Effort Sharing Non-ETS [average: -30%]

Member State Grouping	Member States	Emissions target compared to 2005
Low income (<30% average GDP/cap)	BGR, ROU	-1%
Low income (<60%)	HUN, POL, HRV, LVA, LTV, SVK, EST, CZE	-8%
Low income (<75%)	PRT, HEL, MLT, SVN, CYP	-13%
Mid income (<110%)	ESP, ITA, IRE	-25.5%
High income, small emitter (>110%)	BEL, FIN, NDL, AUT, SWE, DNK, LUX	-37.5%
High income, large emitter (>110%)	GBR, FRA, DEU	-40%

Effort Sharing ETS

The existing ETS solidarity mechanisms should be enhanced for the post-2020 period. A fixed amount of ETS allowances amounting to [9%] should be subtracted from the total quantity of ETS allowances to feed two new Funds, which should be managed by the EIB to ensure maximum administrative efficiency and create synergies:

- A "New Innovation Facility" should be created to finance new innovations replacing and going beyond the scope of the existing NER300 facility with a volume of [5]% of the ETS allowances as an initial endowment. This new facility would up-grade the existing NER300 and enlarge its scope to demonstrate low carbon innovation at industrial scale beyond the power sector to include also industry. Investment projects in all Member States would be eligible. This European approach would focus on projects and technologies where individual countries and individual investors are unable to leverage the necessary financing, or carry the associated financial and technological risks.
- A "Modernisation Fund" should be created to help low-income Member States finance the modernization of their energy systems focusing on the power sector and demand side efficiency (e.g. buildings) with a volume of [4]% of the ETS allowances as an initial endowment. This fund would address some of the short-comings encountered in the application of the existing mechanism under Article 10c of the ETS Directive.

The remaining allowances for auctioning by Member States will be distributed on the basis of the latest verified emissions data of those sectors subject to auctioning.

The existing ETS solidarity mechanisms should be enhanced for the post-2020 period and [10]% of the auctioning allowances should feed an additional solidarity mechanism benefitting low income Member States (groups 1 and 2). The exisiting extra redistribution of 2% of ETS allowances to reflect early action by Member States should not be continued.

CLIMATE AND ENERGY FRAMEWORK 2030

1. The EU is well on its way towards the 2020 targets for the GHG emissions reduction, renewables and energy-efficiency and confirms that they will be fully met.
2. The new 2030 climate and energy framework will:
    - further improve coherence between greenhouse gas emissions reduction, energy efficiency and the use of renewables and deliver the objectives for 2030 in a cost-effective manner, with a reformed Emissions Trading System playing a central role in this regard;
    - support advancing renewable energies and ensure international competitiveness;
    - ensure security of energy supply for households and businesses at affordable and competitive prices;
    - provide flexibility for the Member States as to how they deliver their commitments in order to reflect national circumstances and respect their freedom to determine their energy mix.

GHG emissions reduction

3. In this context, the European Council endorses an EU target of [at least] a [40%] domestic reduction in GHG emissions by 2030 compared to 1990, which is fully in line with its ambitious objective for 2050. On this basis, the EU will submit its contribution in line with the timeline agreed in Warsaw for the conclusion of a global climate agreement at the latest by the first quarter 2015. The EC calls on all countries to come forward with equally ambitious targets and policies well in advance of the Conference of the Parties 21 in Paris. The European Council will revert to the climate policy after the COP21 to assess its results.
4. The effort between the ETS and the non-ETS sector will be shared in a cost-effective manner.
5. The collective effort for the non-ETS sector will be allocated among the individual Member States in a way reflecting fairness and solidarity. The methodology of the Effort Sharing Decision will be updated using the latest available data to establish national targets for 2030, resulting in an average effort of 21 percentage points in the period 2020-2030. Other factors, such as convergence of emissions per capita may be taken into account.

6. In order to ensure cost-effectiveness of the collective EU effort, flexibility in achieving the targets in the non-ETS sector will be significantly enhanced, through i.a. increased carry forward of over-achievements and transfers among the Member States.

7. In order to reflect cost-effectiveness, fairness and solidarity, the total quantity of EU ETS allowances to be auctioned by each Member State will be composed as follows:

   - [88-90%] will be distributed on the basis of the latest available data on verified emissions;
   - [10-12%] will be distributed among the low-income Member States to reflect their limited investment capacity;
   - [[2%] will be continue to be distributed among the Member States on the same basis as in the current Effort Sharing Decision to reflect their early effort.]

8. A reserve of [X percent of EU ETS allowances] will be set aside in the EU ETS before the above-mentioned distribution among the Member States in order to generate revenues which will finance a fund aimed at supporting innovative demonstration projects in energy and industry sectors aimed at reducing GHG emissions, developing renewables or increasing energy-efficiency to replace the NER300 mechanism.

9. A reserve of [X percent of EU ETS allowances] will be set aside in the EU ETS [before the above-mentioned distribution among the Member States] in order to generate revenues which will finance a fund aimed at helping modernise the energy sector in the Member States having the GDP per capita below 75% of the EU average, with the focus on projects that address the most carbon intensive generators and bring significant net gains in terms of energy efficiency and emission reduction.

10. The EIB will be responsible for the management and project selection for both above-mentioned funds. Allowances should be auctioned adhering to the same principles and modalities as allowances auctioned by the Member States.

11. Considerable opportunities for EU financing of climate- and energy-related investments under the current multiannual financial framework should be fully used. The EC recommends that the EU budgets in 2020-2030 should further strengthen this focus.

12. The Commission, in collaboration with interested Member States, will swiftly explore modalities to facilitate the unilateral inclusion of fuels used in the transport sector by a Member State into the EU ETS in line with the modalities foreseen in the ETS Directive.

13. The EC recognises specific circumstances in the Member States, in particular as regards limited possibilities to reduce emissions in some sectors and agrees that countries with exceptionally high

emissions in the agriculture sector [i.e. over 40%] should be allowed to offset these emissions with the reductions from afforestation.

14. The existing policy framework for industrial sectors most at risk of carbon leakage will continue until 2030. In order to ensure long-term planning security, a system of free allocation with a better focus on sectors really affected by the risk of carbon leakage will be developed. This system will be periodically updated to allow for better alignment with actual production trends in sectors, while fully maintaining the incentives of the ETS to innovate and reduce emissions and keeping the administrative costs low.

Renewables

15. In full coherence with the GHG target, the EC also endorses an EU target for a share of renewable energy consumed in the EU of [30%] in 2030 compared to 1990.

16. This target would be binding on the EU while it would not be binding on the Member States individually or translated into national targets in the EU legislation. It would be fulfilled through Member States commitments guided by the need to deliver collectively the EU target.

17. National support schemes must be rationalised to become more coherent with the internal market and more cost-effective.

18. Cooperation mechanisms will be modified in order to maximise the benefits from intra-European trade in renewable energy through national cooperation.

Energy efficiency

19. In full coherence with the above-mentioned targets, the EC also endorses an EU target for improvement in the energy efficiency of [30%] in 2030 compared to 1990.

20. This target would be binding on the EU while it would not be binding on the Member States individually or translated into national targets in the EU legislation.

Energy security

21. The European Council stresses that a target for the Member States to increase a level of electricity interconnections equivalent to at least 10% of their installed production capacity must be urgently reached. In this context, it invites the transmission system operators and the regulatory authorities to ensure that the projects identified in the European Energy Security Strategy (EESS) as key for

security of supply, in particular concerning the energy islands of the Baltic States and the Iberian Peninsula, are included in the upcoming ten-year network development plans and will be completed by 2020 at the latest. The European Union and the Member States involved will ensure that these projects are adequately financed. The European Council will revert to this issue in 2015 to assess progress.

The European Council also agrees that by 2030 the level of interconnections will be increased to 15%.

22. The European Council agreed on other medium-term measures enhancing the EU's energy security, notably:

23. Implementation of critical medium-term projects of common interest in the gas sector identified in the EESS needs to be sped up. The Commission is invited to intensify its support in order to ensure better coordination of efforts. Member States should streamline national administrative procedures in accordance with the Commission's guidance. A policy to address protection of critical energy infrastructure, including against the ICT risks, will be further developed.

24. In order to increase the EU's bargaining power in the energy negotiations, full use must be made of the Decision establishing an information exchange mechanism with regard to intergovernmental agreements between Member states and third countries in the field of energy, in particular as regards standard provisions and Commission's assistance in the negotiations. Additionally, the European Council agrees that the Member States and involved companies will provide relevant information to the Commission and will systematically seek its advice throughout these negotiations, including on the assessment of the IGA's compatibility with the EU legislation and its energy security priorities.

25. The EC invites the Commission to identify priority sectors in which significant energy-efficiency gains can still be reaped and propose ways to address them. The Member States will focus their regulatory and financial efforts on these sectors.

26. With a view to restore the balance between refinery capacity and oil product consumption in the EU, the legislative process concerning the Energy Taxation Directive needs to be accelerated with a view to its swift adoption.

27. The EU and the Member States will use its foreign policy instruments to pass consistent messages related to the its energy security, in particular to its strategic partners and major energy suppliers.