



IED Revision – Commission Proposal and Co-decision Work-in-Progress

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Presentation Content

- Review – overall: background, rationale & main elements of revision
- 5 main areas, including scope extension
- Commission scope extension proposals – incl. livestock
- Co-decision: Council proposals (“General Approach”)
- Co-decision: European Parliament Committees involved, ongoing progress
- Next steps pre-Trilogue, then Trilogue (ES Presidency of Council)

Five problem areas defined in the Impact Assessment

1. Insufficiently effective legislation

- Excessive flexibilities
- Uneven implementation and enforcement
- Imperfect information on emissions

2. Ineffective promotion of green innovation

- Poor uptake of innovation and potentially inducing “lock-in” effects
- Backwards looking, rigid and slow regulatory processes

3. Insufficient contribution to resource efficiency/circular economy and to the use of less toxic chemicals

- Lack of clarity of the relevant IED provisions
 - Weak status of the relevant parts of BAT
- Conclusions

4. Limited contribution to decarbonisation

- Design (Art. 9) and implementation have not prioritised GHG emissions

5. Sectoral scope coverage is too limited and outdated

- **Fails to capture a significant stream of emissions (esp. from livestock)**
- Fails to address novel growth technologies and emerging sectors in the EU (e.g., extractive activities & battery gigafactories)

Overview of proposals addressing the five problem areas

To transform the legislation into a forward-looking framework fit for accompanying the industrial transformation needed for the green transition

1. More effective

- Increase zero pollution ambition in permits & tighten flexibilities
- Better public information, incl. Portal Regulation
- Right for citizens/NGOs to seek compensation for health damages
- Enhanced enforcement (strengthened penalties)

2. Support innovation

- Flexible permitting for frontrunners
- **Create INCITE to ensure latest technologies are employed**
- Include indicative Transformation Plans in EMS (2030 onwards)

3. Resources & chemicals

- EMS to improve resource efficiency/ circular economy and use safer chemicals
- Binding performance levels in permits (homo-geneous processes); indicative benchmarks for use in EMS (for other cases)

4. Support decarbonisation

- Curb non-ETS emissions
- Improve energy efficiency requirements
- Insert a review clause in light of innovation dynamics (June 2028)

5. Widening of scope: (1) largest livestock farms covered by tailored permit to address stagnating methane, ammonia and nitrates emissions, (2) accompany the growth of critical activities needed for the green transition (certain mining activities and battery gigafactories), (3) close gaps in already covered activities (textiles, downstream metals, landfills), (4) "Watch mechanism" for future widening of scope via delegated acts to address pollution control needs

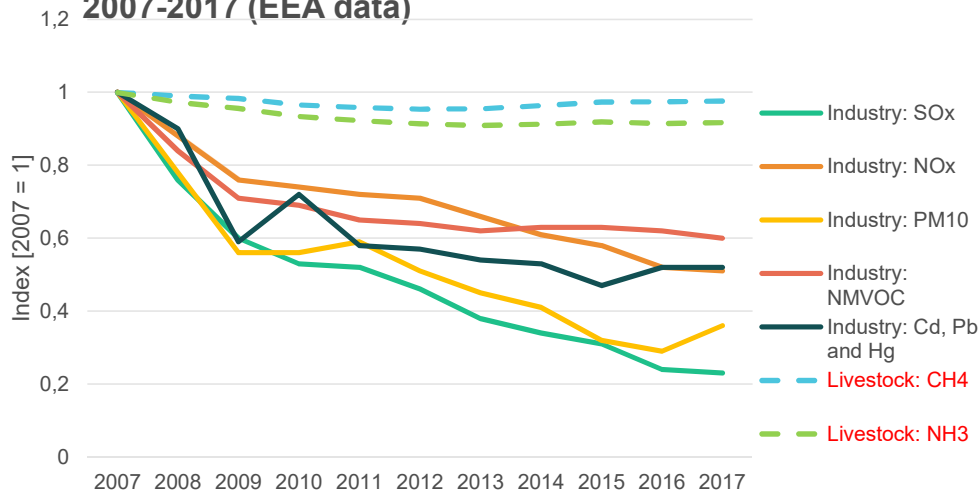
Scope Extension – Livestock: Commission Original Proposal (5 April 2022)

1. Why should IED cover more livestock farms?
2. Widening of the IED scope (livestock) – main features

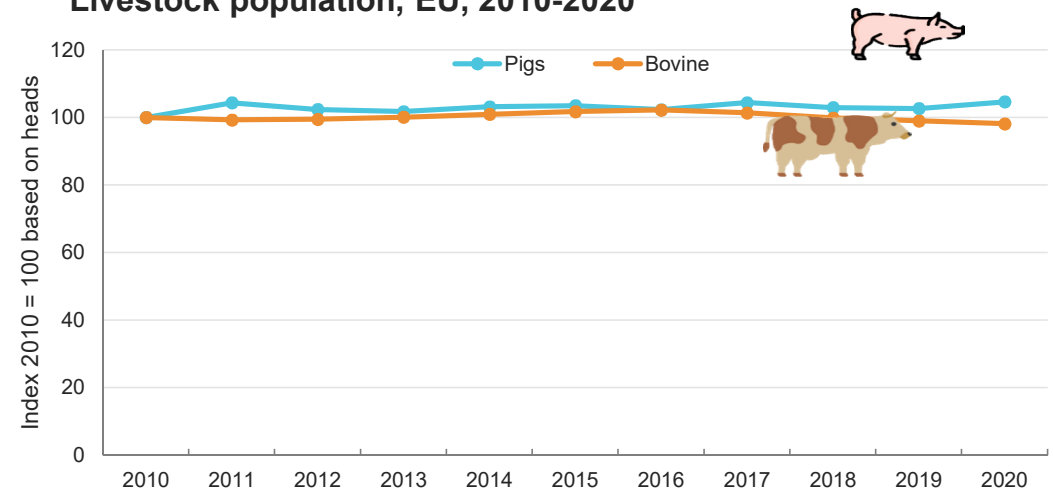
Why should IED cover more livestock farms?

- IED can support the livestock sector in reducing their emissions of **methane** and **ammonia** that have remained about stable for over a decade

Emissions from Industry and Livestock, EU, 2007-2017 (EEA data)



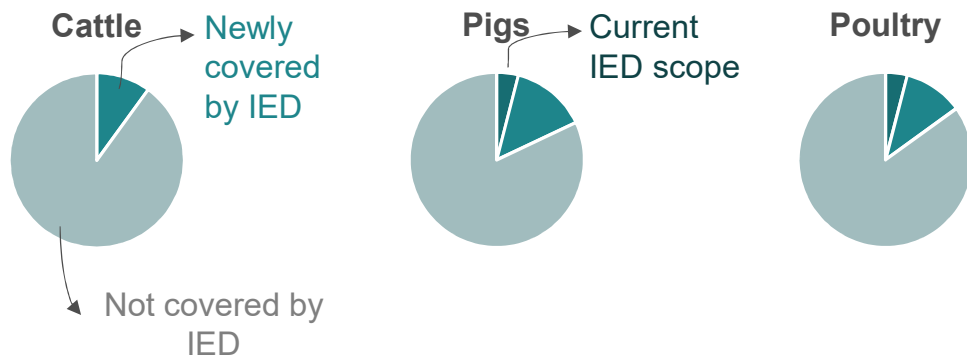
Livestock population, EU, 2010-2020



Scope widening – Livestock – COM Proposal

What is covered?

- To cover more pigs and poultry farms that currently (IED Annex I activity 6.6)
- To include cattle farming within the scope of the IED and the E-PRTR
- Impact Assessment analyses considered various Livestock Unit (LSU) thresholds: 50, 100, 125, **150**, 300, 450, 600 and 750 LSU
- Three criteria used to select the threshold in the proposal: (i) the cost-benefit ratio, (ii) the degree of coverage of emissions from the sector (overall animal heads), and (iii) the number of farms regulated
- Aggregation provision aims at avoiding artificial separation of farms (case-by-case approach)
- Livestock farms: share of non-subsistence farms covered (**150 LSU**):



Overall **13% of EU livestock farms**
(184 k out of 1.46 million)

Scope widening – Livestock

- **Livestock is now listed only in the new Annex Ia**, point 6.6 (IRPP) of Annex I is deleted
- **New Chapter VIa *Special Provisions for Rearing Poultry, Pigs and Cattle*** applies to the activities listed in Annex Ia. Hence, Chapter II will no longer be applicable to rearing of livestock
- **Tailored approach (TA)** - sets specific permitting procedures tailored to the sector, balancing needs of administrative procedures with environmental ambition, public information and participation. Admin costs are estimated to be reduced by c. 30%.
- **Permits and/or registrations** - Member State may implement the TA as a permit or a registration, **as long as all its minimum elements set out in Chapter VIa are fulfilled**
- **Operating Rules (OR)** - will take into consideration not only the nature, type, size and density but also the complexity of these installations and the range of environmental impacts they may have, together with economical aspects.
- **OR** will be adopted **two years** after entry into force and will have to be applied **within 42 months, hence no earlier than 2029**

Scope widening – Livestock

- Member States may implement **either permits or registrations**, e.g. based on their already existing national system
- **Public participation** (*Chapter VIa, Article 70g*) - Member States shall ensure public participation in following cases:
 - Preparation of General Binding Rules (GBR)
 - In case the Member State implements a permitting procedure:
 - Granting a permit for a new installation falling within the scope (Annex Ia)
 - Granting an update permit for any substantial change
- Where MS use **registration**, public participation is only required when preparing the GBR
- The national **GBR** will have to fully comply with **Operating Rules (OR)**
- Member States to define detailed **inspection rules** that are not specified in Chapter VIa

Scope widening – Livestock

Operating Rules (Chapter VIa, Article 70i)

- **The European Commission will adopt the Operating Rules (O.R.)** as a delegated act within 2 years after entry to force of the revised IED (**Expected timeline to formulate O.R.: 2024-2026**)
- The Operating Rules are expected to include:
 - Emission limit values and monitoring requirements
 - Land spreading practices and pollution prevention and mitigation practices
 - Environmental performance limit values and other measures consistent with Annex III
- The O.R. will be developed through an information exchange similar to the BREF evidence-based process – involving Member States, farming industry, NGOs
- The O.R. will take specificities into account, i.e. nature, type, size, density, complexity of installations and their range of environmental impacts

Scope widening – Livestock

Operating Rules (*Chapter VIa, Article 70i*)

- The O.R. will take into the account the existing IRPP BREF.
- The O.R. will consider specificities of pasture-based cattle “extensive” rearing systems, where animals are only seasonally reared in indoor installations. Moreover, differentiated requirements for indoor and outdoor rearing will be discussed within the O.R.
- Stakeholders involved in shaping the O.R. will determine how GHG emissions would be regulated through feed and manure management techniques.
- Animal welfare will be taken in to the account while establishing the O.R.

Scope widening – Livestock

Expected benefits – NB Based on COM Proposal & 2016 ESTAT data of Impact Assessment

- Covering the **13% (184 000)** largest cattle, pig & poultry farms - representing **60%** of the EU's livestock emissions of ammonia and **43%** of methane.
- Minimum expected emission reductions (conservative assumptions)
 - NH₃ reductions: 12% cattle, 7% pigs, 20% poultry
 - CH₄ reductions: >8% cattle, 37% pigs
- For methane emissions in particular, a recent approval by the Commission of a feed-additive may reduce enteric methane emissions by 25%. Scientific publications suggest even higher possible efficiencies of feed practices up to 36-50%
- Health benefits estimated at € 5.5 bn per year – benefit to costs ratio of 11

COM Proposal - Livestock sector: costs and benefits (2016 ESTAT EU Farms Census data)

- Coverage of methane and ammonia emissions
(% of livestock sector per animal type):

	Cattle	Pigs	Poultry*
Current IED	0	35	35
150 LSU	41	81	86
50 LSU	80	95	97

Overall, the fraction of **methane emissions** from livestock regulated by the IED increases from **3% to 43%** and from **18% to 60% for ammonia emissions**

- For 150 LSU: **health benefits** costed at more than € 5.5 bn per year – conservative estimates:
 - NH₃ reductions: 12% cattle, 7% pigs, 20% poultry
 - CH₄ reductions: >8% cattle, 37% pigs
- Offers the potential to **level the playing field** by providing minimum criteria for all Member States, notably towards the use of emission limit values in permits.

Livestock sector: costs and benefits

- The total EU27 **compliance costs** for bringing livestock farms larger than 150 LSU into the IED (applying abatement measures tackling NH₃ and CH₄ emissions) are estimated to be:
 - € 112 m/year for cattle; € 91 m/year for pigs and € 62 m/year for poultry
- The associated **administrative costs** are estimated to be:
 - € 102 m/year for cattle; € 39 m/year for pigs and € 41 m/year for poultry
- This results in an average farmer/ business costs of c. **2 400 €/year per farm.**
- The adoption of a **lighter permitting** approach for livestock (see next slides) under the IED could see the permitting **costs drop by c. 30%, per year.**
- For 150 LSU, the **benefit-cost ratio is 11** (14 for cattle, 8 for pigs and 9 for poultry)

Council Working Party Evt (WPE) discussions, July 2022 – March 2023: “General Approach” outcome

- The Council General Approach (GA – agreement to proceed to formal Trilogue discussions) of 16 March 2023 makes proposals to amend the COM Proposal.
- Livestock – principal amendments proposed:
 - **LSU thresholds** – **350** LSU for **cattle** (all types), **350** for **pigs** (all types)
 - **Poultry: 280 LSU** (all types) – based on broilers IRPP LSU equivalent status quo
 - Means relative action to address methane (cattle & pigs) is more diminished than for ammonia (all animals)
 - Inclusion of “extensive livestock rearing” definition, both for **cattle** and **pigs**
 - Increase take-up implementation by MS of Operating Rules from 3.5 years to 4 years

European Parliament - Committees involved

- **ENVI** (Environment) Committee = Lead Committee, AGRI & ITRE issue Opinions
- **AGRI** (Agriculture) Committee – some exclusive competencies: animal definitions, LSU references
- **ITRE** (Industry, Research, Energy) Committee – input to research & development/ innovation (e.g., new INCITE Centre) and Transformation Plans.

Stage in Council	Stage in EP
<p><u>State-of-play:</u></p> <ul style="list-style-type: none"> • General Approach on IED adopted on 16 March <p><u>Upcoming:</u></p> <ul style="list-style-type: none"> • Continued discussion in WPE on the proposed Industrial Emissions Portal Regulation (IEPR - reporting instrument) 	<p><u>State-of-play:</u></p> <p>ENVI Rapporteur Kanev reports published, some 1700 amendments on IED and 200 on IEPR tabled</p> <p>ITRE vote: 28 March AGRI vote: 25 April</p> <p><u>Upcoming:</u></p> <p>ENVI vote: 25 May (date TBC) Plenary vote: 10-13 July (TBC)</p>

AGRI Opinion of 25 April re. Livestock

- **Positive:** adds “livestock” to title of COM directive revision

However.....

- **Deletes cattle** from scope (both dairy and beef)
- **Includes an 750 LSU threshold for pigs & poultry** (more or less equivalent to IRPP status quo)
- **Annex I IRPP full permitting** - retained as per **present IED**
- **Registration/ simplified permitting** - only for **new farms** falling into scope

Next Steps

- ENVI Committee – vote on 25 May (TBC), including formulation of its own Compromise Amendments
- Then - accord – hopefully reached between Committees prior to Plenary
- Plenary Session of EP – in July (TBC) – to establish pre-Trilogue position of European Parliament overall
- Spanish Presidency – Trilogues of IED & IEPR (ex-E-PRTR)

Thank you

More info?

<https://ec.europa.eu/environment/industry/stationary/ied/evaluation.htm>

<https://ec.europa.eu/environment/industry/stationary/index.htm>



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Scope widening – Livestock

Farms may benefit from financial support from the Common Agricultural Policy (CAP)

- Under the current CAP (period 2023-2027), if they proactively adopt measures earlier.
- Member States are encouraged to consider such early support already now. The future CAP may retain or possibly extend such funding provisions, to help to promote the *greening* of farming practices, and to assist farmers to fulfil their CAP duty of care on responsible control of pollution and protecting human health and ecosystems
- The current CAP allows funding up to 2 years after the date at which the EU standards become binding – such a measure may be considered for the next CAP period (starting 2028)

DATA on LIVESTOCK

Changes re. Updated 2020 ESTAT EU Farm Census

Effects of Council GA change of scope

Summary statistics on FARMS and ANIMAL HEADS numbers – as published on CIRCABC

Effect of Council General Approach – revised coverage of livestock

Type	LSU	Farms		Heads (i)	Emissions Coverage (ii)
		Number	Percentage	Percentage	Percentage
Pigs	350	22 200 Specialist farms	36.5	76% (compared to 91% COM Proposal)	76 % (compared to 91% COM Proposal)
Poultry	280	13 200 Specialist farms	37.5	82% (compared to 89% COM Proposal)	82% (compared to 89% COM Proposal)
Cattle	350	12 600 Specialist farms	2.3	20% (compared to 46% COM Proposal)	20% (compared to 46% COM Proposal)
Mixed	350	3 600 Mixed farms	10.5	(iii)	(iii)
Total	-	51 700 Specialist + mixed	7.7	(iii)	(iv)

Council GA Tabulated Effects ctd - Notes

- The COM Proposal covered 91% of pigs in EU farms, 89% of poultry in EU farms and 46% of cattle in EU farms. This has been reduced to the coverage seen below.
- NB: Estimations below are based on revised **2020 Eurostat data**, interpolated as follows:
 - For 280 LSU, average between 250 and 300 LSU data
 - For 350 LSU, average between 300 and 400 LSU data
- (i) Includes both the animals in specialist farms covered and the animals in mixed farms covered.
- (ii) Calculated by estimating that the percentage of emissions covered equals the percentage of heads covered.
- (iii) The percentage of heads and emissions is not relevant for mixed farms that house various types of animals
- (iv) It is not straightforward to recalculate the overall percentage of emissions covered. This would require reviewing the contributions and baseline per animal type and farm size, which would necessitate new modelling and expert input.

Updated ESTAT 2020 figures for Livestock – published in Information Note on CIRCABC – **FARM NUMBERS**

Farms (total numbers and coverage)								
	Current IED	IED IA 2016 census	New data from 2020 Eurostat census					
			150 LSU	150 LSU	200 LSU	250 LSU	300 LSU	400 LSU
Pigs: number of farms (total)	11100	48500	37248	32140	28253	24979	19378	15343
Pigs: number of farms (% coverage)	4%	18%	61%	53%	47%	41%	32%	25%
Poultry: number of farms (total)	12000	51700	20390	17110	14358	12077	9225	7054
Poultry: number of farms (% coverage)	3.7%	15%	58%	48%	41%	34%	26%	20%
Cattle: number of farms (total)	-	84000	67740	39790	24725	16405	8823	5542
Cattle: number of farms (% coverage)	-	10%	12.5%	7.4%	4.6%	3.0%	1.6%	1.0%
Mixed farms (total)	-	-	9330	7513	5818	4596	2693	1730
Mixed farms (% coverage)	-	-	27%	21%	17%	13%	8%	5%
Total number of farms	23100	184200	134708	96553	73154	58057	40119	29669
Total number of farms (% coverage)	2%	13%	20%	14%	11%	9%	6%	4%

Updated ESTAT 2020 figures for Livestock – published in Information Note on CIRCABC – ANIMAL NUMBERS/ HEADS

Heads (total numbers and % coverage) - includes all heads from specialist and mixed farms								
	Current IED	IED IA 2016 census	New data from 2020 Eurostat census					
			150 LSU	150 LSU	200 LSU	250 LSU	300 LSU	400 LSU
Pigs: number of heads (x1000)	-	84,073	126,598	121,133	116,128	111,228	101,265	92,223
Pigs: number of heads %	35%	80%	91%	87%	83%	80%	72%	66%
Poultry: number of heads (x1000)	-	1,058,000	1,386,460	1,311,198	1,229,238	1,148,662	1,031,221	924,179
Poultry: number of heads %	35%	87%	89%	84%	79%	73%	66%	59%
Cattle: number of heads (x1000)	-	32,811	34,230	26,138	20,444	16,598	11,784	8,965
Cattle: number of heads %	-	41%	46%	35%	28%	23%	16%	12%