Commission Delegated Regulation (EU) 2019/1124 of 13 March 2019 amending Delegated Regulation (EU) 2019/1122 as regards the functioning of the Union Registry under Regulation (EU) 2018/842 of the European Parliament and of the Council

COMMISSION DELEGATED REGULATION (EU) 2019/1124

of 13 March 2019

amending Delegated Regulation (EU) 2019/1122 as regards the functioning of the Union Registry under Regulation (EU) 2018/842 of the European Parliament and of the Council

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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[(1)], and in particular Article 12(1) thereof,

Whereas:

(1) Commission Delegated Regulation (EU) 2019/1122 of 12 March 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council as regards the functioning of the Union Registry[(2)] lays down the rules for the functioning of the Union Registry, established under Directive 2003/87/EC of the European Parliament and the Council[(3)].

(2) All operations required in relation to the compliance period between 2013 and 2020 should be completed in accordance with the rules laid down in Commission Regulation (EU) No 389/2013[(4)]. As Decision No 406/2009/EC of the European Parliament and of the Council[(5)] lays down the rules for the compliance period from 2013-2020, including on the use of international credits generated pursuant to the Kyoto Protocol, that Regulation will continue to apply to those operations until 1 July 2023, which is the end of the additional period for fulfilling commitments under the second commitment period of the Kyoto Protocol. In order to provide clarity about the rules applying to all operations related to the compliance period between 2013 and 2020 in accordance with Decision No 406/2009/EC, on the one hand, and the rules applying to all operations related to the compliance period between 2021 and 2030 in accordance with Regulation (EU) 2018/842, on the other hand, the scope of application of those provisions of Regulation (EU) No 389/2013 which continue to apply, after the entry into force of the present Regulation, for the operations related to the compliance period between 2013 and 2020 will be limited to that purpose.

(3) Regulation (EU) 2018/842 sets obligations for Member States with respect to their minimum contributions for the period from 2021 to 2030 to fulfilling the Union's target of reducing its greenhouse gas emissions by 30 % below 2005 levels in 2030.

Changes to legislation: *There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2019/1124. (See end of Document for details)*

(4) Article 12 of Regulation (EU) 2018/842 provides that the accurate accounting of transactions under that Regulation is to be ensured in the Union Registry.

(5) Annual emission allocation units should be issued in the Member States Compliance Accounts for compliance with obligations under Regulation (EU) 2018/842 ('ESR Compliance Accounts') established in the Union Registry pursuant to Delegated Regulation (EU) 2019/1122, in quantities determined pursuant to Article 4(3) and Article 10 of Regulation (EU) 2018/842. Annual emission allocation units should only be held in in the ESR Compliance Accounts in the Union Registry.

(6) The Union Registry should enable the implementation of the compliance cycle under Regulation (EU) 2018/842 by providing the processes for the introduction in the ESR Compliance Accounts of the annual reviewed greenhouse gas emission data, for the determination of the compliance status figure for each Member State ESR Compliance Account for each year of a given compliance period, and, where necessary, for the application of the factor under Article 9(1)(a) of Regulation (EU) 2018/842.

(7) The Union Registry should also ensure the accurate accounting of transactions pursuant to Articles 5, 6, 7 and 11 of Regulation (EU) 2018/842.

(8) Delegated Regulation (EU) 2019/1122 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Delegated Regulation (EU) 2019/1122 is amended as follows:

(1) in citations, the following text is added:

> Having regard to 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[(6)], and in particular Article 12(1) thereof,;

(2) in Article 2, the following paragraph is added:

> This Regulation also applies to annual emission allocation units (AEA).;

(3) Article 3 is amended as follows:

(a) point (12) is replaced by the following:

> (12) "transaction" means a process in the Union Registry that involves the transfer of an allowance or an annual emission allocation unit from one account to another account;

(b) the following points (23) and (24) are added:

> (23) "ESR compliance period" means the period from 1 January 2021 to 31 December 2030 during which the Member States are to limit their greenhouse gas emissions pursuant to Regulation (EU) 2018/842;

(24) "annual emission allocation unit" means a subdivision of a Member State's annual emission allocation determined pursuant to Article 4(3) and Article 10 of Regulation (EU) 2018/842 equal to 1 tonne of carbon dioxide equivalent;;

(4) in Article 4, paragraph 2 is replaced by the following:

2. Member States shall use the Union Registry for the purposes of meeting their obligations under Article 19 of Directive 2003/87/EC and Article 12 of Regulation (EU) 2018/842. The Union Registry shall provide national administrators and account holders with the processes set out in this Regulation.;

(5) in Article 7, paragraph 5 is replaced by the following:

5. The central administrator, the competent authorities and national administrators shall only perform processes necessary to carry out their respective functions in accordance with Directive 2003/87/EC and Regulation (EU) 2018/842.;

(6) Article 12 is replaced by the following:

Article 12

Opening accounts administered by the central administrator

1 The central administrator shall open all ETS management accounts in the Union Registry, the EU ESR AEA Total Quantity Account, the Deletion Account under Regulation (EU) 2018/842 ('ESR Deletion Account'), the EU Annex II AEA Total Quantity Account, the EU ESR Safety Reserve Account and one ESR Compliance Account for each Member State for each year of the compliance period.

2 The national administrator designated pursuant to Article 7(1) shall act as authorised representative of the ESR Compliance Accounts.;

(7) the following Article 27a is inserted:

Article 27a

Closure of the ESR Compliance Account

The central administrator shall close an ESR Compliance Account not earlier than one month after the determination of the compliance status figure for that account pursuant to Article 59f, and after giving prior notice to the account holder.

On closure of the ESR Compliance Account, the central administrator shall ensure that the Union Registry transfers the AEAs remaining in the ESR Compliance Account to the ESR Deletion Account.;

(8) the following Title IIA is inserted:

Changes to legislation: *There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2019/1124. (See end of Document for details)*

TITLE IIA

SPECIFIC PROVISIONS FOR ACCOUNTING TRANSACTIONS UNDER REGULATIONS (EU) 2018/842 AND (EU) 2018/841

CHAPTER 1

Transactions under Regulation (EU) 2018/842

Article 59a

Creation of AEAs

1 At the beginning of the compliance period, the central administrator shall create:

a in the EU ESR AEA Total Quantity Account a quantity of AEAs equal to the sum of the annual emission allocations for all Member States for all the years of the compliance period as set out in Article 10(2) of Regulation (EU) 2018/842 and in the Decisions adopted pursuant to Article 4(3) and Article 10 of Regulation (EU) 2018/842;

b in the EU Annex II AEA Total Quantity Account a quantity of AEAs equal to the sum of all annual emission allocations for all eligible Member States for all the years of the compliance period as set out in the Decisions adopted pursuant to Articles 4(3) and (4) of Regulation (EU) 2018/842 based on the percentages notified by Member States under Article 6(3) of that Regulation.

2 The central administrator shall ensure that the Union Registry assigns each AEA a unique unit identification code upon its creation.

Article 59b

Annual emission allocation units

AEAs shall be valid for the purpose of meeting the Member States' greenhouse gas emissions limitation requirements pursuant to Article 4 of Regulation (EU) 2018/842 and their commitments under Article 4 of Regulation (EU) 2018/841. They shall be transferable only pursuant to conditions laid down in Article 5(1) to (5), Article 6, Article 9(2) and Article 11 of Regulation (EU) 2018/842 and Article 12(1) of Regulation (EU) 2018/841.

Article 59c

Transfer of AEAs to each ESR Compliance Account

1 At the beginning of the compliance period, the central administrator shall transfer a quantity of AEAs corresponding to the annual emission allocation for each Member State for each year as set out in Article 10(2) of Regulation (EU) 2018/842 and in the Decisions adopted pursuant to Article 4(3) and Article 10 of Regulation

***Changes to legislation:** There are currently no known outstanding effects for the Commission Delegated Regulation (EU) 2019/1124. (See end of Document for details)*

(EU) 2018/842 from the EU ESR AEA Total Quantity Account into the relevant ESR Compliance Account.

2 Where on the closure of the Member State ESD Compliance Account for year 2020 pursuant to Article 31 of Regulation (EU) No 389/2013, the total quantity of greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent in that ESD Compliance Account exceeds the sum of all AEAs, international credits, tCERs and lCERs, the amount corresponding to the quantity of emissions in excess, multiplied by the abatement factor specified in Article 7(1)(a) of Decision 406/2009/EC, shall be deducted from the quantity of the AEAs transferred to the Member State ESR Compliance Account for year 2021 pursuant to paragraph 1 of this Article.

Article 59d

Introduction of the relevant greenhouse gas emissions data

1 In a timely manner, upon availability of the relevant reviewed greenhouse gas emissions data for a given year of the compliance period for the majority of Member States, the central administrator shall enter the total quantity of the relevant reviewed greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent for each Member State in its ESR Compliance Account for that given year of the compliance period.

2 The central administrator shall also enter the sum of the relevant reviewed greenhouse gas emissions data for all Member States for a given year in the EU ESR AEA Total Quantity Account.

Article 59e

Calculation of the balance of the ESR Compliance Account

1 Upon introduction of the relevant greenhouse gas emissions data pursuant to Article 59d, the central administrator shall ensure that the Union Registry calculates the balance of the respective ESR Compliance Account by subtracting the total quantity of reviewed greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent in the respective ESR Compliance Account from the sum of all AEAs in the same ESR Compliance Account.

2 The central administrator shall ensure that the Union Registry displays the balance of each ESR Compliance Account.

Article 59f

Determination of the compliance status figures

1 The central administrator shall ensure that 6 months after the introduction of the relevant greenhouse gas emissions data pursuant to Article 59d of this Regulation for the year 2025 and 2030 the Union Registry determines the compliance status figure for each ESR Compliance Account for the year 2021 and 2026 by calculating the sum of all AEAs, credits pursuant to Article 24a of Directive 2003/87/EC and LMUs less the total quantity of reviewed greenhouse gas emissions expressed in tonnes of carbon dioxide equivalent in the same ESR Compliance Account.