

# Non-paper on the draft amendment of the Auctioning Regulation with regard to the implementation of back-loading<sup>1</sup>

## 1. Introduction

Subject to an agreement between the co-legislators on the clarification of the ETS Directive, back-loading will be implemented through the adoption of an amendment to the Auctioning Regulation through comitology (favourable opinion from Member States in the Climate Change Committee (CCC) followed by scrutiny for Parliament and Council).

The draft amendment, put forward by the Commission in November 2012, suggested that an auction volume of 900 million allowances would be postponed as of 2013 by the following annual amounts:

	2013	2014	2015	2016	2017	2018	2019	2020
Current proposal [in mio allowances]	-400	-300	-200				300	600
Estimated auction volume [in mio allowances]	808	943	929	932	935	939	945	972

Considering that auction volumes cannot be lowered before 2014, some Member States requested that the Commission looks into different options on how the distribution of the above amounts can be changed. The purpose of this non-paper is to set out these options in order to facilitate the discussion on the draft amendment in CCC.

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<sup>1</sup> draft Commission Regulation amending Regulation (EU) No 1031/2010 in particular to determine the volumes of greenhouse gas emission allowances to be auctioned in 2013-2020 published in November 2012; [http://ec.europa.eu/clima/policies/ets/reform/docs/2013\\_07\\_08\\_en.pdf](http://ec.europa.eu/clima/policies/ets/reform/docs/2013_07_08_en.pdf)

## 2. Options

### a) **Adjustment of the annual amounts**

Option a) would be to adjust the annual amounts so that back-loading would be finished in 2015.

	2013	2014	2015	2016	2017	2018	2019	2020
Option a) [in mio allowances]		-400	-500				300	600
Adjusted auction volume [in mio allowances]	808	543	429	932	935	939	1245	1572

In terms of legal drafting, this option would lead to a change of Article 1(1) and the table in Annex II of the draft amendment as set out below as well as a corresponding change regarding the reference to 2014 instead of 2013 in recital 5.

#### *Article 1*

Regulation (EU) No 1031/2010 is amended as follows:

(1) After the second subparagraph of Article 10(2), the following subparagraphs are added:

"The volume of allowances to be auctioned in a given year determined pursuant to the first or second subparagraphs of this paragraph in ~~2013~~–2014–2015 shall be reduced by the quantity of allowances for the respective year set out in the second column of the table in the Annex II to this Regulation. [...]"

#### **"ANNEX II**

#### **Adjustments to the volumes of allowances to be auctioned in 2013-2020 referred to in Article 10(2)**

Year	Volume of reduction	Volume of increase
2013		
2014	400	
2015	500	
2016		
2017		
2018		
2019		300
2020		600

**b) Back-loading as of 2014 on the basis of the initial profile**

Option b) would be to keep the initial back-loading profile, i.e. reduce the auction volumes over the period 2014-2016 instead of 2013-2015 with the same amounts.

	2013	2014	2015	2016	2017	2018	2019	2020
Option b) [in mio allowances]		-400	-300	-200			300	600
Adjusted auction volume [in mio allowances]	808	543	629	732	935	939	1245	1572

This option is simple.

In terms of legal drafting, this option would lead to similar changes as the one mentioned under option a).

*Article 1*

Regulation (EU) No 1031/2010 is amended as follows:

(1) After the second subparagraph of Article 10(2), the following subparagraphs are added:

"The volume of allowances to be auctioned in a given year determined pursuant to the first or second subparagraphs of this paragraph in ~~2013-2015~~ **2014-2016** shall be reduced by the quantity of allowances for the respective year set out in the second column of the table in the Annex II to this Regulation. [...]"

**"ANNEX II**

**Adjustments to the volumes of allowances to be auctioned in 2013-2020 referred to in Article 10(2)**

Year	Volume of reduction	Volume of increase
2013		
2014	400	
2015	300	
2016	200	
2017		
2018		
2019		300
2020		600

### Variant of option b)

Considering that several procedural steps still need to be completed before implementation of the proposal, there is a chance that it is not possible to reduce auction volumes before the second half of the year 2014. To ensure that auctions can nevertheless take place throughout the entire year 2014, for the continuity of auctions, some flexibility with concerning the volume of the reduction in 2014 could be foreseen, depending on when the reduction in volumes can actually start.

In terms of legal drafting, Article 1(1) of the proposal would be modified as follows:

#### *Article 1*

Regulation (EU) No 1031/2010 is amended as follows:

(1) After the second subparagraph of Article 10(2), the following subparagraphs are added:

"The volume of allowances to be auctioned in a given year determined pursuant to the first or second subparagraphs of this paragraph in ~~2013-2015~~ **2014-2016** shall be reduced by the quantity of allowances for the respective year set out in the second column of the table in the Annex II to this Regulation.

**Where in 2014 the volume of reduction set out in Annex II cannot be spread over a period of more than [x] months it shall be decreased by [xxx] million allowances. In that case, the volumes of reduction for 2015 and 2016 shall be adjusted in equal instalments accordingly.**

[...]

#### **"ANNEX II**

#### **Adjustments to the volumes of allowances to be auctioned in 2013-2020 referred to in Article 10(2)**

Year	Volume of reduction	Volume of increase
2013		
2014	400	
2015	300	
2016	200	
2017		
2018		
2019		300
2020		600