

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2022/0164(COD)</p>	Procedure completed
<p>REPowerEU chapters in recovery and resilience plans</p> <p>Amending Directive 2003/87 2001/0245(COD) Amending Decision 2015/1814 2014/0011(COD) Amending Regulation 2021/1060 2018/0196(COD) Amending Regulation 2021/2115 2018/0216(COD) Amending Regulation 2021/241 2020/0104(COD)</p> <p>Subject</p> <p>3.60.02 Oil industry, motor fuels 3.60.03 Gas, electricity, natural gas, biogas 3.60.10 Security of energy supply 3.60.15 Cooperation and agreements for energy 4.70.01 Structural funds, investment funds in general, programmes</p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs		21/06/2022
	Budgets		21/06/2022
	Economic and Monetary Affairs		21/06/2022
			GARDIAZABAL RUBIAL Eider
			PÎSLARU Dragoș
		Shadow rapporteur	
			MAVRIDES Costas
			POPTCHEVA Eva Maria
			URTASUN Ernest
		RINALDI Antonio Maria	
		ZĪLE Roberts	
		GUSMÃO José	
	 Economic and Monetary Affairs		
	Budgets		

	<u>Economic and Monetary Affairs</u>		
	Committee for opinion ENVI <u>Environment, Public Health and Food Safety</u> (Associated committee)	Rapporteur for opinion	Appointed 04/07/2022
		 <u>LIESE Peter</u>	
	ITRE <u>Industry, Research and Energy</u> (Associated committee)		14/06/2022
		 <u>NICA Dan</u>	
	REGI <u>Regional Development</u> (Associated committee)		12/07/2022
		 <u>ARIMONT Pascal</u>	
	AGRI <u>Agriculture and Rural Development</u> (Associated committee)		14/06/2022
		 <u>JAHN Peter</u>	
Council of the European Union	Council configuration <u>General Affairs</u>	Meeting 3933	Date 21/02/2023
European Commission	Commission DG <u>Secretariat-General</u>	Commissioner DOMBROVSKIS Valdis	
European Economic and Social Committee European Committee of the Regions			

Key events			
18/05/2022	Legislative proposal published	<u>COM(2022)0231</u>	Summary
06/06/2022	Committee referral announced in Parliament, 1st reading		
15/09/2022	Referral to associated committees announced in Parliament		
15/09/2022	Referral to joint committee announced in Parliament		
25/10/2022	Vote in committee, 1st reading		
27/10/2022	Committee report tabled for plenary, 1st reading	<u>A9-0260/2022</u>	
09/11/2022	Debate in Parliament		
10/11/2022	Decision by Parliament, 1st reading	<u>T9-0384/2022</u>	Summary
10/11/2022	Matter referred back to the committee responsible		
12/01/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	<u>PE739.895</u> <u>PE740.542</u>	
	Approval in committee of the text agreed		

12/01/2023	at 1st reading interinstitutional negotiations	PE739.895 GEDA/A/(2023)000024	
13/02/2023	Debate in Parliament		
14/02/2023	Results of vote in Parliament		
14/02/2023	Decision by Parliament, 1st reading	T9-0036/2023	Summary
21/02/2023	Act adopted by Council after Parliament's 1st reading		
27/02/2023	Final act signed		
28/02/2023	Final act published in Official Journal		

Technical information

Procedure reference	2022/0164(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Directive 2003/87 2001/0245(COD) Amending Decision 2015/1814 2014/0011(COD) Amending Regulation 2021/1060 2018/0196(COD) Amending Regulation 2021/2115 2018/0216(COD) Amending Regulation 2021/241 2020/0104(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 175-p3; Treaty on the Functioning of the EU TFEU 322-p1; Rules of Procedure EP 58; Rules of Procedure EP 57; Treaty on the Functioning of the EU TFEU 194-p2; Treaty on the Functioning of the EU TFEU 192-p1; Treaty on the Functioning of the EU TFEU 177-p1
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	CJ16/9/10052

Documentation gateway

Legislative proposal		COM(2022)0231	18/05/2022	EC	Summary
Court of Auditors: opinion, report		N9-0049/2022 OJ C 333 01.09.2022, p. 0005	26/07/2022	CofA	
Committee draft report		PE736.463	15/09/2022	EP	
Amendments tabled in committee		PE736.625	29/09/2022	EP	
Committee opinion	AGRI	PE735.589	04/10/2022	EP	
Committee opinion	ENVI	PE736.605	04/10/2022	EP	
Committee opinion	REGI	PE736.377	10/10/2022	EP	
Committee opinion	ITRE	PE735.769	19/10/2022	EP	
Committee report tabled for plenary, 1st		A9-0260/2022	27/10/2022	EP	

reading/single reading					
Text adopted by Parliament, partial vote at 1st reading/single reading		T9-0384/2022	10/11/2022	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2023)000024	20/12/2022	CSL	
Text agreed during interinstitutional negotiations		PE739.895	21/12/2022	EP	
Text adopted by Parliament, 1st reading/single reading		T9-0036/2023	14/02/2023	EP	Summary
Draft final act		00080/2022/LEX	27/02/2023	CSL	
Commission response to text adopted in plenary		SP(2023)154	12/04/2023	EC	

Final act

[Regulation 2023/435](#)
[OJ L 064 28.02.2023, p. 0001](#) Summary

REPowerEU chapters in recovery and resilience plans

PURPOSE: to enhance cohesion through measures enabling Member States to promote independence and security of energy supply at national and Union level in the context of the current geopolitical situation.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: since the adoption of [Regulation \(EU\) 2021/241](#) of the European Parliament and of the Council establishing the Recovery and Resilience Facility, unprecedented geopolitical and economic events have shaken the Union's society and economy. In particular, it has become clear that the Union's energy security is essential for a successful, sustainable and inclusive recovery from the COVID-19 crisis. Russia's invasion of Ukraine also makes the need for a rapid transition to clean energy in line with the EU's 2030 climate objectives and its 2050 climate neutrality target stronger than ever.

An action at the Union level is needed to coordinate a powerful response to the aggravating energy-related challenges, with unprecedented energy price hikes which risk exacerbating socio-economic divergences and inequalities, as well as worrying geopolitical developments at the Unions border. In addition, certain regions face similar energy-related challenges which calls for coordinated cross-border efforts, allowing to unlock greater synergies.

The Commission therefore suggests amending Regulation (EU) 2021/241 in order to strengthen its capacity to support reforms and investments aimed at diversifying energy supply, including fossil fuels, and thereby enhancing the Union's strategic autonomy in parallel with an open economy. Reforms and investments to increase the energy efficiency of Member States' economies should also be supported.

To maximise complementarity, consistency and coherence of policies and actions taken by the Union and Member States to foster independence and security of the Unions energy supply, these energy-related reforms and investments should be established through a dedicated REPowerEU chapter of the recovery and resilience plans (RRP).

CONTENT: the overall objective of the proposed regulation is to contribute to a phase-out of the Unions dependency on fossil fuels well before 2030, by increasing the resilience of the energy system and diversifying gas supply sources via higher LNG and pipeline imports from non-Russian suppliers, and boosting the use of sustainable biomethane, i.e. produced from organic waste and agricultural and forest residues, and renewable or fossil-free hydrogen (the REPowerEU objectives).

Specifically, the proposal foresees amending Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility in order to:

- impose a new obligation on Member States submitting or amending their RRP to include a REPowerEU chapter, providing for specific reforms and investments that address energy-related challenges;
- introduce a derogation so that reforms and investments included in the REPowerEU chapter are not taken into account when calculating the total allocation of the plan for the purpose of applying the digital target requirement of Regulation (EU) 2021/241;
- introduce a targeted exemption from the obligation to apply the do-no-significant-harm principle for reforms and investments improving energy infrastructure to meet immediate security of supply needs for oil and gas, notably to enable diversification of supply in the interest of the Union as a whole;
- introduce a new assessment criterion catering for the specific objectives of REPowerEU as well as reporting obligations regarding the REPowerEU chapter.

The proposal introduces targeted amendments to:

- Decision (EU) 2015/1814 prolonging the current intake rate of allowances to the Market Stability Reserve until 2030 and provide a possibility to release and auction a portion of allowances held therein and allocate the generated revenue towards the RRF
- Directive 2003/87/EC (ETS Directive) establishing modalities for the auctioning of allowances released from the Market Stability Reserve and transfer of the generated EUR 20 billion revenues to the Recovery and Resilience Facility;
- Regulation (EU) 2021/1060 laying down common provisions (CPR) providing a possibility for Member States to transfer up to 7.5% of their national allocation to the RRF, in addition to the existing 5% transfer possibility, to support reforms and investments included in the REPowerEU chapter;
- Regulation (EU) 2021/2115 on CAP strategic plans providing a possibility for Member States to deliver part of the EAFRD through the RRF, to support reforms and investments included in the REPowerEU chapter.

BUDGETARY IMPLICATIONS: the financial envelope of the Facility should be increased by EUR 20 billion (in current prices) that will be financed from the auctioning of ETS allowances. The amount will be made available to Member States in the form of non-repayable financial support under direct management to support exclusively reforms and investments included in the REPowerEU chapter.

The voluntary transfers of commitment appropriations from the funds governed by the CPR and the EAFRD will lead to commitments being made as from 2022 for the CPR funds and as from 2023 for the EAFRD and is compatible with the multiannual financial framework 2021-2027 ceilings for commitment appropriations for Headings 2a and 3. Payments will take place over 2023 to 2026, in line with the implementation deadlines for the RRF. The exact annual impact will depend on the amounts actually transferred by the Member States.

REPowerEU chapters in recovery and resilience plans

The European Parliament adopted by 471 votes to 90, with 53 abstentions, amendments to the proposal for a 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 Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814.

The matter was referred back to the committee responsible for inter-institutional negotiations.

The main amendments adopted in plenary are as follows:

REPowerEU chapters to be integrated into recovery and resilience plans

The recovery and resilience plan submitted to the Commission after the entry into force of the proposed amending regulation should include a REPowerEU chapter. Members believe that REPowerEU chapters should be submitted as soon as possible after the entry into force of the amending regulation. Where relevant, measures in the REPowerEU chapter should prioritise the needs of people in energy poverty and the reduction of vulnerabilities in the coming winter seasons.

The REPowerEU chapter should outline reforms and investments from 1 February 2022 onwards with (i) milestones and targets, (ii) an explanation of the contribution to tackling fuel poverty and reducing dependence on fossil fuels, particularly from Russia, and (iii) quantification of energy savings.

Reforms and investments should aim at:

- improving energy infrastructure and facilities to meet immediate security of supply needs for gas, including LNG, notably to enable diversification of supply in the interest of the Union, while ensuring that the relevant infrastructures are hydrogen ready;
- enhancing energy efficiency and energy savings in buildings, including via investment schemes targeting vulnerable households, SMEs and micro-enterprises;
- decarbonising industry, increasing energy storage capacity, increasing production and uptake of sustainable biomethane, renewable energy, renewable fuels of non-biological origin (RFNBOs), and renewable or fossil-free hydrogen and speeding up permitting processes for plants producing renewable energy;
- combating energy poverty, in particular through measures for vulnerable and low-income households;
- encouraging energy demand reduction, in particular by developing existing energy saving solutions;
- boosting low-carbon energy sources in the EU.

The new rules should apply to measures taken from 1 February 2022.

Pre-financing

To ensure that the financial support is frontloaded, a Member State may request an amount of 20% of the additional funding required to finance its REPowerEU chapter to be paid in the form of a pre-financing. Where a Member State expresses its intention to request loan support, the Commission should inform the European Parliament and the Council simultaneously and as soon as possible.

Measures with cross-border effect

Members proposed that at least 35% of the grants and at least 35% of the loans to be used under the REPowerEU chapter should be allocated to measures with a cross-border or multi-country dimension or effect, even if implemented by a single Member State, unless the Commission grants a derogation in specific circumstances.

Funding

Members want the additional EUR 20 billion in subsidies proposed by the Commission to come from frontloaded auctioning of national emission allowances under the EU Emissions Trading Scheme.

They also want the Commission to identify additional resources to complement the financing of REPowerEU actions, for example by allowing flexibility related to unspent funds. These additional subsidies would be distributed to Member States taking into account the level of energy

dependence, in particular on third countries such as Russia, the increase in energy-related costs passed on to households in the price of essential goods and services, and the share of fossil fuels in gross inland energy consumption.

Additional flexibility

In order to provide Member States and regions with the flexibility to face new challenges, Members proposed amending Regulation (EU) 2021/1060 of the European Parliament and of the Council to include, in addition to the existing transfer possibility of up to 5%, provided that this possibility has been fully exploited, the possibility of transferring up to 7.5% of the resources under the shared management programmes to contribute to the REPowerEU objectives.

Supra-national energy security needs assessment

The Commission should assess the needs to secure energy supply in the Union as a whole, prior to the approval of any recovery and resilience plan containing the REPowerEU chapter. That assessment should aim to provide a supra-national perspective of the Union energy-security needs to facilitate the most efficient use of resources to reach the REPowerEU objectives.

Lastly, the principle of do no significant harm should continue to apply to the reforms and investments supported by the Facility, with one targeted and narrow exemption related to reforms and investments that are to be in operation by 31 December 2024 to safeguard the EU immediate energy security concerns, provided that a set of cumulative conditions apply.

REPowerEU chapters in recovery and resilience plans

The European Parliament adopted by 535 votes to 63, with 53 abstentions, a legislative resolution on the proposal for a 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 Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

REPowerEU chapter to be included in recovery and resilience plans

The amending regulation provides that EU countries applying for additional funds through a modified recovery and resilience plan should be required, after the entry into force of this proposal, to include measures to increase energy security, produce clean energy and diversify energy supplies, as provided for in the EU REPowerEU plan.

Recovery and resilience plans should, inter alia:

- explain how the REPowerEU chapter contributes to addressing energy poverty, including, where relevant, giving adequate priority to the needs of those affected by energy poverty, as well as to the reduction of vulnerabilities during the coming winter seasons;
- explain how the measures in the recovery and resilience plan are expected to contribute to or address the challenges of the green transition, including biodiversity, and explain whether these measures amount to at least 37% of the total recovery and resilience plan;
- indicate whether the measures in the recovery and resilience plan include cross-border or multi-country projects, and indicate whether the total costs of measures with a cross-border or multi-country dimension or effect amount to at least 30% of the estimated costs of the REPowerEU chapter.

Revenue from the emissions trading system under Directive 2003/87/EC

EUR 20 billion in current prices, obtained in accordance with Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Union, should be made available as additional non-repayable financial support under the Facility for implementation under this Regulation to increase the resilience of the Unions energy system through a decrease of dependence on fossil fuels and diversifying energy supplies at Union level.

The allocation share of the amount available for each Member State should be calculated on the basis of indicators set out in a methodology taking into account, for each Member State: (i) population; (ii) the inverse proportion of GDP per capita; (iii) the price deflator of gross fixed capital formation; (iv) the share of fossil fuels in gross inland energy consumption.

Within the limits of the resources allocated to them, Member States should be able to apply for support from programmes supported by the European Regional Development Fund (ERDF), the European Social Fund plus (ESF) and the Cohesion Fund.

Reforms and investments

The measures in the REPowerEU chapter should be either new reforms and investments, launched from 1 February 2022, or the reinforced part of the reforms and investments foreseen in the Council implementing decision already adopted for the Member State concerned.

The reforms and investments should in particular aim at:

- improving energy infrastructure and facilities to meet immediate security of supply needs for gas, including LNG, notably to enable diversification of supply in the interest of the Union;
- boosting the energy efficiency of buildings and critical energy infrastructure;
- addressing energy poverty;
- incentivising reduction of energy demand;
- removing internal and cross-border bottlenecks in energy transmission and distribution, supporting electricity storage and accelerating the integration of renewable energy sources, and supporting zero-emission transport and its infrastructure, including railways;
- supporting the above objectives through accelerated re-skilling of the workforce in green and related digital skills as well as through support to value chains in critical raw materials and technologies related to the green transition.

The new rules should cover measures retroactively from 1 February 2022, with some exceptions.

The principle of do no significant harm should apply to the REPowerEU chapters. Temporary exemptions should be granted to measures that address immediate EU energy security concerns, minimise potential environmental damage and do not jeopardise the EU's climate objectives.

REPowerEU pre-financing

The recovery and resilience plan containing a REPowerEU chapter may be accompanied by a request for pre-financing. The Commission may make up to two pre-financing payments for a total amount of up to 20 % of the additional funding requested by the Member State concerned to finance its REPowerEU chapter.

Transparency with regard to final recipients

Each Member State should create an easy-to-use public portal containing data on the 100 final recipients receiving the highest amount of funding for the implementation of measures under the Facility. Member States should update those data twice a year.

Exceptional measures for the use of the Funds to support SMEs

As an exceptional measure strictly necessary to address the energy crisis resulting from the impact of Russia's war of aggression against Ukraine, the ERDF may support the financing of working capital in the form of grants to SMEs particularly affected by energy price increases, the ESF may support vulnerable households to help them meet their energy consumption costs. Operations to provide support may also be financed by the Cohesion Fund.

REPowerEU chapters in recovery and resilience plans

PURPOSE: to include REPowerEU chapters in the Recovery and Resilience Facility to strengthen the EU's strategic autonomy by diversifying its energy supplies and ending its dependence on Russian fossil fuel imports.

LEGISLATIVE ACT: Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 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.

CONTENT: this Regulation amending Regulation (EU) 2021/241 aims to include REPowerEU chapters in the Recovery and Resilience Facility.

REPowerEU chapter to be included in recovery and resilience plans

In practical terms, Member States will be able to add a new REPowerEU chapter to their national recovery and resilience plans (RRPs) under NextGenerationEU, in order to finance key investments and reforms that will help achieve the REPowerEU objectives.

Among the key objectives of REPowerEU are increasing the resilience, security and sustainability of the EU's energy system through the needed decrease of dependence on fossil fuels and diversification of energy supplies at EU level, including by increasing the uptake of renewables, energy efficiency and energy storage capacity.

The REPowerEU chapters of Member States' Recovery and Resilience Plans (RRPs) should describe the new reforms and investments, as of 1 February 2022, and/or the reinforced part of the reforms and investments included in the already adopted RRPs, with the corresponding intermediate values and targets.

Reforms and investments

The reforms and investments should in particular aim at:

- improving energy infrastructure and facilities to meet immediate security of supply needs for gas, including LNG, notably to enable diversification of supply in the interest of the Union;
- boosting the energy efficiency of buildings and critical energy infrastructure;
- addressing energy poverty;
- incentivising reduction of energy demand;
- removing internal and cross-border bottlenecks in energy transmission and distribution, supporting electricity storage and accelerating the integration of renewable energy sources, and supporting zero-emission transport and its infrastructure, including railways;
- supporting the above objectives through accelerated re-skilling of the workforce in green and related digital skills as well as through support to value chains in critical raw materials and technologies related to the green transition.

The recovery and resilience plan contains measures that effectively contribute to the green transition, including biodiversity, or to addressing the challenges resulting therefrom, that account for an amount which represents at least 37 % of the recovery and resilience plans total allocation.

The principle of do no significant harm should apply to the REPowerEU chapters. Temporary exemptions should be granted to measures that address immediate EU energy security concerns, minimise potential environmental damage and do not jeopardise the EU's climate objectives.

Financing

Additional grants of EUR 20 billion will be made available to finance the investments and reforms. The financing sources will be the Innovation Fund (60%) and frontloading ETS allowances (40%).

The allocation key is a formula which takes into account cohesion policy, member states dependence on fossil fuels and the increase of investment prices.

Member States with unspent cohesion funds from the previous multiannual financial framework (2014-2020) will have the possibility to use

them to support SMEs and vulnerable households particularly affected by rising energy prices. Member States will be able to make voluntary transfers from the Brexit adjustment reserve.

The Commission will be able to make up to two pre-financing payments totalling up to 20% of the additional funding requested by the Member State concerned to finance the REPowerEU chapter of the plan.

Transparency

Each Member State should create an easy-to-use public portal containing data on the 100 final recipients receiving the highest amount of funding for the implementation of measures under the Facility. Member States should update those data twice a year.

ENTRY INTO FORCE: 1.3.2023.

Transparency				
PÎSLARU Drago?	Rapporteur	ECON	23/01/2023	Access Info Europe K-Monitor Közhasznú Egyesület Transparency International Liaison Office to the European Union
LIESE Peter	Rapporteur for opinion	ENVI	07/12/2022	unternehmer nrw
LIESE Peter	Rapporteur for opinion	ENVI	25/11/2022	BUSINESSEUROPE Wirtschaftsvereinigung Stahl CEFIC EUROFER
LIESE Peter	Rapporteur for opinion	ENVI	24/11/2022	BUSINESSEUROPE
LIESE Peter	Rapporteur for opinion	ENVI	26/10/2022	Bundesverband der Deutschen Industrie e.V.
LIESE Peter	Rapporteur for opinion	ENVI	28/09/2022	European Heat Pump Association AISBL
LIESE Peter	Rapporteur for opinion	ENVI	27/09/2022	Verband der Chemischen Industrie e.V.
LIESE Peter	Rapporteur for opinion	ENVI	19/09/2022	Schneider Electric
LIESE Peter	Rapporteur for opinion	ENVI	02/09/2022	RePlanet
LIESE Peter	Rapporteur for opinion	ENVI	30/08/2022	Bundesverband der Deutschen Kalkindustrie e.V.
BOESELAGER Damian	Member	26/09/2022	Civil Society Europe Carlotta Besozzi	
BOESELAGER Damian	Member	16/09/2022	EMBER Chris Rosslowe	
BOESELAGER Damian	Member	14/07/2022	CEPS RRF Roundtable	
BOESELAGER Damian	Member	05/07/2022	BNP Paribas Anais Boussie	
BOESELAGER Damian	Member	06/04/2022	Prof. Benjamin Moll	

