable energy production often takes place at local and regional level and depends on regional SMEs; calls for the Member States to fully involve local and regional authorities in defining and implementing national climate measures, e. g. through Regionally and Locally Determined Contributions (LRDCs) as a complement to the Nationally Determined Contributions (NDCs) established by the Paris Agreement;

Renewable Energy Communities

11. regrets the decision not to amend the Article on Renewable Energy Communities in the light of the lessons learnt from the current transposition and the lack of new provisions to facilitate permitting, reduce administrative difficulties and other factors inhibiting grid access, and to enhance the deployment of technologies such as solar thermal and photovoltaic, hydropower, wind, and geothermal technologies;

12. stresses the need to fully encompass and benefit from the contributions of 'prosumers', renewable energy communities and new technologies, such as energy storage, demand side response, micro-grids (possibly cross-border), electric mobility;

13. highlights the importance of the low and medium-voltage electricity grid, where the required infrastructure for a multitude of new, decentralised producers feeding electricity into the system must be created; underlines that there is also a need to connect new small-scale producers to the low and medium-voltage networks; calls on the Commission to provide a framework for the aggregation of several smaller projects, in order to allow them to meet the criteria under the current legislation. Flexibility in this regard is of high importance for Local and Regional Authorities to be able to set up certain aggregated projects and to potentially obtain financing for these efforts;

14. points out that storage systems on a community system level prove to be safer in operation and require less investment in comparison with domestic storage systems;

Cross-border cooperation

15. welcomes the proposal to reinforce cooperation between Member States and foster regional and local cooperation on renewables to improve synergies on the energy market; highlights the leading role of regions in increasing offshore wind and ocean energy production;

16. reaffirms the importance of promoting and supporting cross-border cooperation projects (such as Projects of Common Interest) among local and regional authorities to ensure a cost-effective, integrated, decarbonised and decentralised energy system; in this line, highlights also the importance of interconnectivity for stabilisation of the grid in light of the variability of renewable energy sources and the environmental pressures of climate change impacting the functionality of electricity infrastructure;

17. underlines the need to provide local and regional authorities with financial and technical assistance to enhance their capacity to attract and mobilise investments;

Bioenergy

18. believes sustainable production of biomass is necessary to ensure environmental and biodiversity protection; stresses nonetheless that the introduction of new and more stringent criteria applying to all existing small scale biomass, heat and power installations would undermine the stability of the legal framework and have a huge social impact on vulnerable consumers, especially in rural areas, as well as on businesses, whose existing installations and planned investments cannot be neglected;

19. points out that lowering reporting requirements from 20 MW to 5 MW would add a substantial administrative burden on many medium size energy plants and demands that existing RED sustainability criteria are maintained, along with national legislation, to take into account different national and regional conditions, new requirements should only be introduced if assessments show that the present ones lead to environmental risks that motivate a more stringent approach;

20. calls to unlock the potential of biomethane production in Europe as a way to urgently diversify and reduce the EU's dependence on Russian gas whilst stepping up on the ambition for the climate targets; supports the target to deliver the production of 35 billion cubic metres (bcm) of biomethane within the EU by 2030 as proposed by the REPowerEU plan

Circular economy and resource efficiency

21. regrets that there is no reference to green and circular public procurement as a tool for public administrations to promote renewable energies in energy-related goods and services;

22. stresses that to achieve greater resource efficiency in a sustainable and environmentally friendly manner, renewable fuels and recycled carbon fuels can be a transition fuel in the short run if sustainability and environmentally friendly criteria are applied and contribute to the decarbonisation of the economy, including the transport sector;

23. advocates for a coordinated action between alternative fuel vehicle manufactures, alternative fuel producers and refuelling infrastructure providers, with a view to ensuring the decarbonisation of the transport sector

Heating and cooling

24. calls for respect of the subsidiarity principle related to heating and cooling;

25. supports the aim to increase the shares of renewables and waste heat in the heating and cooling sector as well as in district heating and cooling. However, sees a need to rephrase targets to combine waste heat and renewable energy on an equal footing, instead of formulating separate targets. Recovering waste heat from industry, data centres etc. should be a preferred activity when available, and not discriminated against to attain a stipulated share of renewables.

26. points out that upskilling through training programmes for installers and designers on renewable heating and cooling and storage technologies should be ensured by the competent authority in the Member States; targeted actions should be taken in the framework of the REPowerEU plan in close cooperation with national, regional and local authorities and in accordance with the principle of subsidiarity;

Energy poverty

27. regrets the lack of promotion of the use of renewable energies as a tool for fighting energy poverty among vulnerable households, micro and small enterprises and mobility users;

28. notes that EU strategy to diversify its fossil energy supplies appears to be insufficient; calls on the EU and the Member States to ramp up their investments in renewables and stresses the importance of local renewable energy production as a way to reduce the dependency on third countries for the import of fossil fuels and their associated high and volatile prices in line with the philosophy of REPowerEU;

29. calls for a coherent set of measures and investments underpinned by a joint, strong effort at all levels to eradicate energy poverty in the path towards a just climate neutral continent by 2050; building upon initiatives such as the Covenant of Mayors and the Energy Poverty Advisory Hub;

Hydrogen and green molecules

30. highlights the key role and welcomes further collection of scientific evidence on the role of 'green molecules' and other new sustainable carriers in the energy transition;

31. underlines the importance of renewable hydrogen in sectors where hydrogen is used as a feedstock or where energy efficiency measures and direct electrification are not viable solutions whilst creating great opportunities for innovation, value creation and employment in many European regions;

32. notes that import of significant share of renewable hydrogen will still be needed in the short term in order to compensate for limited production in the EU;

33. stresses that the requirements proposed in the revision of the Renewable Energy Directive on renewable hydrogen and its derivatives (RFNBOs), as requested in the CoR opinion on Towards a roadmap for clean hydrogen (CoR 549/2020) ([1]), are important for the market uptake of renewable hydrogen under the EU hydrogen strategy; supports therefore the envisaged certification of renewable hydrogen, the new sub-targets for RFNBOs in transport and industry, and the envisaged labelling of industrial products produced with renewables and RFNBOs, such as green steel;

34. recalls that renewable hydrogen should be the priority and low-carbon hydrogen could be used for decarbonisation purposes as a short term transitional solution until renewable hydrogen can play this role alone; calls therefore on the EU institutions, Member States and industry to ramp up renewable electricity and hydrogen capacity;

35. asks the Commission to reconsider the forthcoming Delegated Act on Renewable Fuels from Non-Biological Origin produced on the basis of Directive (EU) 2018/2001 to ensure its alignment with this revision;

Solar Energy

36. welcomes the announcement of the upcoming launch of the EU solar energy strategy. This strategy should include targets and concrete measures to accelerate the deployment of solar energy, including in support of the new requirements set out in Article 15a of the Renewable Energy Directive on the integration of renewable energy into buildings and the fight against energy poverty, and should contribute to the creation of a competitive solar energy system;

([1]) OJ C 324, 1.10.2020, p. 41.

Offshore energy

37. expressly supports the new requirement proposed in the Renewable Energy Directive for joint offshore energy planning, targets and measures for linked integrated grid planning of Member States bordering sea basins; stresses that for further offshore development, regulatory frameworks at EU level, in particular on tenders, market regulations, technical aspects and occupational health and safety, need to be further harmonized in order to achieve the desired cooperation among Member States and regions;

38. welcomes the recent European Commission Hydrogen and Decarbonised Gas Package and the rules promoting the use of existing gas infrastructure for accepting other green molecules as blends and refurbishing existing and adding new gas infrastructure for the transportation of hydrogen; support an investment framework for the development of a **renewable** hydrogen market, environmentally safe and economically viable projects in carbon capture, utilisation and storage (CCUS);

39. given the potential impact of this Regulation on local and regional authorities, the CoR underlines the importance of being informed by the co-legislators on all changes to the initial proposal at each stage of the legislative procedure, including trilogue negotiations, in line with the principle of sincere cooperation, thus allowing the CoR to properly discharge of its Treaty prerogatives (Article 91 TFEU).

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

Opinion of the European Committee of the Regions — Revision of LULUCF and Effort Sharing regulations

(2022/C 301/17)

Rapporteur:	Åsa ÅGREN WIKSTRÖM (SE/EPP), Member of Västerbotten County Council
Reference documents:	Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review COM(2021) 554 Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement COM(2021) 555

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review

COM(2021) 554

Amendment 1

Recital 7

Text proposed by the European Commission	CoR amendment
(7) ***The Communication of 17 September 2020 on Stepping up Europe's 2030 climate ambition33 outlined an option to combine agriculture non-CO_2 greenhouse gas emissions with land use, land use change and forestry net removals, thus creating a newly regulated land sector. Such combination can promote synergies between landbased mitigation actions and enable more integrated policymaking and policy implementation at national and Union level. To this end, the obligation for Member States to submit integrated mitigation plans for the land sector should be reinforced.***	***Deleted***

Reason

Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 2

Recital 8a (new)

Text proposed by the European Commission	CoR amendment
	(8a) ***Cropland, grassland and wetlands are currently net emitters of greenhouse gases in the Union, but have the potential to become a source of net removals of greenhouse gases, in particular through the restoration of wetlands and peatlands.***

Amendment 3

Recital 10

Text proposed by the European Commission	CoR amendment
In order to enhance greenhouse gas removals, individual farmers or forest managers need a direct incentive to store more carbon on their land ***and*** their forests. […] […]Such incentives and business models will enhance climate mitigation in the bio-economy, including through the use of durable harvested wood products, in full respect of ecological principles fostering biodiversity and the circular economy. Hence, new categories of carbon storage products should be introduced in addition to the harvested wood products. The emerging business models, farming and land management practices to enhance removals contribute to a balanced territorial development and economic growth in rural areas. […]	In order to enhance greenhouse gas removals, individual farmers or forest managers need a direct incentive to store more carbon on their land***, in*** their forests ***and in carbon storage products***. […] […]Such incentives and business models will enhance climate mitigation in the bioeconomy, including through the use of durable harvested wood products ***and the substitution of fossil- or carbon-intensive materials***, in full respect of ecological principles fostering biodiversity and the circular economy. Hence, new categories of ***all*** carbon storage products***, including new innovative solutions***, ***and bioenergy with carbon capture and storage,*** should be introduced in addition to the harvested wood products. ***Estimates on the mitigation potential of substituting fossil- or carbon-intensive materials with wood should also be provided by Member States.*** The emerging business models, ***further development of bioenergy with carbon capture and storage technologies,*** farming and land management practices to enhance removals ***and long-term investments in the bioeconomy*** contribute to a balanced territorial development and economic growth in rural areas. […]

Reason

The climate impact of innovative bio-based products should be fully considered. All relevant categories should be included such as pulp, paper, paper board, veneer, fibreboard, particle board, planks, engineered wood, textiles, composites, lignin, chemicals, biochar and other biogenic carbon products.

The EU's climate target is to be carbon neutral, with fossil fuel emissions essentially eradicated by 2050. Academics and modellers (e.g. UN and IPPC) agree that, without deploying technology-based carbon removals, it is unlikely that we will be able to reach the goals of the Paris Agreement. Bioenergy with carbon capture and storage (BECCS) is the process of extracting bioenergy from biomass and capturing and storing the carbon, thereby removing it from the atmosphere.

Including BECCS in the Regulation is logical as biogenic emissions come from renewable sources grown on land. Using the same accounting framework for all carbon storage products, emissions and carbon removals from this sector will help to avoid double-counting.

Amendment 4

Recital 11a (new)

Text proposed by the European Commission	CoR amendment
	(11a) Considering that sustainable forest management enhances carbon sequestration and counters forest-ageing and natural disasters, which are among the factors contributing to the decreasing carbon removals in the land sector in recent years, this Regulation should encourage sustainable forest management practices, in all forest types in the EU, that contribute to climate mitigation and adaptation, as outlined in the EU Forest Strategy for 2030.

Reason

Overly constraining the possibilities of active forest management would leave forests more vulnerable to damages such as fires and pest outbreaks as well as reduce forests' long-term carbon sequestration potential.

Amendment 5

Article 1 — paragraph 1 — point 1

Regulation (EU) 2018/841

Article 1 — paragraph 1 — point (e)

Text proposed by the European Commission	CoR amendment
(e) commitments of Member States to take the necessary measures aiming towards the collective achievement of climate-neutrality in the Union by 2035 in the land use, land use change and forestry sector ***including emissions by the non-CO_2 agriculture.'***;	(e) commitments of Member States to take the necessary measures aiming towards the collective achievement of climate-neutrality in the Union by 2035 in the land use, land use change and forestry sector;

Reason

The CoR is concerned that a combined land use and non-CO_2 agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 6

Article 1 — paragraph 1 — point 2

Regulation (EU) 2018/841

Article 2 — paragraph 2 — introductory part

Text proposed by the European Commission	CoR amendment
2. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States in the period from 2026 ***to 2030***, in any of the following land reporting categories and/or sectors:	2. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States in the period from 2026 ***onwards***, in any of the following land reporting categories and/or sectors:

Reason

The CoR is concerned that a combined land use and non-CO_2 agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 7

Article 1 — paragraph 1 — point 2

Regulation (EU) 2018/841

Article 2 — paragraph 3

Text proposed by the European Commission	CoR amendment
3. This Regulation also applies to emissions and removals of the greenhouse gases listed in Section A of Annex I, reported pursuant to Article 26(4) of Regulation (EU) 2018/1999 and occurring on the territories of Member States from 2031 and onwards, in any of the land categories listed in paragraph 2, points (a) to (j) and in any of the following sectors: ***(a) enteric fermentation;*** ***(b) manure management;*** ***(c) rice cultivation;*** ***(d) agricultural soils;*** ***(e) prescribed burning of savannas;*** ***(f) field burning of agricultural residues;*** ***(g) liming;*** ***(h) urea application;*** ***(i) 'other carbon-containing fertilizers';*** ***(j) 'other'.';'.***	***Deleted***

Reason

The CoR is concerned that a combined land use and non-CO_2 agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 8

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 2

Text proposed by the European Commission	CoR amendment
2. The 2030 Union target for net greenhouse gas removals is 310 million tonnes CO_2 equivalent as a sum of the Member States targets established in accordance with paragraph 3 of this Article, and shall be based on the average of its greenhouse gas inventory data for the years 2016, 2017 and 2018.	2. The 2030 Union target for net greenhouse gas removals is 310 million tonnes CO_2 equivalent as a sum of the Member States targets established in accordance with paragraph 3 of this Article, and shall be based on the average of its greenhouse gas inventory data for the years 2016, 2017 and 2018.
[…]	[…]
	By 30 June 2024 each Member State shall set a national contribution to the 2030 net greenhouse gas removals target referred to in paragraph 2 of this Article that is higher than the national target set out in Annex IIa. Such contribution may be included in the integrated national energy and climate plans submitted pursuant to Article 14 of Regulation (EU) 2018/1999. ***The national contribution shall include information and goals regarding lowering emissions or increasing removals of greenhouse gases from cropland, grassland and wetlands in relation to the reported data for 2016, 2017 and 2018.***

Reason

The CoR supports an ambitious, fair, and inclusive LULUCF target to help ensure the achievement of the EU climate objectives. Local and regional authorities are aware of the consequences of climate change on the ground and support ambitious and fair climate actions.

Amendment 9

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 3

Text proposed by the European Commission	CoR amendment
3. […] These national trajectories shall be based on the average greenhouse gas inventory data for the years 2021, 2022 and 2023, reported by each Member State. The value of the 310 million tonnes CO_2 equivalent net removals as a sum of the targets for Member States set out in Annex IIa may be subject to a technical correction due to a change of methodology by Member States. The ***method for determination of the*** technical correction to be added to the ***targets*** of ***the Member States, shall*** be set out in these implementing acts. […]	3. […] These national trajectories shall be based on the average greenhouse gas inventory data for the years 2021, 2022 and 2023, reported by each Member State. The value of the ***Member State target set out in Annex IIa and the*** 310 million tonnes CO_2 equivalent net removals as a sum of the targets for Member States set out in Annex IIa may be subject to a technical correction due to a change of methodology by Member States. The technical correction to be added to the ***target*** of ***a Member State should correspond to the effect of the change in methodology and data sources on the targets and*** be set out in these implementing acts. […]

Reason

It is important that Member States continuously work to improve their methodology and that these improvements are also reflected in the target assessment to avoid unproportionally low or high targets. A continuous development of methods to provide activity data and refined emission factors is in line with current reporting practice. Member States should therefore be encouraged to use new results from domestic research as well as updated guidelines from the IPCC and other international published research.

Amendment 10

Article 1 — paragraph 1 — point 3

Regulation (EU) 2018/841

Article 4 — paragraph 4

Text proposed by the European Commission	CoR amendment
4. The Union-wide greenhouse gas emissions in the sectors set out in Article 2(3), points (a) to (j), shall aim to be net zero by 2035 and the Union shall achieve negative emissions thereafter. The Union and the Member States shall take the necessary measures to enable the collective achievement of the target for 2035. ***The Commission shall, by 31 December 2025 and on the basis of integrated national energy and climate plans submitted by each Member State pursuant to Article 14 of Regulation (EU) 2018/1999 by 30 June 2024, make proposals for the contribution of each Member State to the net emissions reduction.';***	***Deleted***

Reason

The CoR is concerned that a combined land use and non-CO_2 agriculture sector could weaken necessary progress in the agriculture sector since the difficulties it has in decreasing the emissions could be compensated by other sectors such as forests. Carbon removals from the LULUCF sector play a key role in achieving the EU climate objectives. Merging of the two sectors risks being counterproductive, inefficient, and unfair. The primary focus of the EU should be to reduce emissions, while also optimising the mitigation potential of the LULUCF sector.

Amendment 11

Article 1 — paragraph 1 — point 7 — point b

Regulation (EU) 2018/841

Article 9 — paragraph 2

Text proposed by the European Commission	CoR amendment
paragraph 2 is replaced by the following: ‘2. The Commission shall adopt delegated acts in accordance with Article 16 in order to amend paragraph 1 of this Article and Annex V by adding new categories of carbon storage products, including harvested wood products, that have a carbon sequestration effect, based on IPCC Guidelines as adopted by the Conference of the Parties to the UNFCCC or the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement, and ensuring environmental integrity.’;	paragraph 2 is replaced by the following: ‘2. The Commission shall***, in the near future,*** adopt delegated acts in accordance with Article 16 in order to amend paragraph 1 of this Article and Annex V by adding new categories of carbon storage products, including harvested wood products***, bioenergy with carbon capture and storage and all other relevant bio-based product categories***, that have a carbon sequestration effect, based on IPCC Guidelines as adopted by the Conference of the Parties to the UNFCCC or the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement, and ensuring environmental integrity.’;

Reason

The climate impact of innovative bio-based products should be fully considered. All relevant categories should be included such as pulp, paper, paper board, veneer, fibreboard, particle board, planks, engineered wood, textiles, composites, lignin, chemicals, biochar, and other biogenic carbon products.

Amendment 12

Article 1 — paragraph 1 — point 14

Regulation (EU) 2018/841

Article 13c — paragraph 1 — subparagraph 2

Text proposed by the European Commission	CoR amendment
An amount equal to the amount in tonnes of CO_2 equivalent of the excess greenhouse gas net emissions, multiplied by a factor of 1,08, shall be added to the greenhouse gas emission figure reported by that Member State in the following year, in accordance with the measures adopted pursuant to Article 15.’;	***Deleted***

Reason

The CoR is concerned that annual reporting requirements could affect the local and regional level by allowing Member States to counteract unforeseen annual variations, by decisions on rapid change of management activities and land use. This can negatively affect the ability of the local and regional level to develop their own bioeconomy.

The LULUCF sector is characterised by natural fluctuations and uncertainties in measuring carbon flows. It is not possible for a Member State to control the carbon flows of the land sector pools for each year. Therefore, it is not possible to set yearly targets and impose infringements on non-compliance on a yearly basis.

Amendment 13

Article 1 — paragraph 1 — point 15

Regulation (EU) 2018/841

Article 14 — paragraph 1

Text proposed by the European Commission	CoR amendment
[…]	[…]
The compliance report shall include an assessment of:	The compliance report shall include an assessment of:
a) the policies and measures regarding trade-offs;	a) the policies and measures regarding trade-offs;
b) the synergies between climate mitigation and adaptation;	b) the synergies between climate mitigation and adaptation;
c) synergies between climate mitigation and biodiversity.	c) synergies between climate mitigation and biodiversity.
	d) synergies between climate mitigation, adaptation and bioeconomy development, including estimates on the GHG savings associated with the substitution of carbon- and fossil-intensive materials with wood-based materials.
[…]	[…]

Reason

Supporting the use of all forest-based products speeds up the transition towards a circular bioeconomy that replaces fossil-based materials and emissions. It should be noted that the substitution benefit (that is, the reduction of emissions associated with the production of wood-based products versus other functionally equivalent materials and products) is associated with both long-lived wood products and fibre-based products.

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement

COM(2021) 555

Amendment 14

Recital 6a (new)

Text proposed by the European Commission	CoR amendment
	The achievement of the objective of climate-neutrality by 2050 at the latest can be hindered by an excessive divergence in the Member States' Effort Sharing Targets; in the context of the 2021-2027 period, the programming of Cohesion policy Funds, and namely of the European Regional Development Fund, of the Cohesion Fund, and of the Just Transition Fund should envisage tailored Programmes, priority axis, strategies and territorial plans also aimed at boosting the capacities of Member States in GHG emission reduction in the sectors regulated by Regulation 2018/842 and thus at contributing to a better convergence in their targets already in this programming period.

Amendment 15

Recital 18a (new)

Text proposed by the European Commission	CoR amendment
	(18a) ***Keeping 1,5 °C within reach and ensuring climate justice require a collective effort of all sectors of the economy, including from agriculture. In its long-term strategic vision for a prosperous, modern, competitive and climate-neutral economy (1), the Commission has confirmed that non-CO_2 GHG emissions from agriculture could be reduced to 211 $MtCO_2e$ in 2050, thereby reducing the need for unsustainable negative emissions technologies to reach net-zero GHG emissions. However, some sectors under this Regulation have made very little progress in the past years. Minimum sector contributions to the achievement of the EU-level greenhouse gas emissions reduction target set by this Regulation for the year 2030 and beyond, accompanied by proper monitoring, Reporting and measures by the Commission, would work to ensure that all ESR sectors contribute to the timely achievement of climate objectives. Regulation (EU) 2018/1999 of the European Parliament and of the Council requires Member States to develop long-term strategies contributing to the fulfilment of the Member States' commitments to the Paris Agreement objectives and the achievement of long-term GHG emission reductions and enhancements of removals by sinks in all sectors in line with the Union's climate neutrality objective. These strategies, as well as other Member State plans and reports under Regulation (EU) 2018/1999, will be used by the Commission to set and monitor the collective achievement of EU-level ESR sector targets.*** (1) ***Communication from the Commission to the European parliament, The European Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank 'A Clean Planet for all — A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy'***

Amendment 16

Article 1 — paragraph 1 — point 3a (new)

Regulation (EU) 2018/842

Article 4 — paragraphs 3a new

Present text	CoR amendment
	(3a) in Article 4 the following paragraph 3a is added: ***Member State emissions reduction targets for the year 2030 and beyond*** ***In order to achieve the climate-neutrality objective set out in Article 2(1) of Regulation (EU) 2021/1119 ('European Climate Law'), and the Union-wide climate target for 2040 pursuant to Regulation (EU) 2021/1119, the Commission shall make a legislative proposal by the end of 2025, as appropriate, based on a detailed impact assessment, to amend this Regulation to introduce minimum sector contributions to the achievement of the EU-level greenhouse gas emissions reduction target set by this Regulation for the year 2030 and beyond, accompanied by proper monitoring, reporting and measures to ensure that all sectors under this Regulation contribute to the timely achievement of climate objectives.***

Reason

Ensuring that all sectors contribute to GHG emissions' reduction.

Amendment 17

Article 1 — paragraph 1 — point 3b (new)

Regulation (EU) 2018/842

Article 5 — paragraphs 1 and 2

Present text	CoR amendment
	(3b) In Article 5, paragraphs 1 and 2 are replaced by the following:
1. In respect of the years 2021 to 2025, a Member State may borrow a quantity of up to 10 % from its annual emission allocation for the following year.	***'1. In respect of the years 2021 to 2029, a Member State may borrow a quantity of up to 5 % from its annual emission allocation for the following year.'***
2. In respect of the years 2026 to 2029, a Member State may borrow a quantity of up to 5 % from its annual emission allocation for the following year.	

Reason

To ensure implementation of the regulation, it is advisable to reduce flexibility in order to prevent short-term respites afforded by borrowing from giving rise to medium-term implementation problems, also for local and regional authorities that are often not directly involved in national decisions on flexibility.

Amendment 18

Article 1 — paragraph 1 — point 3c (new)

Regulation (EU) 2018/842

Article 5 — Paragraph 4

Present text	CoR amendment
	(3c) In Article 5, paragraph 4 is replaced by the following:
4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States in respect of the years 2021 ***to 2025, and up to 10 % in respect of the years 2026*** to 2030. The receiving Member State may use that quantity for compliance under Article 9 for the given year or for subsequent years until 2030.	4. A Member State may transfer up to 5 % of its annual emission allocation for a given year to other Member States in respect of the years 2021 to 2030. The receiving Member State may use that quantity for compliance under Article 9 for the given year or for subsequent years until 2030.

Reason

Transfers should be limited to ensure effective implementation in all Member States. It should be underlined that a single Member State with potential for transfer might have regional disparities. Regional challenges should be taken into account before considering transfers to other countries.

Amendment 19

Article 1 — paragraph 1 — point 5a (new)

Regulation (EU) 2018/842

Article 8

Present text	CoR amendment
	(5a) Article 8 is replaced by the following:
1. If the Commission finds, in its annual assessment under Article 21 of Regulation (EU) No 525/2013 and taking into account the intended use of the flexibilities referred to in Articles 5, 6 and 7 of this Regulation, that a Member State is not making sufficient progress towards meeting its obligations under Article 4 of this Regulation, that Member State shall, within three months, submit to the Commission a corrective action plan that includes:	1. If the Commission finds, in its annual assessment under Article 21 of Regulation (EU) No 525/2013 and taking into account the intended use of the flexibilities referred to in Articles 5, 6 and 7 of this Regulation, that a Member State is not making sufficient progress towards meeting its obligations under Article 4 of this Regulation, that Member State shall, within three months, submit to the Commission a corrective action plan that includes:
[…]	[…]

Present text	CoR amendment
	(c) in case of significant regional disparities in performance or serious structural challenges at regional level, and in the case of certain island territories, the corrective action plan shall include specific provisions for these problems. […]
2. In accordance with its annual work programme, the European Environment Agency shall assist the Commission in its work to assess any such corrective actions plans.	2. In accordance with its annual work programme, the European Environment Agency shall assist the Commission in its work to assess any such corrective actions plans.
3. The Commission may issue an opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in that case do so within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly.	3. The Commission may issue an opinion regarding the robustness of the corrective action plans submitted in accordance with paragraph 1 and shall in that case do so within four months of receipt of those plans. The Member State concerned shall take utmost account of the Commission's opinion and may revise its corrective action plan accordingly. ***The Member State shall publish the Commission's opinion and shall ensure its dissemination among local and regional authorities.*** ***4. The Member State shall ensure publication of the corrective action plan and potential reviews and dissemination among local and regional authorities.***

Reason

Action plans to solve problematic situations need to include measures for the regional level if regional problems are a significant cause of the situation. Local and regional authorities need to be informed about action plans to fully contribute to climate policy.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

1. is aware of the devastating effects of climate change on local communities and recognises the need for strong actions to achieve the necessary EU climate targets. The CoR supports a high-level commitment on LULUCF but also reiterates the need for flexibility in way of achieving targets;

2. takes the view that local and regional authorities undoubtedly have a decisive role in the sectors covered by the Effort Sharing Regulation [1] and the LULUCF Regulation [2], as these regulations require the inclusion of the territorial dimension. These are areas where local and regional authorities could be active, in view of their legal responsibilities and powers;

3. calls for the measures in the LULUCF Regulation to be kept in line with the objectives of the Biodiversity Strategy and the EU Strategy on Adaptation to Climate Change. In order to achieve the climate goals, it is essential that every Member State, in cooperation with local and regional authorities, implement a legal framework regarding forests that ensures a balance between production, biodiversity and protection;

(1) Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

(2) Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

4. emphasises that transition must not come at the cost of territorial cohesion and must not put at risk the most vulnerable groups and territories. All Member States and sectors of the economy contribute to achieving the CO_2 emission reductions, balancing considerations of fairness and solidarity. In this regard, considers that territorial impact assessments on individual farmers and foresters could provide a clearer overview of the real costs and benefits;

5. strongly opposes that the proposal mainly focuses on forests as carbon sinks, not considering their role in providing sustainable raw material for substitution of fossil alternatives, thus failing to appreciate the full potential of the forestry sector in climate change mitigation and in the development of the local and regional bioeconomy;

6. points out that energy recovery from wood biomass needs to be reduced in order to meet the targets in the LULUCF sector. Cascading use should be prioritised, with biomass being used more than once as a material of the highest possible quality before being used for energy;

7. emphasises that the increased ambitions in the LULUCF-sector must not lead to imports of raw material of uncertain origin from outside the EU. This could mean that the measures taken to enhance the net sink in the LULUCF sector may not lead to any real improvements for the climate globally. A broader system perspective is needed to take a holistic approach to how carbon sequestration in the forest, product use and bioenergy from the forest can help reduce climate impact;

8. shares the Commission's assessment that the negative trend of a reduction in the carbon sink in the EU needs to be counteracted as part of achieving the long-term goal of climate neutrality; agrees with the proposed EU target of net uptake of 310 Mt CO_2-eq by 2030 and proposes an additional national contribution to the 2030 net target higher than the national targets set out in Annex IIa to be set individually by the Member States. The potential to increase net carbon uptake and reduce greenhouse gas emissions in the LULUCF sector varies widely between Member States. It depends on the natural production capacity of the land and the distribution of the total land area on different land use categories. The CoR believes that the increased ambitions by 2030 should be at a level that is compatible with Member States' domestic climate policy framework and enables the development of the bioeconomy in each Member State;

9. believes that a common sector for agriculture and forestry risks reducing the pressure to lower emissions in the agricultural sector and that forest-rich countries with large net uptake in forests will 'compensate' for emissions in countries with a large agricultural sector or fossil emissions in general. Measures to mitigate climate change should be taken in each sector and country based on its specific conditions;

10. stresses that the LULUCF Regulation should not be extended to the monitoring and reporting of other policy areas, which are governed by other legislation. The Commission's proposal that LULUCF reporting should include information on the conservation of carbon in carbon rich soils, areas with high biodiversity, restored soils and soils at risk of natural disturbance does not improve the quality of the greenhouse gas reporting of the LULUCF sector;

11. emphasises that funding coming from Member States does not come at the expense of regions. The CoR recognises the need to inform local and regional authorities of the funding possibilities to support climate action;

12. warns about the risk of ineffective implementation. The CoR supports the planned review and the need to consider the consequences of the Covid-19 pandemic but underlines the need to ensure that the trajectories proposed by the ESR Regulation are followed;

13. urges the Commission to set out a methodology for regional and local authorities to be able to calculate their emission reduction efforts in a way that is consistent with national goals and avoids disproportionate distortions;

14. highlights the risks of excessive flexibility as regards borrowing from annual allocations and transfers between Member States. Local and regional authorities need certainty to plan their climate and economic policies. National situations that allow flexibility under the regulation might include significant regional disparities;

15. recognises the need for solutions, in particular revenue generating incentives, to the problem of those regions which may experience difficulties or decline in the necessary transition to a low-carbon economy; underlines the importance of involving local and regional authorities in developing sustainable development trajectories which could stimulate the economy of these regions;

16. supports stronger provisions on corrective action plans and transparency underlining the regional dimension, requiring specifications on how to deal with regional disparities promoting practical solutions to regional challenges;

17. stresses the importance of compliance checks and suggest assessing the possibility of financial penalties in case of lack of compliance. Revenues from penalties should be reinvested in climate action and just transition with a specific focus on regional challenges;

18. suggests reflection on the Safety Reserve for Member States with low GDP per capita. GDP is already considered when establishing national targets and is questionable as sole value as it does not take into consideration the whole picture of the situation of regions and does not necessarily go hand-in-hand with the complex development needs of a territory.

Brussels, 28 April 2022.

The President
of the European Committee of the Regions

Apostolos TZITZIKOSTAS

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