Commission Decision (EU) 2020/1722 of 16 November 2020 on the Union-wide quantity of allowances to be issued under the EU Emissions Trading System for 2021 (notified under document C(2020)7704) (Text with EEA relevance)

COMMISSION DECISION (EU) 2020/1722

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on the Union-wide quantity of allowances to be issued under the EU Emissions Trading System for 2021

(notified under document C(2020)7704)

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to 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[(1)], and in particular Article 9 and Article 9a thereof,

Whereas:

(1) Commission Decision 2010/634/EU[(2)] set the Union-wide quantity of allowances to be issued for auctioning or free allocation for 2013, pursuant to Article 9 and Article 9a(1) of Directive 2003/87/EC. To take account of the accession of Croatia to the Union, the extension of the EU Emissions Trading System ('EU ETS') to the EEA-EFTA States, and additional information and more accurate data that had become available, Commission Decision 2013/448/EU[(3)] amended Decision 2010/634/EU accordingly, setting out a Union-wide quantity of 2 084 301 856 allowances for 2013. This amount was to decrease annually by the linear reduction factor of 1,74 % in order to determine the total quantity of allowances to be issued in the calendar years following 2013.

(2) Directive (EU) 2018/410 of the European Parliament and of the Council[(4)] amended Directive 2003/87/EC to increase the linear reduction factor to 2,2 % starting in 2021, amounting to a reduction of 43 003 515 allowances to be issued in the Union each year. The Union-wide quantity of allowances for 2021 set out in this Decision is reduced by this amount.

(3) On 1 February 2020, the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community[(5)] (the 'Withdrawal Agreement') entered into force. Pursuant to Article 127 of the Withdrawal Agreement, Directive 2003/87/EC applies to and in the United Kingdom until 31 December 2020, when the transition period established in Article 126 of the Withdrawal Agreement will end. In addition, as from the end of the transition period, the Protocol to the Withdrawal Agreement on Ireland/Northern

Changes to legislation: *There are currently no known outstanding effects for the Commission Decision (EU) 2020/1722. (See end of Document for details)*

Ireland applies. Pursuant to Article 9 and Annex 4 of the Protocol on Ireland/Northern Ireland, Directive 2003/87/EC continues to apply to and in the United Kingdom in respect of the generation of electricity in Northern Ireland. As a result, the emissions from electricity generation in Northern Ireland remain subject to the ETS Directive after the end of the transition period.

(4) The Union-wide quantity of allowances for 2021 should therefore be calculated on the basis of the average annual quantity of allowances issued by the current Member States in accordance with their respective national allocation plans during the years 2008 to 2012[(6)], and the average annual quantity of allowances for the period from 2008 to 2012 allocated as a consequence of Northern Irish installations generating electricity. Since a concerned installation in Northern Ireland produced both electricity and heat during the reference period, the average annual quantity of allowances allocated as a consequence of the generation of electricity by this installation is determined by deducting emissions from heat production, using the heat benchmark used to determine the number of allowances allocated for free.

(5) Furthermore, pursuant to Article 9a of Directive 2003/87/EC, and in particular paragraphs 1 and 4 thereof, the Union-wide quantity of allowances for 2021 should take account of the latest scientific data with regard to the global warming potential of greenhouse gases, and the exclusion from the EU ETS of small installations by Croatia, France, Germany, Italy, Slovenia, Spain, Portugal, and Iceland pursuant to Article 27 of Directive 2003/87/EC.

(6) On this basis, for 2021 the Union-wide quantity of allowances referred to in Article 9 of Directive 2003/87/EC should amount to 1 571 583 007,

HAS ADOPTED THIS DECISION:

Article 1

For 2021, the Union-wide quantity of allowances referred to in Article 9 of Directive 2003/87/EC amounts to 1 571 583 007.

Article 2

This Decision is addressed to the Member States.

Done at Brussels, 16 November 2020.

For the Commission

Frans TIMMERMANS

Executive Vice-President