

ENVE-VII-032

151st plenary session, 11 and 12 October 2022

OPINION

Industrial Emissions Directive

THE EUROPEAN COMMITTEE OF THE REGIONS

- reiterates its commitment to accelerating a fair and clean transition towards a climate-neutral and circular economy by 2050 that favours the regions of the European Union and leaves no people and no territory behind across the European Union; to this end, supports the revision of the Industrial Emissions Directive (IED), intended not only to help prevent and control pollution in order to better protect the environment and human health, but also to stimulate innovation, reward frontrunners and help level the playing field in the EU market;
- has reservations about the current wording of Article 15(3), namely on setting emission limit values (ELVs) at the strictest levels, as mentioned in the BAT conclusions;
- questions the wording of Article 15(3a) on environmental performance levels linked to the BAT. This requirement should be left to the discretion of the competent authorities after it has been demonstrated by means of a careful assessment that such a requirement would not lead to inconsistency between the permit conditions set elsewhere;
- strongly supports the "polluter pays" principle, agrees with the European Court of Auditors that the "polluter pays" principle should be clearly defined, and endorses strengthening the provisions concerning penalties and compensation; considers that penalties need to be effective, proportionate and dissuasive and that they need to take into account the full ownership structure of companies to ensure that they are imposed on the responsible parties;
- stresses that local and regional authorities have to deal with the environmental, health, social and economic impacts of pollution. Money from penalties and compensatory payments should also be used to help local and regional authorities cope with the consequences of these impacts;
- supports the extension of the IED to other sectors such as the beef sector; is concerned, however, by the administrative burden and costs and suggests considering measures providing financial support for businesses and local and regional authorities in this transition, taking into account in particular the social impact on small installations; calls on the co-legislators not to confine themselves to the livestock rearing threshold criterion alone;
- welcomes the long-term transformation plans; draws attention, however, to the fact that these plans should be indicative and produced at company level, not at the level of the operating site, and that disclosing them must not undermine industrial secrets.

Rapporteur Jean-Noël VERFAILLIE (FR/RE), Mayor of Marly Reference documents Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) and Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste COM(2022) 156 Proposal for a Regulation of the European Parliament and of the Council on reporting of environmental data from industrial installations and establishing an Industrial Emissions Portal

COM(2022) 157

Opinion of the European Committee of the Regions — Industrial Emissions Directive

I. RECOMMENDATIONS FOR AMENDMENTS

Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) and Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste — COM(2022) 156

Amendment 1 Recital 16

Text proposed by the European Commission

The contribution of Directive 2010/75/EU to resource and energy efficiency and circular economy in the Union should be made more effective, taking into consideration the 'Energy Efficiency First' as a guiding principle of the Union energy policy. Therefore, the *permits should establish*, where possible, mandatory environmental performance limit values on consumption and resource efficiency levels, including on the use of water, energy and recycled materials, based on the environmental performance levels associated with the best available techniques (BAT AEPLs) set out in decisions on BAT conclusions.

Amendment

The contribution of Directive 2010/75/EU to resource and energy efficiency and circular economy in the Union should be made more effective, taking into consideration the 'Energy Efficiency First' as a guiding principle of the Union energy policy. Therefore, the *competent authorities are considering establishing*, where possible, mandatory environmental performance limit values on consumption and resource efficiency levels, including on the use of water, energy and recycled materials, based on the environmental performance levels associated with the best available techniques (BAT AEPLs) set out in decisions on BAT conclusions.

Reason

Technical amendment to align recital with the changes proposed to the relevant article.

Amendment 2 Recital 25

Text proposed by the European Commission

Achieving Union objectives regarding a clean, circular and climate neutral economy by 2050 calls for a deep transformation of the Union economy. Consistently with 8th Environmental Action Programme, operators of installations covered by Directive 2010/75/EU should therefore be required to include transformation plans in their environmental management systems. Such transformation plans Corporate will complement the also Sustainability Reporting requirements under 2013/34/EU of Directive the European Parliament and of the Council[1] by providing a

Amendment

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means for concrete implementation of these requirements at installation level. The first priority is the transformation of energy-intensive activities listed in Annex I. Therefore, the operators of energy-intensive installations should produce transformation plans by 30 June 2030. Operators of installations carrying out other activities listed in Annex I should be required to produce transformation plans as part of the permit reconsideration and update following the publication of decisions on BAT conclusions published after 1 January 2030. Whilst the transformation plans should remain indicative documents prepared under the responsibility of the operators, the audit organisation contracted by the operators as part of their environmental management systems should check that they contain the minimum information to be set by the European Commission in an implementing act, and the operators should make the transformation plans public. [1] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC; OJ L 182, 29.6.2013, p. 19-76.

requirements at installation level. The first priority is the transformation of energy-intensive activities listed in Annex I. Therefore, the operators of energy-intensive installations should produce indicative transformation plans by 30 June 2030. Operators of installations carrying out other activities listed in Annex I should be required to produce indicative transformation plans as part of the permit reconsideration and update following the publication of decisions on BAT conclusions published after 1 January 2030. [1] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC; OJ L 182, 29.6.2013, p. 19-76.

Reason

Technical amendment to align the recital to the proposed changes to the relevant amendment.

Amendment 3 Article 1(1)(5)

Directive 2010/75/EU Article 5(4) (new)

Text proposed by the European Commission

(5) In Article 5, the following paragraph (4) is added:

- '4. Member States shall ensure that permits granted pursuant to this Article are made available on the Internet, free of charge and without restricting access to registered users. In addition, a summary of each permit shall be made available to the public under the same conditions. That summary shall include at least the following:
- (a) an overview of the main permit conditions;
- (b) the emission limit values and environmental performance limits values;
- (c) any derogations granted in accordance with Article 15(4);
- (d) the applicable BAT conclusions;
- (e) the provisions for reconsideration and updating of the permit.

The Commission shall adopt an implementing act to establish the format to be used for the summary referred to in the second subparagraph. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 75(2).

CoR amendment

- (5) In Article 5, the following paragraph (4) is added:
 - '4. Member States shall ensure that permits granted pursuant to this Article are made available on the Internet, free of charge and without restricting access to registered users. In addition, a summary of each permit shall be made available to the public under the same conditions. That summary shall include at least the following:
 - (a) an overview of the main permit conditions;
 - (b) the emission limit values and environmental performance limits values;
 - (c) any derogations granted in accordance with Article 15(4);
 - (d) the applicable BAT conclusions;
 - (e) the provisions for reconsideration and updating of the permit.
 - (f) the name of the specific authority or body responsible for information requests and complaints.

The Commission shall adopt an implementing act to establish the format to be used for the summary referred to in the second subparagraph. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 75(2).

Reason

The public should be informed of the specific level responsible for enquiries and complaints in order to avoid contact being made with the wrong body or authority, which would create an administrative burden for the public administration and make it more difficult to receive information.

Amendment 4 Article 1(12)

Directive 2010/75/EU Article 15

| Text proposed by the European Commission | CoR amendment |
|--|--|
| (12) Article 15 is replaced by the following: | (12) Article 15 is replaced by the following: |
| | |
| 'Article 15 | 'Article 15 |
| Emission limit values, environmental performance | Emission limit values, environmental performance |
| limit values, equivalent parameters and technical | limit values, equivalent parameters and technical |
| measures | measures |
| () | () |
| | |
| 3a. The competent authority <i>shall</i> set environmental | 3a. The competent authority <i>may</i> set environmental |
| performance limit values that ensure that, under normal | performance limit values that ensure that, under normal |
| operating conditions, such performance limits values | operating conditions, such performance limits values |
| do not exceed the environmental performance levels | do not exceed the environmental performance levels |
| associated with BATs as laid down in the decisions on | associated with BATs as laid down in the decisions on |
| BAT conclusions referred to in Article 13(5). | BAT conclusions referred to in Article 13(5). |
| | |
| () | () |

Reason

The obligation to set binding performance values would lead to inconsistent rules and undermine the industrial transformation. This requirement should be left to the discretion of the competent authorities after it has been demonstrated by means of a careful assessment that such a requirement would not lead to inconsistency between the permit conditions set elsewhere.

Amendment 5 Article 1(1)(18a) (new)

Directive 2010/75/EU Article 25(3)

| Text in force | CoR amendment |
|---|---|
| | (18a) Article 25(3) is replaced by the following: |
| 3. What constitutes a sufficient interest and | |
| impairment of a right shall be determined by | 3. What constitutes a sufficient interest and |
| Member States, consistently with the objective of | impairment of a right shall be determined by |
| giving the public concerned wide access to | Member States, consistently with the objective of |
| justice. | giving the public concerned wide access to |
| To this end, the interest of any non-governmental | justice. |
| organisation promoting environmental protection | To this end, the interest of any non-governmental |
| and meeting any requirements under national law | organisation promoting environmental protection |
| shall be deemed sufficient for the purpose of | and meeting any requirements under national law |
| paragraph 1(a). | shall be deemed sufficient for the purpose of |
| Such organisations shall also be deemed to have | paragraph 1(a). |

rights capable of being impaired for the purpose of paragraph 1(b).

To this end, the interest of any sub-national public authority whose territory or population could be adversely affected and compliance with any requirement of national law shall be considered sufficient for the purposes of paragraph 1(a).

Such organisations *or authorities* shall also be deemed to have rights capable of being impaired for the purpose of paragraph 1(b).

Reason

The CoR supports public participation and access to justice for local authorities and welcomes the revisions made to this aspect, while suggesting that efforts be made to ensure that LRAs also have access to justice in all Member States and calling for full and timely information and public participation in all procedures.

Amendment 6 Article 1(22)

Directive 2010/75/EU Article 27

| Text proposed by the European Commission | CoR amendment |
|--|---|
| (22) The following Articles 27a to 27d are inserted: | (22) The following Articles 27a to 27d are inserted: |
| | |
| () | () |
| Article 27d | Article 27d |
| Transformation towards a clean, circular and | Transformation towards a clean, circular and |
| climate neutral industry | climate neutral industry |
| | |
| 1. Member States shall require that by 30 June 2030 | 1. Member States shall require that, by 30 June 2030 |
| the operator includes in its environmental | and as part of the review of the permit conditions |
| management system referred to in Article 14a a | pursuant to Article 21(3) following the publication of |
| transformation plan for each installation carrying out | decisions on BAT conclusions after 1 January 2030, |
| any activity listed in points 1, 2, 3, 4, 6.1 a, and 6.1 b | the operator include an indicative transformation plan |
| of Annex I. The transformation plan shall contain | for each installation carrying out any activity listed in |
| information on how the installation will transform | Annex I. The <i>indicative</i> transformation plan shall |
| itself during the 2030-2050 period in order to | contain information on how the installation will |
| contribute to the emergence of a sustainable, clean, | transform itself during the 2030-2050 period in order to |
| circular and climate-neutral economy by 2050, using | contribute to the emergence of a sustainable, clean, |
| the format referred to in paragraph 4. | circular and climate-neutral economy by 2050, using |
| Member States shall take the necessary measures to | the format referred to in paragraph 4. |
| ensure that by 31 December 2031, the audit | 2. The operator shall make the summary of its |
| organisation contracted by the operator as part of its | indicative transformation plan public. |
| environmental management system assesses the | 3. The Commission shall by 30 June 2028, adopt an |

conformity of the transformation plans referred to in the first subparagraph of paragraph 1 with the requirements set out in the implementing act referred to in paragraph 4.

2. Member States shall require that, as part of the review of the permit conditions pursuant to Article 21(3) following the publication of decisions on BAT conclusions after 1 January 2030, the operator includes in its environmental management system referred to in Article 14a a transformation plan for each installation carrying out any activity listed in Annex I that is not referred to in paragraph 1. The transformation plan shall contain information on how the installation will transform itself during the 2030-2050 period in order to contribute to the emergence of a sustainable, clean, circular and climate-neutral economy by 2050, using the format referred to in paragraph 4.

Member States shall take the necessary measures to ensure that the audit organisation contracted by the operator as part of its environmental management system assesses the conformity of the transformation plans referred to in the first subparagraph of paragraph 2 with the requirements set out in the implementing act referred to in paragraph 4.

- 3. The operator shall make its transformation plan as well as the results of the assessment referred to in paragraphs 1 and 2 public, as part of the publication of its environmental management system.
- **4**. The Commission shall by 30 June 2028, adopt an implementing act establishing the format for the transformation plans. This implementing act shall be adopted in accordance with the examination procedure referred to in Article 75(2).

implementing act establishing the format for the transformation plans. This implementing act shall be adopted in accordance with the examination procedure referred to in Article 75(2).

Reason

The indicative nature of the transformation plan seems appropriate since the objectives pursued are forward-looking and depend on externalities (e.g. the availability of renewable and low-energy vectors) and in order to prevent permit procedures becoming more complicated.

Amendment 7 Article 1(1)(31) Directive 2010/75/EU Article 79

| Text proposed by the European Commission | CoR amendment |
|---|---|
| (31) Article 79 is replaced by the following: | (31) Article 79 is replaced by the following: |
| 'Article 79 | 'Article 79 |

Penalties

- 1. Without prejudice to the obligations of Member States under Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law, Member States shall lay down rules on penalties applicable to violations of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are applied. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall without delay notify the Commission of those rules and of those provisions, and shall notify without delay any subsequent amendment affecting them.
- 2. The penalties referred to in paragraph 1 shall include fines proportionate to the turnover of the legal person or to the income of the natural person having committed the infringement. The level of the fines shall be calculated in such a way as to make sure that they effectively deprive the person responsible for the violation of the economic benefits derived from that violation. The level of the fines shall be gradually increased for repeated infringements. In the case of a violation committed by a legal person, the maximum amount of such fines shall be at least 8 % of the operator's annual turnover *in the Member State concerned*.
- 3. Member States shall ensure that the penalties referred to in paragraph 1 give due regard to the following, as applicable:
- (a) the nature, gravity, and extent of the violation;
- (b) the intentional or negligent character of the violation:
- (c) the population or the environment affected by the violation, bearing in mind the impact of the infringement on the objective of achieving a high level of protection of human health and the environment.'.

Penalties

- 1. Without prejudice to the obligations of Member States under Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law, Member States shall lay down rules on penalties applicable to violations of national provisions adopted pursuant to this Directive and shall take all measures necessary to ensure that they are applied. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall without delay notify the Commission of those rules and of those provisions, and shall notify without delay any subsequent amendment affecting them.
- 2. The penalties referred to in paragraph 1 shall include fines proportionate to the turnover of the legal person or to the income of the natural person having committed the infringement. The level of the fines shall be calculated in such a way as to make sure that they effectively deprive the person responsible for the violation of the economic benefits derived from that violation. The level of the fines shall be gradually increased for repeated infringements. In the case of a violation committed by a legal person, the maximum amount of such fines shall be at least 8 % of the operator's annual turnover, *taking into account parent companies and subsidiaries*.
- 3. Member States shall ensure that the penalties referred to in paragraph 1 give due regard to the following, as applicable:
- (a) the nature, gravity, and extent of the violation;
- (b) the intentional or negligent character of the violation;
- (c) the population or the environment affected by the violation, bearing in mind the impact of the infringement on the objective of achieving a high level of protection of human health and the environment.'.
- 4. Member States shall ensure that funding from penalties is used, as a matter of priority, in order to repair or compensate for damage caused to local authorities.

Where the application of the Directive entails

resizing or closing down economic activities, the social consequences for local authorities must be taken into account when determining the penalties and Member States must ensure that the funds stemming from penalties are used to compensate local authorities for social and economic losses, in consultation with local and regional authorities.

Reason

The impact of pollution on local authorities can cause environmental, health, social and economic damage that could be extremely problematic, especially for small and/or poor communities. Penalties must take this into account.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

- 1. reiterates its commitment to accelerating a fair and clean transition towards a climate-neutral and circular economy by 2050 that favours the regions of the European Union and leaves no people and no territory behind across the European Union; to this end, supports the revision of the Industrial Emissions Directive (IED), intended not only to help prevent and control pollution in order to better protect the environment and human health, but also to stimulate innovation, reward frontrunners and help level the playing field in the EU market;
- 2. considers that the IED is an effective legislative framework that has already proven to be effective in reducing industrial emissions of pollutants and that, as such, remains fit for the transformation that European industry requires in order to meet the objectives of the European Green Deal; stresses that the synergies between the prevention approach of the IED and the market-based approach of the Emission Trading System (ETS) can lead to a "win-win-win" situation for the operators, climate and environment;
- 3. supports a science-based approach, particularly for assessing the real impact of industrial activities on overall pollution;
- 4. points out that one of the current residual shortcomings is the lack of consistency in the application of the IED in the Member States;
- 5. draws attention to the context in which the proposed revision of the IED is taking place (energy prices, rampant inflation, disruption of supply chains), and warns of the negative impact that a poorly calibrated reform of the IED would have on Europe's industrial competitiveness;

- 6. takes note, in this connection, of the reservations expressed by the Regulatory Scrutiny Board in its report on the impact assessment on the revision of the IED¹, in particular the lack of clarity in this text with respect to certain impacts of the revision on industrial competitiveness (risk of relocation and substitution with products from third countries that apply less stringent rules, particularly those on newly included activities) as well as the impact of the inclusion of livestock on rural areas and prices for consumers;
- 7. calls on the co-legislators to make the implementation of the IED more consistent and to take into account the costs and challenges of the transition in the context of EU trade policy, in order to avoid unfair competition from third countries;
- 8. points out, in this connection, that industrial sites subject to the IED are also largely covered by decarbonisation rules and schemes; calls, therefore, for the IED not to encroach on these particularly effective tools, which are already being applied at industrial level, in order to avoid inconsistencies and promote decarbonisation efforts in the most cost-effective way;

Ensuring the effectiveness of the IED

- 9. believes that the general principle of informing the public and the need to not restrict the dissemination of relevant information must be in line with the security and safety of locations, trade secrets and the prevention of acts of malice;
- 10. points out that maintaining the IED's key principles and integrated approach contributes to the success of the industrial transformation;
- 11. is therefore in favour of maintaining the "best available techniques" (BAT) definitions and the Seville Process (under which the Best Available Technique Reference Documents or "BREF" are drawn up);
- 12. has reservations about the current wording of Article 15(3), namely on setting emission limit values (ELVs) at the strictest levels, as mentioned in the BAT conclusions;
- 13. questions the wording of Article 15(3a) on environmental performance levels linked to the BAT. This requirement should be left to the discretion of the competent authorities after it has been demonstrated by means of a careful assessment that such a requirement would not lead to inconsistency between the permit conditions set elsewhere;
- 14. strongly supports the "polluter pays" principle, agrees with the European Court of Auditors that the "polluter pays" principle should be clearly defined, and endorses strengthening the provisions concerning penalties and compensation; considers that penalties need to be effective, proportionate and dissuasive and that they need to take into account the full ownership structure of companies to ensure that they are imposed on the responsible parties;

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- 15. stresses that local and regional authorities have to deal with the environmental, health, social and economic impacts of pollution. Money from penalties and compensatory payments should also be used to help local and regional authorities cope with the consequences of these impacts;
- 16. supports the creation of the Industrial Emissions Portal; calls, however, for efforts to limit the additional administrative burden on local and regional authorities;

Scope

- 17. is of the opinion that any extension to new sectors needs to be carefully analysed, including through a cost-benefit analysis that takes into account, among other things, the measures and policy frameworks in place to address them;
- 18. supports the extension of the IED to other sectors such as the beef sector; is concerned, however, by the administrative burden and costs and suggests considering measures providing financial support for businesses and local and regional authorities in this transition, taking into account in particular the social impact on small installations; calls on the co-legislators not to confine themselves to the livestock rearing threshold criterion alone;
- 19. calls for a more in-depth assessment of the potential for including aquaculture in the Directive, taking into account environmental and climate costs and benefits, assessing the administrative burden and costs for businesses and taking into account in particular the social impact in local communities where aquaculture is a significant part of the local economy;
- 20. warns that an excessive extension via Article 74, which allows for the scope to be broadened by delegated act, could jeopardise the entire process of in-depth data collection, affect the functioning of the Seville Process, and slow down the issuing of permits;

Support for innovation

- 21. shares the ambition to stimulate research and innovation on more environmentally efficient technologies in order to meet the ambitions of the Green Deal;
- 22. welcomes the establishment of the Innovation Centre for Industrial Transformation and Emissions (INCITE), which could become an asset for EU innovation; calls, however, for INCITE not to reproduce the BREF review process;
- 23. points out that innovation also occurs at local and regional level and that local and regional authorities should be included among the public institutions involved in the activities of the new innovation centre;
- 24. notes the willingness to combine performance levels with emerging techniques; considers that there is a risk of holding back the effective implementation of these emerging techniques if the ELVs included in the permits are not achievable with 100% certainty;

- 25. welcomes the long-term transformation plans; draws attention, however, to the fact that these plans should be indicative and produced at company level, not at the level of the operating site, and that disclosing them must not undermine industrial secrets.
- 26. acknowledges that the proposed actions as they stand do not appear to raise any issue regarding their compliance with the principle of subsidiarity, due to the transboundary nature of pollution from agro-industrial installations and to the need of a level playing field in the single market. The proposed actions do not appear to raise any general issue regarding their compliance with the principle of proportionality due to the urgency of the environment and climate crises.

Brussels, 12 October 2022

The President of the European Committee of the Regions

Vasco Alves Cordeiro

The Secretary-General of the European Committee of the Regions

Petr Blížkovský

III. PROCEDURE

| Title | Industrial Emissions Directive |
|-------------------------------------|--|
| Reference(s) | COM(2022) 156; COM(2022) 157 |
| Legal basis | Article 307(1) TFEU |
| Procedural basis | Rule 41(a) and Rule 43 RP |
| Date of Council/EP referral/Date of | Date of Council referral: 10 May 2022 |
| Commission letter | Date of Parliament referral: 10 May 2022 |
| | Date of Commission letter: 6 April 2022 |
| Date of Bureau/President's decision | 26 April 2022 |
| Commission responsible | Commission for the Environment, Climate Change and |
| | Energy (ENVE) |
| Rapporteur | Jean-Noël VERFAILLIE (FR/RE), Mayor of Marly |
| Analysis | 21 July 2022 |
| General policy debate in commission | 6 October 2022 |
| Date adopted by commission | Not applicable |
| Result of the vote in commission | Not applicable |
| (majority, unanimity) | |
| Date adopted in plenary | 12 October 2022 |
| Previous Committee opinions | CDR 159/2008 |
| Date of subsidiarity monitoring | Not applicable |
| consultation | |

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