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ANNEX 1

ANNEX

Agreement on Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland in the second commitment period of the Kyoto Protocol

to the

Proposal for a COUNCIL DECISION

on the signing, on behalf of the European Union, of the agreement between the European Union and its Member States and Iceland concerning Iceland's participation in the joint fulfilment of commitments of the European Union, its Member States and Iceland in the second commitment period of the Kyoto Protocol to the United Nations Framework Convention on Climate Change

Agreement on Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland in the second commitment period of the Kyoto Protocol

The European Union, the Kingdom of Belgium, the Republic of Bulgaria, Republic of Croatia, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, Hungary, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland and Iceland (hereinafter referred to as 'the Parties'),

Recalling that:

The joint statement in Doha on 8 December 2012 states that the quantified emission limitation and reduction commitments for the European Union, its Member States, Croatia and Iceland for the second commitment period under the Kyoto Protocol are based on the understanding that these will be fulfilled jointly in accordance with Article 4 of the Kyoto Protocol; that Article 3, paragraph 7 ter, will be applied to the joint assigned amount, pursuant to the agreement on joint fulfilment of the European Union, its Member States, Croatia and Iceland, and will not be applied to Member States, Croatia or Iceland individually;

In that same joint statement the European Union, its Member States and Iceland stated that they will deposit instruments of acceptance at the same time, as was the case for the Kyoto Protocol itself, to ensure its simultaneous entry into force for the European Union, its 27 Member States, Croatia and Iceland;

Iceland participates in the Climate Change Committee of the European Union, established in accordance with Art. 26 of Regulation (EU) No 525/2013, as well as Working Group I under the Climate Change Committee.

Have decided to conclude the following agreement:

Article 1 (objective of the Agreement)

The objective of this agreement is to establish the terms governing Iceland's participation in the joint fulfilment of the commitments of the European Union, its Member States and Iceland for the second commitment period of the Kyoto Protocol, and to enable an effective implementation of this participation, including Iceland's contribution to the Union's fulfilment of its reporting requirements for the second commitment period of the Kyoto Protocol.

Article 2 (definitions)

For the purposes of this agreement:

- (a) 'Kyoto Protocol' means the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), as amended by the Doha Amendment to that Protocol, agreed on 8 December 2012 in Doha;
- (b) 'Doha Amendment' means the Doha Amendment to the Kyoto Protocol to the UNFCCC, agreed on 8 December 2012 in Doha, establishing the second commitment period of the Kyoto Protocol from 1 January 2013 until 31 December 2020;

- (c) 'Terms of the joint fulfilment' means the terms set out in Annex 2 to this agreement;
- (d) 'the ETS Directive' means Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community, as amended.

Article 3 (joint fulfilment)

(1) The Parties agree to fulfil their quantified emission limitation and reduction commitments for the second commitment period inscribed in the third column of Annex B to the Kyoto Protocol jointly, in accordance with the terms of the joint fulfilment.

(2) To this end, Iceland shall take all necessary measures in order to ensure that its aggregate anthropogenic carbon dioxide equivalent emissions in the second commitment period of the greenhouse gases listed in Annex A to the Kyoto Protocol from sources and sinks covered by the Kyoto Protocol, which do not fall under the scope of the ETS Directive, do not exceed its assigned amount set out in the terms of the joint fulfilment.

(3) Without prejudice to Article 8 of this agreement, Iceland shall, at the end of the second commitment period, and in accordance with Decision 1/CMP.8 and other relevant decisions of the UNFCCC or Kyoto Protocol bodies, and the terms of the joint fulfilment, retire from its national registry AAUs, CERs, ERUs, RMUs, tCERs or ICERs equivalent to the greenhouse gas emissions from sources and removals by sinks covered by its assigned amount.

Article 4 (application of relevant European Union legislation)

(1) The legal acts listed in Annex 1 shall be binding upon Iceland and rendered applicable in Iceland. Whenever the legal acts included in Annex 1 contain references to the Member States of the European Union, the references shall for the purposes of this agreement be understood also as references to Iceland.

(2) Annex 1 may be amended by a decision of the Joint Fulfilment Committee established by Article 6 of this agreement.

(3) The Joint Fulfilment Committee may decide on further technical modalities on the application to Iceland of the legal acts listed in Annex I.

(4) In the case of amendments to Annex I that require changes in primary legislation in Iceland, the entry into force of such amendments shall take into account the time that is required for the adoption of such changes by Iceland and the need to ensure compliance with the requirements of the Kyoto Protocol and decisions.

(5) It is of particular importance that the Commission follow its usual practice and carry out consultations with experts, including experts from Iceland, before adopting delegated acts included or to be included in Annex I.

Article 5 (reporting)

(1) Iceland shall, by 15 April 2015, submit to the Secretariat of the UNFCCC the report to facilitate the calculation of its assigned amount, in accordance with this agreement, the requirements of the Kyoto Protocol, the Doha Amendment and decisions adopted thereunder.

(2) The European Union shall prepare the report to facilitate the calculation of the assigned amount of the Union and the report to facilitate the calculation of the joint assigned amount of the Union, its Member States and Iceland ("the joint assigned amount"), in accordance with this agreement, the requirements of the Kyoto Protocol, the Doha Amendment and decisions

adopted thereunder. The Union shall submit this report to the Secretariat of the UN FCCC by 15 April 2015.

Article 6 (Joint Fulfilment Committee)

(1) A Joint Fulfilment Committee, consisting of representatives of the Parties, is hereby established.

(2) The Joint Fulfilment Committee shall ensure the effective implementation and operation of this agreement. To this end, it shall take the decisions provided for in Article 4 of this agreement and carry out exchanges of views and information related to the implementation of the terms of the joint fulfilment. The Joint Fulfilment Committee shall take all decisions by consensus.

(3) The Joint Fulfilment Committee shall meet at the request, to the European Union, of one or more Parties or on the initiative of the European Union.

(4) The members of the Joint Fulfilment Committee representing the European Union and its Member States shall initially be the representatives of the Commission and the Member States also participating in the Climate Change Committee of the European Union, established in accordance with Art. 26 of Regulation 525/2013¹. Iceland's representative shall be appointed by its Ministry for the Environment and Natural Resources. The meetings of the Joint Fulfilment Committee shall be arranged, whenever possible, adjacent to those of the Climate Change Committee.

(5) The Joint Fulfilment Committee shall adopt its rules of procedure by consensus.

Article 7 (no reservations)

No reservations may be made to this agreement.

Article 8 (duration and compliance)

(1) This agreement is concluded for the time period until the end of the additional period for fulfilling commitments in the second commitment period of the Kyoto Protocol or until any questions of implementation under the Kyoto Protocol for any of the Parties, related to that commitment period or the implementation of the joint fulfilment, are resolved, whichever is the later. It cannot be terminated before.

(2) Iceland shall notify the Joint Fulfilment Committee of any failure or impending failure to apply the provisions of this agreement. Any such failure must be justified to the satisfaction of its members within 30 days of its notification. Otherwise, the failure to apply the provisions of this agreement constitutes a breach of this agreement.

(3) In case of a breach of this agreement or the objection by Iceland to amend its Annex I in accordance with Article 4, paragraph 2, Iceland shall account for the aggregate anthropogenic carbon dioxide equivalent emissions from sources and removals by sinks in Iceland covered by the Kyoto Protocol in the second commitment period, including emissions from sources covered by the European Union scheme for greenhouse gas emission allowance trading, against its quantified emission reduction objective included in the third column of Annex B of the Kyoto Protocol and, at the end of the second commitment period, retire from its national registry AAUs, CERs, ERUs, RMUs, tCERs or ICERs equivalent to those emissions.

Article 9 (Depositary)

¹ Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC.

The original of this agreement, which is equally authentic in all official languages of the European Union and in Icelandic, shall be deposited with the Secretary-General of the Council of the European Union.

Article 10 (deposit of ratification instruments)

(1) This agreement shall be ratified by the Parties in accordance with their respective domestic requirements. Each Party shall deposit its instruments of ratification with the Secretary-General of the Council of the European Union, either before or simultaneously with the depositing of its instrument of acceptance of the Doha Amendment with the Secretary-General of the United Nations.

(2) Iceland shall deposit its instrument of acceptance of the Doha Amendment with the Secretary-General of the United Nations in accordance with article 20(4) and Article 21(7) of the Kyoto Protocol at the latest on the date of the depositing of the last instrument of acceptance by the European Union or its Member States.

(3) When depositing its instrument of acceptance of the Doha Amendment, Iceland shall also notify the terms of the joint fulfilment, on its own behalf, to the Secretariat of the United Nations Framework Convention on Climate Change in accordance with Article 4, paragraph 2, of the Kyoto Protocol.

Article 11 (Entry into force)

This agreement shall enter into force on the [ninetieth] day after the date on which all Parties have deposited their instrument of ratification.

Done at ...,

Annex 1

(List provided for in Article 4)

1. Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC (referred to as 'Regulation 525/2013'), except for its Articles 4, 7 lit. f, 15 to 20 and 22. The provisions of Article 21 apply as relevant.
2. Current and future Delegated and Implementing Acts based on Regulation 525/2013.

Annex 2

(terms of joint fulfilment as annexed to the Ratification Decision concluding, on behalf of the European Union, the Doha Amendment - including a figure of tCO₂eq as Iceland's emission level/assigned amount prior to application of Art. 3 (7bis) KP)