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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC **(first reading)** - Adoption of the legislative act = Statements

Statement by Austria, Cyprus, Denmark, Netherlands, Ireland, Luxembourg and Slovakia

The EU Emissions Trading System (ETS) is a key instrument to reach our climate goals. Selling more allowances via the Market Stability Reserve (MSR) to replenish the Innovation Fund is an extraordinary and one-time measure. In order to ensure the integrity of the ETS-market and not risk undermining the hard-earned trust of the ETS, the regulation should not set any precedent for the MSR to finance new EU spending.

Statement by France, Hungary, Slovakia, Poland, Croatia, Romania, Bulgaria, Czech Republic, Slovenia and Finland

The Commission should, when assessing REPowerEU chapters, stick to an approach of technological neutrality. In particular, consistently with the text of the RePower regulation, fossil free hydrogen should not be discriminated, as it is treated in the regulation on equal footing with renewable hydrogen, and as the regulation acknowledges that: ***"support should also be given to reforms and investments increasing energy efficiency, decarbonising industry – including by the use of low-carbon fuels, such as low-carbon hydrogen, and by the uptake of renewable hydrogen and other renewable fuels of non-biological origin – and increasing energy savings of the Member States' economies, in line with the Union's energy and climate targets and legal framework.***

Statement by Estonia

Estonia strongly supports the objectives of the RepowerEU initiative to rapidly reduce dependence of the European Union on fossil fuels, especially imports from Russia, by way of higher energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy. This is necessary to future-proof the European economy and to secure the well-being of its people in the long term.

Nevertheless, Estonia regrets that the RepowerEU initiative is to be financed in part at the cost of Member State allowances under the Emissions Trading System. This places the cost of the RepowerEU initiative disproportionately on less affluent fossil fuel dependent Member States, reducing the impact of RepowerEU. In addition, Estonia remains concerned about the effects that the frontloading of allowances may have on the market of ETS allowances and about the possible secondary effects on the capacity of Member States to take action in the field of energy.

Such *ad hoc* financing arrangements for joint EU actions, which lead to a reduction in Member State allowances under the Emissions Trading System, whether directly or indirectly, should not be repeated.

It should be recalled that the financing of the budget of the European Union should be based on the own resources decision.