



EUROPEAN COMMISSION

Brussels, 18.11.2022  
C(2022) 8447 final

*Dear President,*

*The Commission would like to thank the Senát for its Opinion 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 {COM(2022) 231} ('the proposal').*

*Since the adoption of Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility ('the RRF Regulation'), unprecedented geopolitical and economic events have drastically impacted the Union's society and economy and made the case for a rapid clean energy transition even stronger. The REPowerEU proposal addresses these ever-pressing challenges by providing Member States with the possibility to include, in their Recovery and Resilience Plans, new reforms and investments to speed up the take-up of renewables, save energy and break free from Russian fossil fuels. The dedicated REPowerEU chapter would also allow the Commission to obtain an overview of other efforts contributing to REPowerEU objectives to ensure synergies and complementarity at national and at EU level. Furthermore, the proposal aims to achieve a streamlined amendment and assessment process for the new REPowerEU measures.*

*The changes to the RRF Regulation are complemented by proposed legislative amendments to other EU acts to ensure sufficient funding for new REPowerEU reforms and investments under the RRF framework.*

*The Commission is pleased that the Senát supports the increase of EUR 20 billion in the RRF financial envelope and that it shares the view that the RRF is generally well suited to mobilise and implement available resources at Union and national level to achieve the objectives of the REPowerEU plan.*

*The Commission also acknowledges that the integration of renewable energies should take place in a uniform and coordinated manner, without jeopardizing the stability of transmission and distribution systems, and that – where possible – existing gas*

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*infrastructure should be considered for the introduction of renewable and low-carbon gases.*

*The Commission welcomes the broad support by the Senát for the aims of the proposal but also notes its doubts relating to the use of the EU ETS Market Stability Reserve as a new source of funding for the RRF, and of the current allocation key of the RRF for this additional funding. It further takes note of the encouragement to limit the administrative burden as far as possible, and to give Member States the necessary flexibility, as well as of the suggestion to extend the implementation period for measures contained in the REPowerEU chapter beyond 2026.*

*The Commission is grateful to have this opportunity to provide in the annex a number of clarifications regarding the proposal and hopes that these will allay the concerns of the Senát.*

*The Commission supports Czechia's integrated and proactive approach and appreciates that Czechia is considering requesting loans to fund the REPowerEU measures. The Czech authorities have already provided the Commission staff with a draft list of reforms and investments it suggests for the REPowerEU chapter. These measures are currently discussed at the Lead Negotiators and technical levels. We understand that the Czech government has a reform-oriented agenda and the upward revision in the RRF grant allocation can be seen as an opportunity to propose new reforms and investments or to increase the ambition of existing measures.*

*The agenda identified by the Czech Presidency of the Council and summed up as 'Rethink, Rebuild, Repower' is ambitious, and we are especially grateful for the commitment to bring forward the REPowerEU package. The Senát's Opinion has been made available to the Commission's representatives in the ongoing negotiations of the co-legislators, the European Parliament and the Council, and will inform these discussions.*

*The Commission believes that the political dialogue with national Parliaments is essential for linking the institutions and the citizens of the European Union and looks forward to continuing it with the Senát in the future.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*

## Annex

### 1. Auctioning of allowances currently held in the Market Stability Reserve

*The Commission proposes an increase in the RRF financial envelope by €20 billion, to be financed from the sale of a limited amount of Emission Trading System allowances that are currently held in the Market Stability Reserve. This is an extraordinary measure, and in the short term it will allow to mobilise additional resources to accelerate the transition away from Russian fossil fuels and reduce energy consumption.*

*The proposal is in line with the ambition of the Fit for 55 package and is not expected to affect the overall 2030 goal of the ETS proposal, which entails reaching a reduction of 61% of emissions in 2030 for the ETS sectors. The impact on the price of the ETS allowances is expected to be limited because the amount of the additional allowances is comparatively small in relation to the total amount of auctioned allowances. Auctioning rules would not change and there would be a long-term auctioning timeframe (until 2026) aiming to mitigate possible price impacts. Finally, the overall Fit for 55 package will lead to a gradual decrease of the ETS allowances sold to the market, which is likely to boost the prices of the ETS allowances over time. In such a situation, where the policies are effective in reaching the 2030 target in a gradual way, the normal operations of the Market Stability Reserve are estimated to gradually absorb the increased volumes by 2030.*

### 2. Use of the current RRF allocation key

*The Commission proposed to maintain the current allocation key for the resources generated from the sale of ETS allowances, given the need to rapidly reach an agreement in the Council and also due to the fact that the RRF allocation was updated on 30 June to reflect latest GDP figures.*

*With the objective to reach a rapid agreement, the Commission stands ready to assist the co-legislators in exploring various technical solutions that could serve as a basis for compromise. Any new REPowerEU allocation key should be simple, based on reliable and undisputable data, and stay close to the original RRF metrics such as GDP per capita and population. This is the best way to move ahead quickly, based on a legally and technically sound methodology.*

### 3. Limitation of administrative burden

*We fully agree with the Senate that any additional administrative burden should be reduced to a minimum. We are confident that the proposal to include REPowerEU chapters would not lead to delays in the implementation of other measures or the plans overall. The REPowerEU chapter can be compared to an additional component with dedicated reforms and investments, in the form of an addendum to the already adopted plan. There will be no need to re-open or restructure the already adopted plan.*

### 4. Extension beyond 2026

*The REPowerEU chapter can include measures of which the implementation takes place between 1 February 2020 and 31 December 2026, the period during which the objectives set by the RRF Regulation are to be achieved. Milestones and targets must be achieved by August 2026 and any payment under the RRF must be executed by December 2026.*

*In practice, as is already the case for some measures under the RRFs, the implementation period of some investments included in the REPowerEU chapter may span beyond 2026. In such cases, the related milestones and targets should be designed to only include actions supported by the RRF within the lifetime of the Facility.*

*An extension of the RRF beyond 2026 is not possible, given that the funding of the RRF involves an explicitly exceptional and temporary empowerment of the Commission. Article 5(1) of Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union ('Own Resources Decision') limits the Commission's possibility to borrow the necessary funds on capital markets to 2026, no borrowing shall take place thereafter. Moreover, Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument ('EURI Regulation') stipulates in its Article 3(9) that payments related to the legal commitments entered into, decisions adopted and the provisions regarding financial operations approved in accordance with the EURI Regulation shall generally be made by 31 December 2026. In line with this, the RRF Regulation itself indicates that all payments of financial contributions to Member States should be made by 31 December 2026. Substantive legal changes would be needed to deviate from these rules. This would apply even if the extension only concerned the additional REPowerEU funding, because there is no ring-fencing of individual funding sources under the RRF framework.*

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