

## Amendments Proposals to European Commission

### Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments

#### Amendment 3

##### Proposal for a decision

(5) Article 10a – is amended as follows:

(c) paragraph 5 is replaced by the following:

*Text proposed by the Commission*

*Amendment*

:

"In order to respect the auctioning share set out in Article 10, the sum of free allocations in every year where the sum of free allocations does not reach the maximum level that respects the Member State auctioning share, the remaining allowances up to that level shall be used to prevent or limit reduction of free allocations to respect the Member State auctioning share in later years. Where, nonetheless, the maximum level is reached, free allocations shall be adjusted accordingly. Any such adjustment shall be done in a uniform manner.";

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**Any such adjustment shall be tiered in accordance with the carbon leakage risk ensuring that sectors at very high risk of carbon leakage receive 100% free allocation at the level of the benchmark.**

Justification :

Carbon leakage risk is still clearly identified for Phase IV and should therefore be taken into account when making any adjustment of the free allowances below the benchmark level. In case a correction factor is needed on adjustment of free allocations a tiered approach based on exposure is justified because a more exposed sectors face the much bigger threat/impact than sectors with lower carbon leakage risks.