



Brussels, 2 June 2008

**BACKGROUND<sup>1</sup>**  
***ENVIRONMENT COUNCIL***  
**Thursday 5 June in Luxembourg**

*The Council meeting will take place on 5 June (starting at 10.00) in Luxembourg. Mr **Janez Podobnik**, Minister for environment and spatial planning of Slovenia, will chair the meeting.*

*The morning session will be devoted to debate, in public deliberation, on main outstanding issues of the **climate change and energy legislative package**. The Council will be invited to take note of a Presidency progress report on the package.*

*In the afternoon, the Council will hold a policy debate, in public deliberation, on a proposal for reducing **CO<sub>2</sub> emissions from cars**. It will be invited to take note of a Presidency progress report on the state of play regarding the proposal.*

*EU ministers for environment will also have the opportunity to exchange views on questions related to **genetically modified organisms**.*

*Over lunch, discussions will concentrate on biodiversity issues, with attendance of Mr Pavan Sukhdev, expert on biodiversity economics.*

*The Presidency will give a press conference at the end of the meeting.*

***Press conferences and public events can be followed by video streaming:***

***<http://www.consilium.europa.eu/videostreaming>***

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<sup>1</sup> This note has been drawn up under the responsibility of the press office  
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## **Climate action and renewable energy package**

The Council will deliberate, during a public session, on key aspects of the climate change and renewable energy legislative package.

With a view to streamlining the policy debate, the Slovenian presidency has elaborated a progress report reflecting the state of play of negotiations (9648/08).

The report summarises the intensive work carried out by EU representatives at the Council working parties and experts level and identifies major outstanding and other open issues of the legislative package. This report will also receive the input by EU ministers for energy at their meeting on 6 June, particularly on aspects related to the use of renewable energy sources.

The main aspects of the package contained in the Presidency progress report include:

### ***on the EU emission trading system (ETS) review,***

- the allocation method; redistribution and use of auctioning proceeds and rules for auctioning,
- risks of “carbon leakage”: relocation of energy-intensive industries outside the EU;
- EU-wide cap: replacement of the current system of national allocation plans by the setting of an EU-wide cap,
- reference year or period to be used for verified emissions data,
- new entrants reserve: quantity of allowances set aside for new entrants,
- small installations: size of installation to be potentially excluded from the scope of the ETS;

### ***on the effort-sharing (effort amongst member states in sectors not covered by the ETS),***

- scope: sectors not to be covered by the EU ETS,
- reference year or period to calculate the reduction targets per country,
- intermediate targets: effectiveness of using indicative or compulsory intermediate targets;

### ***on cross-cutting issues between EU ETS review and effort-sharing,***

- trigger 20-30%: adjustment clause enabling the EU to move from the independent 20% commitment to a more ambitious target to which a future international agreement will commit the EU,
- degree of flexibility for member states in order to meet their commitments in a cost-efficient way;

### ***on carbon capture and storage (CCS),***

- storage permits,
- composition of CO<sub>2</sub> stream,
- transfer of responsibility after closure of a storage site,
- modalities of financial security by the applicant of a storage permit,

- conditions of access to transport networks,
- capture readiness;

***on renewable energy sources,***

- three main concerns were identified concerning the targets:
  - o the level of the national renewable energy targets
  - o the conditionality of the renewable transport fuel target
  - o the indicative trajectory and its consequences
- long lead-time projects,
- the system of trading in guarantees of origin,
- reinforcing measures to be taken by member states in order to promote renewable energies.

Moreover, the report describes the current state of play on the analysis of ***sustainability criteria for biofuels***.

The Spring European Council provided with political orientations on the package following policy debates at the Energy Council on 28 February and at the Environment Council on 3 March 2008 (6847/08). It confirmed that the package provides a good starting point and basis for agreement on the proposals as a coherent package, to be reached before the end of 2008.

On 23 January 2008, the Commission submitted a package of implementing measures for the EU's objectives on climate change and renewable energy.

The package contains the following proposals:

- a directive amending directive 2003/87/EC so as to improve and extend the EU greenhouse gas emission allowance trading system ("ETS review") (5862/08).

In particular, the ETS review aims at streamlining and increasing the scope of the EU ETS, providing further harmonisation and increased predictability, enabling linking with emissions trading systems in third countries and providing appropriate means to involve developing countries.

- a decision on the effort of EU member states to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 ("non ETS effort-sharing") (5849/08).

The non ETS effort-sharing aims at sharing the emission reduction effort amongst member states in the sectors not covered by the ETS in order to reach the EU's 20 and 30% emission reduction commitments. The proposal basis the effort of member states on the principles of growth and solidarity, taking into account the relative per capita gross domestic product of member states.

- a directive on the geological storage of carbon dioxide ("CCS directive") (5835/08).

The CCS directive aims at allowing and regulating the capture of CO<sub>2</sub> from industrial installations, its transport to a storage site and its injection into a suitable geological formation for the purposes of permanent storage.

- a directive on the promotion of the use of renewable energy sources ("renewables directive") (5421/08).

In addition, the package contains a communication on "Supporting early demonstration of sustainable power generation from fossil fuels" (5780/08) as well as revised Community guidelines on state aid for environmental protection.

The legislative proposals are accompanied by impact assessments<sup>1</sup>.

These proposals intend to meet a set of key principles: strong, effective and credible targets; fairness and equity in the distribution of the efforts; cost-effectiveness; ensuring technological development and deployment in order to achieve the required deep cuts in greenhouse gas emissions in the longer term; and providing the necessary incentives for an inclusive post-2012 international climate agreement.

In spring 2007, the European Council underlined the need for an integrated approach to climate and energy policy in order to transform the EU into a highly energy-efficient and low greenhouse-gas-emitting economy ([7224/1/07](#)). To this end, the European Council decided to take on the following commitments, objectives and targets:

- a 20% independent EU target on reduction of greenhouse gas emissions by 2020 compared to 1990;
- a 30% reduction of the greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive post-2012 agreement in the event that other developed countries commit themselves to the same target and that developing countries commit themselves to reduce the greenhouse gases in accordance to their capabilities and responsibilities;
- saving 20% of the EU's energy consumption compared to projections for 2020;
- a 20% share of renewable energies in overall EU energy consumption by 2020;
- a 10% minimum target for the share of biofuels in overall EU transport petrol and diesel consumption by 2020;
- to develop the necessary technical, economic and regulatory framework to bring environmentally safe carbon dioxide capture and sequestration to deployment with new fossil-fuel power plants, if possible by 2020.

The package of proposals falls under the Parliament-Council codecision procedure. The Council foresees an enhanced cooperation between both institutions, in close cooperation with the European Commission, in order to reach agreement on the package as soon as possible before the end of 2008.

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<sup>1</sup> More details can be found at: [http://ec.europa.eu/energy/climate\\_actions/index\\_en.htm](http://ec.europa.eu/energy/climate_actions/index_en.htm)

## **Emissions of CO<sub>2</sub> from cars**

The Council will deliberate, during a public session, on a draft regulation aimed at setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO<sub>2</sub> emissions from light-duty vehicles.

With a view to streamlining the debate the Slovenian Presidency has elaborated a progress report reflecting the state of play of negotiations (9343/08).

The report summarises the intensive work carried out by EU representatives at experts level and identifies major outstanding issues of the draft regulation. Additionally, it integrates the outcome of a policy debate at the Environment Council meeting on 3 March (6847/08), as well as the input provided by other ministerial configurations (Competitiveness and Transport).

EU ministers will be invited to express views on the main aspects of the draft regulation contained in the Presidency progress report, which includes:

### ***Utility parameter***

Several delegations can support the use of the mass of the vehicles as the most appropriate utility parameter, as proposed by the Commission. Some other delegations would favour the use of the footprint of vehicles. Other delegations suggest using the mass in a first stage and review the utility parameter at a later stage.

### ***Slope of the curve***

To share the burden between manufacturers, the Commission proposes a slope of 60% for the limit value curve.

Delegations have different views on the percentage to be applicable for the limit value curve.

### ***Penalties***

The draft regulation indicates a system of gradual penalties in order to deliver the EU's objective of 130 g CO<sub>2</sub>/km. Some delegations would like to apply lower sanctions or with a certain degree of flexibility. Additionally, the question of the final destination and use of the revenues remains open.

### ***Calendar***

The Commission proposes to implement the regulation in 2012. Some delegations would prefer to start in 2015, while others propose to introduce a gradual implementation.

### ***Long-term objectives***

Since a vast majority of delegations favoured the introduction of long-term objectives, the Presidency has made a proposal in order to include the possibility of reviewing the specific CO<sub>2</sub> emissions targets with the aim of setting a roadmap towards reaching the long-term target of 95 g/km by the year 2020.

The Slovenian Presidency attaches a high degree of importance to this file, in the context of the fight against climate change.

The European Parliament is expected to adopt its opinion in first-reading next Autumn.

In January 2007, the Commission submitted a communication on the Community strategy to reduce CO<sub>2</sub> emissions from passenger cars and light-commercial vehicles.

The communication underlined that while progress had been made some way towards the target of reduction of CO<sub>2</sub> emissions from cars, the Community objective of average emissions from the new car fleet of 120g CO<sub>2</sub>/km would not be met by 2012 in the absence of additional measures. The communication therefore proposed the adoption of an integrated approach and announced the presentation of a legislative framework in order to achieve the Community objective by focusing on mandatory reductions of emissions of CO<sub>2</sub> to reach the objective of 130 g CO<sub>2</sub>/km for the average new car fleet by means of improvements in vehicle motor technology, and a further reduction of 10 g CO<sub>2</sub>/km by other technological improvements.

By adopting conclusions in June 2007, the Council confirmed its support to the objective of 120 g CO<sub>2</sub>/km on average for new cars sold in the EU by 2012 (130 g CO<sub>2</sub>/km to be reached by improvements in vehicle technology and 10 g CO<sub>2</sub>/km by additional measures), whilst avoiding distortions and ensuring economic and social fairness<sup>1</sup>.

In December 2007, the Commission presented the draft regulation, based in article 95 of the EC treaty, as part of the EU's integrated approach to reduce CO<sub>2</sub> emissions from light-duty vehicles (5089/08 + ADD1+ADD2).

### **Genetically modified organisms**

The Council will hold an exchange of views aimed at improving the reflection on a number of policy issues related to genetically modified organisms (GMOs).

The exchange of views might include outstanding aspects such as:

- increase in the assessment of GMOs, particularly as regards environment protection;
- improvements in the functioning of scientific expertises;
- definition of labelling thresholds for GMO seed at European level; or
- modalities by EU member states to control plantations of authorised GMOs.

The Council held a brief exchange of views at its meeting on 3 March, on the basis of a contribution submitted by the French delegation (7128/08) raising question related to:

- expertise and evaluation of GMOs at European level;
- criteria for evaluating GMOs;
- possibilities of taking into account different factors before allowing for marketing certain GMOs;
- labelling thresholds for GMO seeds at European level and relevant criteria in determining those thresholds.

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<sup>1</sup> <http://register.consilium.europa.eu/pdf/en/07/st11/st11483.en07.pdf>

At that meeting the French delegation also expressed its intention of taking forward reflections on this subject during the next EU Presidency.

In June 2006 the Commission presented a series of proposals to the Council aimed at improving the decision-making procedure for authorisation of GMOs.

The main legislation governing the use of GMOs in Europe is directive 2001/18/EC. For a list of GM varieties authorised under this directive see:

[http://ec.europa.eu/environment/biotechnology/authorised\\_prod\\_2.htm](http://ec.europa.eu/environment/biotechnology/authorised_prod_2.htm)

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