



RECOMMENDATIONS 4/2023

by the Energy Community Secretariat

**on the Draft integrated National Energy and Climate
Plan of Georgia**



Energy Community Secretariat

Recommendations

on the draft integrated National Energy and Climate Plan of Georgia covering the period
2025-2030

Whereas:

- (1) Pursuant to Article 9(1) of the [Energy Community Governance Regulation](#)¹ (“Governance Regulation”) each Energy Community Contracting Party (“Contracting Party”) is obliged to prepare and submit to the Energy Community Secretariat (“Secretariat”) a draft integrated national energy and climate plan (“NECP”) covering the period from 2025 to 2030 in accordance with Article 9(1) and with Annex I.
- (2) The draft NECP was submitted by the authorities of Georgia to the Secretariat on 21 July 2023.
- (3) Pursuant to Article 9 of the Governance Regulation the Secretariat is required to assess the draft NECPs and may issue recommendations until 31 December 2023. The Secretariat made a comprehensive assessment of the draft NECP of Georgia, taking into consideration the relevant elements of the Governance Regulation.
- (4) In particular, the Secretariat’s recommendations may address (i) the level of ambition of objectives and targets with a view to achieving the Energy Union objectives and, in particular, the Energy Community’s 2030 targets for renewable energy and energy efficiency that the Contracting Party aims for in 2030; (ii) policies and measures relating to Contracting Party – and Energy Community-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated national energy and climate plan within one dimension and among different dimensions of the Energy Union.

¹ Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action as adapted and adopted by Ministerial Council Decision 2021/14/MC-EnC

- (5) The Governance Regulation also requires Contracting Parties to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to provide investment certainty.
- (6) The Governance Regulation requires Contracting Parties to take due account of any recommendations from the Secretariat in their final NECP to be submitted until 30 June 2024. If the Contracting Party concerned does not address a recommendation or a substantial part thereof, it shall provide and make public its reasons.
- (7) Where applicable, Contracting Parties should report the same data in their NECPs and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source is also essential to calculate the baseline for modelling and projections and to allow for a better comparability of the data and the projections used in the NECPs.
- (8) All elements of Annex I of the Governance Regulation are to be included in the final NECP. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final plan.
- (9) The Secretariat's recommendations to Georgia are based on the assessment of Georgia's draft NECP, which is published by the Secretariat together with the present Recommendation.

THE SECRETARIAT HEREBY PROVIDES THE FOLLOWING RECOMMENDATIONS ON THE DRAFT INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN OF GEORGIA:

On procedural aspects:

- (1) Carry out a general public consultation on the NECP. Enable timely access to relevant information, comprehensive documents, and reports, including the Strategic Environmental Assessment ("SEA") report, during the consultation process. Allocate sufficient time to ensure meaningful engagement, including through public hearings and transboundary consultations in the Black Sea region.
- (2) Focus in the draft SEA report on the presentation of comprehensive, reliable, and high-quality information, distinctly outline measures to address potential significant impacts and include a robust monitoring plan. Conduct a thorough and comprehensive evaluation of the cumulative impacts resulting from the hydropower development, taking into account the specific considerations related to river basins.

On substance:

- (3) **Regarding general methodology and approach**, provide detailed explanation for all the scenarios used in the NECP and their parameters.
- (4) Refer to the correct legal basis, namely the Governance Regulation, instead of the legal text applicable in the European Union or the [Recommendation of the Ministerial Council of the Energy Community \(2018/1/MC-EnC\)](#)².
- (5) Provide an assessment of the impacts of the planned policies and measures (“PaMs”) at least on other Contracting Parties and/or Member States of the European Union.
- (6) Include an interpretation and summary of the main trends on the basis of the data in Chapters 6, 7 and 8. Add all the information required by the Governance Regulation in the form of tables and/or graphs to better reflect the impacts of planned PaMs described in Annex II on the energy system and GHG emissions and removals (“WAM” scenario) and to allow for a comparison of the WAM scenario with the scenario with existing measures (“WEM” scenario). The projections should include the share of renewable energy in different sectors (heating and cooling, electricity and transport) as well as per technology in each of these sectors and the indicative projections of development with existing policies for the year 2030 (with an outlook to the year 2040).
- (7) Update the NECP with the latest information regarding national strategies, action plans and policy documents such as the Long-term Low Emission Development Strategy (“LEDS”) adopted on 24 April 2023, and elaborate how the NECP will contribute to the realisation of those strategies. Amend those parts of the NECP, which refer to deadlines in the past (e.g. 2019, 2022) to relate to future deadlines, and provide the latest information³.
- (8) Related to **decarbonisation and GHG emission reduction**, match the level of ambition – i.e. reduction of GHG emissions by at least 47.0% compared to 1990 levels, constituting not more than 20.5 MtCO_{2eq} of total emissions including the Land Use and Land Use Change (“LULUCF”) sectors pursuant to the [decision of the Energy Community Ministerial Council](#)⁴ (“Ministerial Council Decision”), instead of a reduction of 35% below 1990 levels, constituting a maximum of 27.2 MtCO_{2eq} including the LULUCF sectors.

² Recommendation of the Ministerial Council of the Energy Community (2018/1/MC-EnC) on preparing for the development of integrated national energy and climate plans by the Contracting Parties of the Energy Community

³ For instance: the plans related to adopting secondary legislation (such as defining the processes for energy audits and defining appropriate MRV systems) are indicated as “expected 2022” on page 24, or the plan that Georgia’s building renovation strategy is “expected to be adopted in 2022” on page 49, or the anticipated availability of real pricing foreseen “after 31 March 2023” on page 54.

⁴ Decision 2022/02/MC-EnC on amending Decision 2021/14/MC- EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044, and 2020/1208 in the Energy Community acquis

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- (9) Align the final NECP with the 2023 LEDS to eliminate the inconsistency between GHG projections⁵ and the commitment to achieving climate neutrality by 2050. Explain in the final NECP via concrete PaMs how Georgia intends to establish a course to achieve net negative emissions in 2050 as outlined in the policy scenario of the LEDS.
 - (10) Identify those elements of the Climate Change Strategy and Action Plan (“CSAP”) which are integrated in the NECP and identify those parts of the CSAP which need to be updated based on the NECP and the adopted LEDS.
 - (11) Assess and reconsider any investments that might result in significant stranded assets such as the exploration and development of domestic hydrocarbon and coal deposits and the building of combined-cycle gas-fired power plants (“CCGTs”). Give particular attention to the expected useful lifetime of those investments resulting in a possible carbon lock-in, and the costs of alternative solutions (including electricity imports). Ensure consistency across the Energy Union dimensions, in particular between energy security and decarbonization.
 - (12) Clarify whether there is any planned use of coal in electricity generation and in general energy supply up to 2030 and beyond.
 - (13) Consider implementing methane emission reductions, in line with Georgia’s commitment to the Global Methane Pledge, in particular in the natural gas sector.
 - (14) Envisage the introduction of a carbon price instrument, adding the consideration of regional cooperation under the Energy Community Treaty, to internalise the costs of emissions and in view of the European Union’s [Carbon Border Adjustment Mechanism](#)⁶ (“CBAM Regulation”) and electricity market coupling.
 - (15) Define and include in the NECP a target for reducing GHG emissions in transport. In the area of decarbonisation and renewable energy, consider more comprehensively the interaction between dimensions, such as how specific PaMs related to renewable energy contribute to energy and GHG savings.
 - (16) In **decarbonisation and renewable energy**, explicitly outline the quantitative contribution of each PaM to the achievement of the 2030 target of 27.4% share of renewable energy in gross final energy consumption.
 - (17) Adopt a more ambitious target for the integration of renewable energy in heating and cooling in line with Article 23 of the [Energy Community Renewable Energy Directive](#)⁷

⁵ The projected GHG emissions in the two WAM scenarios in the LEDS amount to 9 MtCO_{2eq}, in 2030 whereas in the draft NECP, the NECP scenario – which appears as the WAM scenario – foresees approximately 17 MtCO_{2eq} of GHG emissions in the same year. Projections by 2050 become more divergent, with the expected GHG level in the LEDS’ two WAM scenarios reaching -20 and -801 MtCO_{2eq} and in the draft NECP’s policy scenario reaching 23.5 MtCO_{2eq}.

⁶ Regulation (EU) 2023/956 on establishing a carbon border adjustment mechanism

⁷ Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources as adapted and adopted by the Ministerial Council Decisions 2021/14/MC-EnC and 2022/02/MC-EnC

("Renewables Directive") which requires the annual increase of renewables in heating and cooling in the period from 2020 to 2030 for 1.3 or 1.1 ppt (if waste heat is not taken into account). Put forward detailed measures, with ambitious deadlines to meet the indicative target in the heating and cooling sector.

- (18) Indicate the share of the heating and cooling sector explicitly in the tables and figures, instead of merging it with the remaining energy balance⁸.
- (19) Introduce a PaM promoting the uptake of renewable power purchase agreements ("PPAs") in line with Article 15 of the Renewables Directive.
- (20) Establish an extensive, forward-looking schedule on the allocation of support to renewable energy – including estimated timing and anticipated capacities – over an upcoming period of at least five years in line with Article 6 of the Renewables Directive.
- (21) Introduce a PaM providing an enabling framework to promote and facilitate the development of renewable energy communities in accordance with Article 22 of the Renewables Directive.
- (22) Integrate the spatial planning policy and measures to expedite the deployment of renewable energy projects by incorporating explicit criteria for designating suitable areas in the foreseen preliminary research works, while adhering to the "do no significant harm principle". Consider institutionalising a digitalised one-stop-shop permitting process and establish an efficient dispute resolution mechanism.
- (23) Add the estimated trajectories by renewable energy technology to achieve the overall and sectoral trajectories for renewable energy from 2025 to 2030, including expected total gross final energy consumption per technology and sector in Mtoe and total planned installed capacity (in particular divided by new capacity and repowering) per technology and sector in MW.
- (24) In **energy efficiency**, align the final NECP with the increased ambition following the updated energy efficiency requirements introduced by the amendments to the [Energy Community Energy Efficiency Directive](#)⁹ ("Energy Efficiency Directive") in 2021, pursuant to the targets set out in Article 5 to 3%¹⁰ and in Article 7 to 0.8%. Specifically address these amendments by calculating updated targets and updating PaMs related to the renovation of central government buildings (Article 5 of the Energy Efficiency Directive) and the energy efficiency obligation schemes (Articles 7a and 7b of the Energy Efficiency Directive).

⁸ Such as in Table 4-15 of the draft NECP

⁹ Directive 2012/27/EU on energy efficiency as adapted and adopted by Ministerial Council Decisions 2015/08/MC-EnC, 2021/14/MC-EnC and 2022/02/MC-EnC

¹⁰ The draft NECP refers to 1% of the total floor area of heated and/or cooled buildings owned and occupied by its central government is renovated each year to meet at least the minimum energy performance requirements.

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- (25) Adopt a long-term strategy for mobilising investment in the renovation of building stock in particular residential buildings.
 - (26) Include explanations and examples of how the “energy efficiency first” principle is taken into account in the NECP and in the PaMs.
 - (27) Concerning **energy security**, considering Georgia’s lack of direct connection to other Contracting Parties or EU Member States in both electricity and gas, introduce quantitative targets and objectives for energy security, setting a clear vision for policy-making strategies, and thus giving concrete signals to markets and making Georgia’s advancements and commitments in this dimension easier to verify¹¹.
 - (28) Consider the further elaboration and carrying out modelling using the “first alternative scenario”¹², assuming a lower level of investment- and construction-intensive hydro power plants and a low level of new interconnection capacities with neighbouring markets.
 - (29) Identify and include among the PaMs all relevant measures, some of which appear only in the descriptive part of the draft NECP¹³.
 - (30) Introduce PaMs related to the development and adoption of relevant security of supply assessments and documentation such as risk assessment and emergency mitigation plans both in gas and in electricity, pursuant to the [Energy Community Regulation on risk-preparedness in the electricity sector](#)¹⁴ (“Risk Preparedness Regulation”) and the [Energy Community Regulation concerning measures to safeguard the security of gas supply](#)¹⁵ (“Gas SoS Regulation”).
 - (31) Given the exposure of Georgia to cyberattacks, include PaMs to tackle cybersecurity risks.
 - (32) Regarding the **internal energy market**, include PaMs to reflect the requirements under the [Electricity Integration Package](#)¹⁶ adopted by the Energy Community in 2022 and

¹¹ Such targets could include, among others, % of diversification of supplies; % of supplies purchased via joint procurement mechanisms.

¹² Outlined on page 5 of the draft NECP.

¹³ For instance increased utilisation of own sources of gas, LNG terminals, projects introducing SCADA in the gas transmission system.

¹⁴ Regulation (EU) 2019/941 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and 2022/03/MC-EnC

¹⁵ Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply as amended by Regulation with regard to gas storage as adapted and adopted by Ministerial Council Decisions 2021/15/MC-EnC and 2022/01/MC-EnC

¹⁶ Decision 2022/03/MC-EnC on the incorporation of Regulation (EU) 2019/942, Regulation (EU) 2019/943, Regulation (EU) 2015/1222, Regulation (EU) 2016/1719, Regulation (EU) 2017/2195, Regulation (EU) 2017/2196, Regulation (EU) 2017/1485 in the Energy Community acquis, amending Annex I of the Energy Community Treaty and on the amendments of the Ministerial Council Decisions No 2021/13/MC-EnC and No 2011/02/MC-EnC

ensure compliance. Add PaMs for steps to be taken for achieving the liberalization and increased competition of wholesale and retail electricity markets and for the development of a short-term and balancing market, necessary to cope with the increased level of renewable energy.

- (33) Revise the net metering scheme, as granting new rights under such schemes after 31 December 2026 is no longer allowed.
- (34) Clarify the expected fuel – whether natural gas or coal – of the planned new thermal power plants and the operating regime of those plants.
- (35) Add PaMs providing a vision how Georgia is planning to advance gas market development including legislative, administrative and technical measures, and policies that will lead to the achievement of the requirements of the network code on gas balancing of transmission networks¹⁷ (“balancing network code”) and the network code on harmonised transmission tariff structures for gas¹⁸ (“tariff network code”) introducing entry-exit tariff methodology.
- (36) Envisage the definition of energy poverty, the establishment of a comprehensive register of vulnerable customers and define a national objective to decrease the significant number of energy poor households.
- (37) In the area of **research, innovation and competitiveness (“RIC”)**, elaborate PaMs with more details, i.e. milestones and progress indicators as well as concrete actions to be taken by Georgian authorities and stakeholders. Develop PaMs for supporting the deployment of low-carbon technologies in industry.

Vienna, 27 December 2023



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¹⁷ Regulation (EU) 312/2014 establishing a network code on gas balancing of transmission networks incorporated and adapted by Permanent High Level Group Decision 2019/01/PHLG-EnC

¹⁸ Commission Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas incorporated and adapted by Permanent High Level Group Decision 2018/07/PHLG-EnC

ANNEX

To the Energy Community Secretariat

Recommendations




on the draft integrated National Energy and Climate Plan of Georgia

covering the period 2025-2030

Detailed assessment of the draft integrated National Energy and Climate Plan of Georgia

1. Summary

1.1. Overview of the key objectives and targets

Target/objective		Energy Community 2030 target for Georgia	Value in the draft NECP of Georgia
	GHG emissions reduction of total emissions in the policy scenario compared to 1990 levels	- 47.0% (20.50 MtCO _{2eq} of total emissions) compared to 1990 levels	- 35.0% (27.2 MtCO _{2eq} of total emissions) compared to 1990 levels ¹⁹ - 49.0% (17.1 MtCO _{2eq} of total emissions) compared to 1990 levels ²⁰
	Share of renewable energy in gross final energy consumption	27.4%	27.4%
	Energy efficiency	Primary energy consumption: 5.45 Mtoe	Primary energy consumption: absolute level not indicated
		Final energy consumption: 5.00 Mtoe	Final energy consumption: 4.83 Mtoe

¹⁹ This is the unconditional target of Georgia laid out in its 2020 NDC. Georgia is committed to a target of 50-57% of its total greenhouse gas emissions by 2030 compared to 1990 with the international support however this is not reflected in concrete terms in a WAM scenario.

²⁰ This is the projected value for 2030 in the NECP scenario in the draft NECP, although it is not indicated as a target.

1.2. Main observations

- (1) The Ministry of Economy and Sustainable Development facilitated a series of meetings spanning from October 2021 to March 2022, with representatives from non-governmental organizations, civil society, expert community and business stakeholders. Despite the compilation of documents including questions and answers based on the meetings, a comprehensive information of the outcome is not elaborated in the draft NECP. While the involvement of interested parties in the development process was extensive, a public consultation open to all citizens will still need to be carried out on the draft NECP including the draft SEA Report.
- (2) Georgia **does not have any energy interconnections to other Contracting Parties or Member States of the European Union**, and it does not have any maritime borders with Contracting Parties or with any Member States of the European Union either. Consequently, Georgia has not carried out any transboundary consultations with those countries.
- (3) There was **no SEA report submitted together with the draft NECP** to the Secretariat.
- (4) Only two of the four scenarios²¹ are explained. It is not clear in which parts of the draft NECP the two alternative scenarios are considered. The description of the first alternative scenario includes repetitions. Additionally, in the second alternative scenario, it is unclear whether the planned thermal power plants are to run on natural gas or also on other fossil fuels.
- (5) The draft NECP uses references and headlines of the EU's Governance Regulation and not the adapted version applicable in the Energy Community. The legal **obligations in the Energy Community stemming from the Governance Regulation, in particular related to climate change, are not indicated** at all in the policy context.
- (6) The draft NECP considers the cross-border dimension mostly from the energy security perspective, focusing on infrastructure projects and the role of Georgia played in the transit of electricity and natural gas. Georgia's lack of connection to other Contracting Parties or Member States of the European Union limits possible regional cooperation and coordination only to the planning of future infrastructure projects.
- (7) While the analytical part (Chapters 4 and 5) of the draft NECP contain substantial information including general indicators related to the economy and population, a concise interpretation of the charts and graphs is missing that would be instrumental in providing a clear picture on the projections in the energy and climate areas up till 2050.
- (8) Georgia's LE DS was developed in parallel with the draft NECP and was adopted on 24 April 2023. There is **no description in the draft NECP how the development of the draft plan and the LE DS was coordinated**, and how the various modelling assumptions and

²¹ Including the WEM, WAM and two "alternative" scenarios.

results as well as policy considerations were taken into account. The draft plan contains only marginal information about the LEDS (only a reference that it is being developed and a source of assumptions for one PaM), even though the LEDS is a document to which the NECP should be aligned. In their current forms, the two documents deliver **conflicting messages regarding Georgia’s commitment to climate neutrality by 2050** with the LEDS explicitly subscribing to that goal and the NECP not. The projections for GHG emission levels in the draft NECP show an increasing trend in all – including the WAM (NECP) – scenarios, which is inconsistent with the WAM scenarios of the LEDS that outline a continuously decreasing trend for GHG emissions, even reaching negative emissions by 2050.

- (9) In Chapter 2 outlining the national objectives and targets, the draft NECP refers to the Nationally Determined Contribution (“NDC”) of Georgia and to the commitments therein, however it **lacks reference to the legally binding 2030 GHG reduction targets adopted in the Ministerial Council Decision**. The unconditional NDC target²² is less ambitious than the 2030 target defined in the Ministerial Council Decision²³. The other referred conditional target subject to international support is in line with the ambition set out in the Energy Community. The projections of the NECP scenario – indicated in Table 5-1 – are not indicated as objectives, although that target is even slightly more ambitious than the 2030 Energy Community target set for Georgia.
- (10) The draft plan includes a reference that the **CSAP will be updated on a 2–3-year cycle**, to be aligned with future revisions of the NDC and the NECP. It is however not indicated what those updates mean for the current NECP and its implementation, which elements of the draft plan were taken from the CSAP, and what needs to be changed in the CSAP after the adoption of the NECP and the LEDS.
- (11) **The planned use of coal is not clear in the draft NECP**. There are references to coal use including the exploration and development of coal deposits and in a footnote referring to the TYNDP 2021-2031 of GSE, which for 2030 foresees that *“the total installed capacity available in Georgian power system will grow to 9740 MW. From this, 4097 MW will be attributed to regulated HPPs, 2438 MW to seasonal HPPs, 1330 MW to Wind Power Plants, 520 MW to Solar Power Plants, 110 MW to Gas turbines and 1245 MW to high efficiency combined cycle as well as coal thermal power plants, which will replace the older Gardabani TPP’s Units”*²⁴. The currently used units of TPP Gardabani operate on natural gas, therefore any replacement by coal-fired units would represent a major setback in climate and air quality considerations. At the same time, no coal-fired electricity generation appears in any of the projections until 2050, and in one of the PaMs, “Construction of coal

²² Reduction of GHG emissions 35% below 1990 levels, constituting not more than 27.2 MtCO_{2eq} including the LULUCF sectors.

²³ Reduction of GHG emissions by at least 47.0% below 1990 levels, constituting not more than 20.5 MtCO_{2eq} of total emissions including the LULUCF sectors.

²⁴ Page 78, footnote nr. 120 of the draft NECP.

power plant" is indicated as "TBD", which raises doubts over the relevance of indicating such a PaM in the draft NECP. According to LCP data submitted by Georgia, all thermal power plants are currently running on natural gas, and there are no plants using coal as a fuel.

- (12) Reducing **methane emissions** is widely discussed in the draft NECP, in particular in the waste sector (landfills and wastewater). Georgia's extensive use of natural gas in the residential sector and the existence of an extensive distribution and transmission network would merit more consideration of reducing methane emissions in the gas sector.
- (13) The draft plan does not envisage the introduction of a **carbon price**, only a statement that "Georgia intends to participate in an emission trading system (referred to in Article 6 of Paris Agreement)", which does not strictly govern emission trading systems but allows countries to voluntarily cooperate with each other to achieve emission reduction targets set out in their NDCs.
- (14) Within the dimension of decarbonization, no GHG emissions reduction target is set for **transport**. Considering the projected large share of this sector within the overall national GHG emissions, the transport target should be set as one of the most important points of the NECP. There are no PaMs explicitly addressing GHG reduction in transport and there are no references to GHG reduction in the transport-related PaMs of the renewables and energy efficiency dimensions.
- (15) Certain PaMs in the **renewable energy dimension** indicate aggregate levels of installed capacity by 2030 and 2050, however this information – in the absence of detailed projections of the expected evolution of the final energy consumption and the share of renewables therein broken down by technology in both the WEM and WAM scenarios – is not sufficient to establish the contribution of those PaMs to achieving Georgia's 2030 renewable target. Some PaMs in this dimension include results in TJ and others in the unit of number of households, which makes the comparison of the impact of the PaMs within the dimension impossible.
- (16) The target share for renewables in Chapter 2 corresponds to the value of the Energy Community Ministerial Council Decision (27.4%), however the projections in Section 7.7 of Chapter 7 indicate 28.8% regarding the share of renewables in gross final energy consumption, therefore reflecting a more ambitious target. Hydropower is projected to continue dominating the energy mix until 2050, securing a high share of renewable energy in the final energy consumption. Wind and solar appears only in the WAM scenario.
- (17) The target for **heating and cooling**, including district heating, is not in line with requirements of Articles 23 and 24 of the Renewable Energy Directive, respectively. The decrease in the use of biomass and intensive gasification reduces the renewables share. It could be considered to put more effort into increasing the renewables share by creating frameworks for high energy efficient heat pumps.
- (18) In section 2.1.2 of the draft NECP the shares of renewables for the electricity sector, transport and the "remaining energy consumption" are indicated. It is explained that the

latter category considers mostly the renewables in the heating and cooling sector. The Governance Regulation does not recognise the category of “remaining energy consumption”, but only electricity, heating and cooling and transport.

- (19) There is no PaM promoting the uptake of **renewable PPAs**, which is contrary to Article 15 of the Renewables Directive and there is no extensive, forward-looking schedule that foresees the allocation of support over an upcoming period of at least five years, which fails to implement Article 6 of the Renewables Directive.
- (20) There is no reference to any actions regarding the establishment and support to **renewable energy communities** in the area of renewables, even though this would contribute also the energy security considerations.
- (21) Even though the total installed electricity generation capacity is expected to increase by 35% by 2030 compared to 2022 (mostly driven by in hydropower in the WEM scenario and by wind and solar in the NECP scenario), there are no detailed measures to develop and implement **spatial planning policy** facilitating the designation of suitable areas for renewables in line with the “do no significant harm” principle.
- (22) The draft NECP does currently not provide the latest information and does not mention the latest developments in **energy efficiency**. For instance, PaM EE-3 (Energy efficiency retrofit in schools and other central-government owned buildings) still refers to a 1% renovation target, which should be increased to 3% as of 2024 in line with the provisions of the Energy Efficiency Directive adopted in 2022.
- (23) While energy efficiency is prioritized both in the draft NECP and in other strategic documents and recognized as important vehicle for increasing the Georgia’s energy security and decarbonization efforts, the draft NECP does not provide a clear explanation on how the **"energy efficiency first" principle** is applied in the selection of energy efficiency measures.
- (24) An important part of the **energy security** policy in Georgia – outlined in the draft NECP – is the construction of new interconnectors in electricity. Such a high dependence on those projects in light of the projected growth in energy demand should be better balanced with costs and benefits of other scenarios assuming, they rely on expensive and construction-intensive hydro facilities.
- (25) The draft NECP does not contain any PaMs related to the **security of gas supply** in general or on the level of projects. Certain PaMs related to gas security of supply appear in the descriptive part (for instance as increased utilisation of own sources of gas, LNG terminals, the use of SCADA), but are not listed in Annex II with all the PaMs. Unlike in the electricity sector, there is no mention of how the internal gas network will be reinforced to serve the security of supply purposes. The document stresses that the gas storage project with total volume 500 mcm is on hold.
- (26) None of the PaMs address the need to implement national legislation and policies with respect to the **Risk Preparedness Regulation and the Gas SoS Regulation**. Legal requirements including the development of a Risk Assessment, Preventive Action Plan and

Emergency Plan are not reflected in concrete planned actions, even though the draft NECP lists those documents among the energy security measures. Furthermore, while the draft plan indicates that the gas infrastructure N-1 criterion will be fulfilled (although Georgia is exempt from this obligation until certain conditions are met), there is no clear calculation in the draft NECP how this will be achieved. Diversification of supply routes both in electricity and gas is mentioned as a possible option, but not further elaborated in Annex II in terms of PaMs.

- (27) The protection of **critical infrastructure** and mitigating risks related to **cybersecurity** and climate change are included in the list of objectives related to energy security, however there are no PaMs dedicated to either area.
- (28) Regarding the **internal energy market** dimension, **the draft NECP does not have any PaMs assigned for this dimension in Annex II**. The presented PaMs are inadequate for complete implementation of the [Directive on common rules for the internal market for electricity](#)²⁵ (“Electricity Directive”) and the [Regulation on the internal market for electricity](#)²⁶ (“Electricity Regulation”). The establishment of organized markets and in general the improvement of Georgia’s internal electricity market (including but not limited to free price formation on wholesale markets i.e. no price caps) is not outlined among the PaMs, although it is essential for attract renewable energy investments, which are necessary to achieve energy security and decarbonization goals.
- (29) It is unclear under which regime the thermal power plants are planned to be operated.
- (30) The draft NECP does not provide any PaMs dedicated to the internal energy market in its Annex II, outlining the legal and policy actions for developing **the domestic wholesale and retail gas markets**.
- (31) The draft NECP does not foresee the adoption of a legal definition on **energy poverty** and the design of a special support for the most vulnerable within the PaMs on energy efficiency, renovation schemes or renewable energy. Currently, Georgia has no structural energy poverty measure to address the root causes of energy poverty.
- (32) Concerning **RIC**, the draft NECP does not contain quantified objectives and targets, and there is a lack of consideration for long-term support in technology development. Industrial strategies and policies concerning the **competitiveness of the low-carbon technology sector** are not adequately covered in the draft NECP. Research and innovation policies are not ambitious enough to be aligned with the national energy and climate policy and are not comprehensively designed and described.

²⁵ Directive (EU) 2019/944 on common rules for the internal market for electricity as adapted and adopted by Ministerial Council Decisions 2021/13/MC-EnC and Decision 2022/03/MC-EnC

²⁶ Regulation (EU) 2019/943 on the internal market for electricity as adapted and adopted by Ministerial Council Decision 2022/03/MC-EnC

- (33) The draft NECP provides a solid overview of existing funding programmes and projects including international cooperation (in particular with the European Union) on research and innovation.

2. Preparation and submission of the draft plan

2.1. Process and structure

The draft NECP was submitted by Georgian authorities to the Secretariat on 21 July 2023, after the legal deadline set in Article 9(1) of the Governance Regulation. The **SEA report** of the draft NECP was not submitted to the Secretariat.

The **process of developing the draft NECP** is described, however only on a high-level, without providing details on the meetings and consultations within the technical working group, public hearings and the overall public consultation. More information concerning what documents were shared with which stakeholders and when, as well as the views and comments received and how these were taken into account in the draft NECP must be provided in the final NECP.

The draft NECP follows the **structure** prescribed by the Governance Regulation, however it is missing Annex I – “Brief descriptions of measures for Dimensions described in Section 3” and there are no PaMs listed for the Internal Energy Market dimension in Annex II.

Based on Article 7 of the Law on Energy and Water Supply, the NECP – as an integral part of the State Energy Policy or as an annex thereto – will be **adopted and promulgated by the Parliament** and implemented by the Ministry of Economy and Sustainable Development.

2.2. Public consultation

The draft NECP summarizes the consultation and coordination activities for three workstreams: 1.) the draft NECP, 2.) the National Energy Policy (“NEP”) and 3.) the scoping report for the draft NECP and the NEP. From the summary it is not clear which of the exchanges and meetings took place among ministries and public authorities, which involved selected experts and representatives of non-governmental organizations and economic stakeholders, and which were open to the general public.

A statement summarising how the environmental considerations have been integrated into the plan and how the SEA report, opinions gathered during the consultations, including the result of any transboundary consultations, have been taken into account, must be incorporated in the final draft of the NECP. The statement should also outline the reasons for choosing the plan as adopted

in light of the other reasonable alternatives and the monitoring measures foreseen by the SEA report.

It would be worthwhile to specify if and how marginalised groups, gender-responsive processes or the voice of youth was included in the (multilateral) preparation of the NECP or the public consultation.

2.3. Regional consultation

There is no reference to **consultations** having taken place or planned with other Contracting Parties dedicated to the draft NECP. Georgia having no common land or maritime border with any Contracting Party of EU Member State is exempted from the obligation of cross-border consultation pursuant to Article 12 of the Governance Regulation.

Regarding the **impacts of the planned PaMs** on other Contracting Parties and/or Member States of the European Union, the draft NECP does not contain any specific reference apart from highlighting the Georgia's role in the transit of hydrocarbons from Azerbaijan to international markets and its role in electricity transit in the region.

Regional and cross-border cooperation is realized in terms of infrastructure project development with regional trading partners.

3. Assessment of the ambition of targets, objectives and adequacy of supporting policies and measures

3.1. Decarbonisation – greenhouse gas emissions and removals

Concerning the 2030 **GHG reduction targets**, Chapter 2 of the draft NECP outlines Georgia's commitment in the framework of the Paris Agreement, notably the unconditional target of reducing GHG emissions 35% below 1990 levels, equivalent to 27.2 MtCO_{2eq} in line with its NDC, and the commitment for a 50-57% reduction subject to international support. A sectoral GHG emission reduction target for IPPU is set at 5%, and a target for enhancing carbon sequestration in LULUCF by 10% is also defined. There are no quantified sectoral targets for agriculture, waste or transport. **There is no reference at all to the legally binding 2030 GHG reduction target adopted in the Energy Community**, which prescribes for Georgia 47% reduction in GHG emissions compared to 1990 levels, equalling to 20,50 MtCO_{2eq} and reflecting a more ambitious reduction than what is reflected in the NDC. Thus the 2030 emission reduction target in the draft NECP is not aligned with the Ministerial Council Decision. The role of the "NECP scenario" and the projections of that scenario are unclear in terms of the 2030 targets, as they do not appear in Chapter 2 of the draft

NECP. The projections of the NECP scenario show GHG emission levels at 17 MtCO_{2eq} in 2030, which is more ambitious than the Energy Community 2030 target for Georgia.

The draft NECP outlines growing emissions also in the WAM scenario until 2050, which is inconsistent with the commitment of the LEDS to climate neutrality by 2050²⁷, and also with the projections for the WAM scenario of the LEDS²⁸.

There are sectoral emission projections divided into 5-year interval periods until 2050 for the WAM scenario as well as specific sectoral targets for certain sectors until 2030 (industry and LULUCF, even though for the latter the target is not defined in MtCO_{2eq}). The main LULUCF-related target is enhancing carbon sequestration by 10% by 2030 compared to 1990. This target is aligned with the 4th National Environmental Action Program of Georgia 2022-2026 and with Georgia's Rural and Agricultural Development Strategy 2021-2027. The target is realistic.

Projections on other non-CO₂ greenhouse gases are included, although the **Global Methane Pledge** is not mentioned.

Regarding **policies and measures**, the draft NECP contains actions in the areas of industry, agriculture, forestry, waste and wastewater. There are no PaMs in the decarbonisation dimension related to energy and transport. The timeline for the majority of PaMs in this dimension covers a period up till 2024-2025, with the possibility of prolongation indicated in some cases.

The draft NECP contains no information on **CBAM or a carbon pricing system** to be introduced.

The listed PaMs contain detailed information on their impacts (GHG emission savings) enabling an assessment of the success of their implementation and there is information also on the investment needs. There is clarity on how sectors contribute to achieving the 2030 GHG emission reduction target.

Due to the small amount of domestic coal produced, **no phase out** deadline is envisaged and no measures for supporting coal regions are outlined. Currently coal is not used in electricity generation, however, the foreseen potential construction of a coal-fired thermal power plant would run counter to the objectives of the decarbonization dimension.

Regarding **transport**, a number of measures could complement the transport-related PaMs of the renewables and energy efficiency dimensions, such as interventions to incentivise mode shift away from internal combustion engine vehicles, such as improved emission standards for all vehicles to EURO VI), vehicle upgrade programme using economic incentives to facilitate upgrading or trading-in high-emitting vehicles, and the extension of Sustainable Urban Mobility Plans, to more cities and towns.

²⁷ Page 59 of the LEDS – https://www.undp.org/sites/g/files/zskgke326/files/2023-07/leds_eng_web1.pdf - last accessed 20.12.2023

²⁸ Tables 2.2.4 and 2.2.5 in the LEDS – https://www.undp.org/sites/g/files/zskgke326/files/2023-07/leds_eng_web1.pdf - last accessed 20.12.2023

Whilst the draft plan acknowledges the lack of decarbonisation policy in the **agriculture sector** in Georgia, there are no PaMs foreseen for the development of such a policy, which can significantly hinder the impact potential of the other proposed measures.

There is a comprehensive set of measures in the draft NECP addressing the **waste sector**, such as closing landfills, closing dumpsites, construction, upgrade, and improvement of non-hazardous landfills, collection and use of methane, paper waste recycling, biodegradable (organic and garden waste) recycling, education and awareness raising, and establishment a consolidated process for collecting and updating data for the waste sector.

3.2. Decarbonisation – renewable energy

The overall **2030 target** of 27.4% share of renewable energy in gross final energy consumption as outlined in the draft NECP is harmonized with the target adopted by the Energy Community Ministerial Council.

The overall 2030 renewable energy target is divided into sectorial targets for electricity (85%), transport (10.45%), and heating and cooling (7%). Yearly trajectories for sectorial targets are not provided.

Following Article 26 of the Renewables Directive, Georgia adjusted its minimum target for renewable energy in transport by 2030, reducing it due to the fact that the share of biofuels, bioliquids, and biomass fuels consumed in transport sector was below 1% in 2022.

The renewables share in the remaining energy consumption/heating and cooling category decreases over time, from 13% in 2019 to 7% in 2030 (NECP adopted scenario), to 10% in 2040 and 4% in 2050. The draft NECP provides reasoning for the decrease: a combination of increased efficiency in the residential sector building stock, and continued gasification of the residential and commercial sectors will lead to a reduction of biomass utilization.

Article 23 of the Renewables Directive which requires the increase of renewable energy in the heating and cooling sector, with an annual increase of renewables in heating and cooling in the period from 2020 to 2030 for 1.3 or 1.1 ppt (if waste heat is not taken into account). Due to the decrease in the use of biomass as a result of gasification and thus to the reduction of the renewables share, it is advised to replace these biomass stoves with high energy efficient heat pumps to achieve renewable energy targets.

The outlined **policies and measures** contain useful information regarding the implementation status, the assumptions, the results and fundings. However, the concrete actions i.e. what will be done as part of the PaM are described in a broad and vague manner, lacking specific details regarding the intended implementation. The majority of PaMs covers a timeline until 2024. Several PaMs are subject to international financial support.

3.3. Energy efficiency

The **2030 energy efficiency target** for final energy consumption is included in the draft NECP and is in line with the 2030 target endorsed by the Energy Community Ministerial Council (the projected maximum level of final energy consumption is 202,335.5 TJ which corresponds to 4.8 Mtoe, which is slightly more ambitious than the corresponding Energy Community 2030 target). The 2030 target for primary energy consumption however is not clearly explained.

Regarding the target described in Article 7 of the Energy Efficiency Directive, the draft NECP states that within the National Energy Efficiency Action Plan (“NEEAP”) adopted in 2019, targets related to either Energy Efficiency Obligation Schemes or Alternative Policy Measures were calculated. Georgia also considers the implementation of both alternative policy measures and energy efficiency obligation schemes for the forthcoming period, even though the draft plan contains a reference stating that energy efficiency obligation schemes and alternative policy measures will be reevaluated during 2022, which is obsolete and would need to be updated.

As the target calculation was done before the adoption of amendments to the Energy Efficiency Directive and an increase of target in Article 7, the references in the draft NECP do not reflect the current ambition level. It is important that the relevant targets are recalculated and presented together with the selected approach and measures in the final version of the NECP.

Regarding **building renovation strategy**, the information in the draft NECP concerning Georgia’s plans for adoption in 2022 together with the associated targets is outdated and needs to be updated.

Concerning **policies and measures**, the draft NECP is lacking an Annex drawn up in accordance with the requirements and structure laid down in Annex III of the Governance Regulation, setting out Georgia’s methodologies and policy measures for achieving the **energy savings requirement** in accordance with Article 7 of the Energy Efficiency Directive.

Energy efficiency plays an important role in Georgia for ensuring energy security and sustainable development, technological and economic advancement and addressing social problems. Still, some PaMs do not reflect the latest policy developments in Georgia or the most recent legal requirements under the Energy Community Treaty. PaMs in this dimension generally need to be updated to include developments in 2022 and 2023.

PaMs in Chapter 3, section 3.2 concerning the **renovation of buildings** could be improved since currently, they address only public buildings and there are no policies that envision financial support for the renovation of residential buildings. Moreover, the PaM on the development of a long-term building strategy also mentions only public buildings. It should also provide information and analyze the improvements of the existing state of residential buildings.

There are several PaMs addressing the **heating and cooling sector**, including a) rules for inspection of heating and air conditioning systems in buildings b) certification and accreditation of inspection and c) introduction of energy labelling and eco-design rules.

PaM EE-8 concerning the development of **standards, norms, and labelling schemes** for appliances intends to remove non-ecodesign compliant products from the market and increase the market share of energy-efficient appliances, by adopting the needed legal framework and providing financial incentives for efficient appliances. Notably, it envisages that GEL 33,660,000 will be provided for efficient woodstoves. While the legislative part is well elaborated, this measure could be further improved by elaborating on programmes for providing grants for efficient woodstoves (including a precise number of woodstoves that could be replaced by these grants and the implementation timeline). The progress of the implementation of this measure in its current form, will not facilitate a proper assessment.

The draft NECP states that the potential for **high-efficiency cogeneration and efficient district heating and cooling** has not yet been estimated in Georgia. Despite that Georgia has no operating district heating systems, a comprehensive assessment of the potential for efficient heating and cooling according to Article 14 of the Energy Efficiency Directive and Article 15(7) of the Renewables Directive should be performed, aiming to assess the potential for building district heating infrastructure and means for making the individual heating systems more sustainable.

Annex II provides details on the existing and planned policies, measures, and programmes to achieve the indicative national energy efficiency contributions for 2030.

3.4. Energy security

Georgia is in a unique situation in the Energy Community in terms of its geographical position by **not having a common land or maritime border with any other Contracting Party of EU Member State**. In the absence of the benefits of an integrated energy market, energy security represents a high priority. The draft NECP considers all aspects of energy security, including the integration of renewable energy and flexibility issues, the availability of energy sources and the potential of cross-border energy flows with neighbouring countries and attempts to address them. It is also clear that Georgia's options are limited, due to the geographic position and economic/financial capabilities. The draft NECP provides a comprehensive picture regarding the efforts to reduce import dependency and create a more secure energy system, while at the same time aligning with EU and Energy Community legislation regarding energy and environment.

Energy security objectives regarding the **gas market** are clear. They align well with other dimensions such as decarbonization (for instance waste-to-energy measures to produce biogas) and energy efficiency (for instance the rehabilitation and upgrade of existing energy infrastructure and the reduction of network losses).

The objective of embarking on **domestic exploration and expansion of the production of hydrocarbons** and to consider the development of oil refineries in Georgia will endanger the achievement of net zero targets in 2050 or yield significant stranded investments and assets. The increased exploration and extraction of domestic gas supplies in the Georgia's Black Sea shelf is expected to have positive but limited effects on energy security without more robust regional cooperation for instance through gas swapping deals.

The objectives to increase the diversification of energy sources, suppliers and supply routes are consistent with enhancing regional market integration.

Assumptions for **policies and measures** are adequate for the expected accelerated increase in electricity demand. However, investment needs are substantial, considering that the backbone of generation capacity is expected to remain hydropower, the development of which is both capital and construction/time intensive.

Long-term **options for gas diversification** related to development of LNG infrastructure could be considered taking into account the expected role of gas in the draft NECPs of other Contracting Parties (Ukraine and Moldova) to explore possible coordination of objectives and to assess the viability of a future business case.

Georgia does not have emergency oil stocks, which represents a potential hazard for energy security. Even though the draft NECP states that “From January 1, 2023, every compulsory stockholder will be required to hold emergency stocks equal to 25% of their annual imports.”²⁹ this obligation is not applicable because the Parliament still needs to adopt the draft of the Oil Stockholding Act prepared with the assistance of the Secretariat in 2017. The information in the draft NECP must be updated in this respect.

3.5. Internal energy market

In terms of **objectives**, the draft plan includes a quantified target for 2030 i.e. – cross-border transmission capacity of 5,550 MW which would represent well over 185% of peak load and up to 85% installed capacity of renewable energy sources integrated in the Georgian energy system.

Concerning policy and regulatory actions however, the draft NECP does not go beyond listing what was already done. There are no objectives or milestones how Georgia is planning to implement the Clean Energy and the Electricity Integration Packages and how it plans to organise its gas market.

The main drivers of energy poverty are identified, with the poor performance of buildings mentioned as one of the main drivers of energy poverty. A definition on energy poverty is provided, but the definition is not legally adopted. The draft NECP includes a national target to reduce the percentage of the population in the situation characterized by energy poverty from 43% in 2017 to less than 15% in 2030. Households in need for social assistance are identified using a rating system which is in line with the recommendation of the Energy Community. It is recommended to adopt a national definition on energy poverty.

²⁹ Integrated National Energy and Climate Plan of Georgia – p. 92.

Concerning **policies and measures**, the draft NECP focuses exclusively on electricity infrastructure and actions of the electricity transmission system operator. Planned actions to be taken by the government or state authorities for enhancing market reforms and ensuring compliance with the Energy Community acquis in this area are entirely absent.

The NECP provides one PaM (in the Energy Security dimension instead of the Internal Energy Market) targeted at reducing **energy poverty** via an assistance programme to poorer households and those in mountainous regions. The estimated costs and responsibilities are specified for this PaM, however it is based on the assumption that legal acts and support schemes are in place, which is not the case. Further alignment and consolidation of legal acts related to vulnerable consumers is needed. Other measures which the government of Georgia is considering to implement³⁰ do not appear as PaMs in the draft plan.

3.6. Research, innovation and competitiveness

The **targets in the RIC dimension** are defined in general terms without quantification.

Sectoral PaMs do not provide insight into the development of technologies that are to be utilised. **Policies and measures** could be enhanced, especially in terms of supporting research, development and innovation for low-carbon technologies and for developing corresponding value chains.

The draft plan provides a solid overview of existing funding programmes and projects, however it does not include plans for establishing new research funding programmes or a budget increase for existing programmes. Despite this, it introduces a measure **increasing public spending on R&I to 1% of GDP and public spending on sustainable energy and climate change R&I to 0.1% of the GDP by 2030**, without providing specific insights into the implementation. More details on how such an increase in spending would be spent, i.e. what is the approximate amount of that increase, which funding programmes that increase will add up to, how will it be managed and what are expected outputs of funded projects.

The draft NECP includes PaMs to facilitate **access to both existing and new sources of research funding**. These measures include the development of national Energy RDI priorities, ensuring proper representation of energy and climate issues in Georgia's Horizon Europe Programme, and informing the national research community about international large-scale research programmes.

Georgia does not have a strategy or a **unified policy for industry**. Industrial policy strategies concerning competitiveness of the low-carbon technology sector are not adequately covered

³⁰ Including adopting legal acts and measures to support vulnerable parts of the population, via direct subsidies for natural gas and electricity and supporting them via energy efficiency measures such as high efficiency light bulbs.

within the draft NECP, other than mentioning that "Georgia aims to increase competitiveness of its economy through transition to sustainable energy and increasing the role of RDI". Nevertheless, under the description of competitiveness, the draft plan mentions the SME Development Strategy which envisages measures such as commercialization of research, effective schemes of innovation and R&D financing, raising awareness on innovation.

4. Internal coherence, consistency, policy interactions and alignment with other strategic documents

The draft NECP was developed as an integral part of the National Energy Policy of Georgia, therefore a robust link exists with that document. The energy security dimension largely builds on the Ten-Year Network Development Plans ("TYNDPs") of transmission system operators and the numerous PaMs related to agriculture, industry and waste demonstrate a high level of coordination with the policy documents in those sectors. The outdated information related to energy efficiency leaves room for the improvement of internal coherence in that area.

The draft plan does not include the **climate-related reporting obligations towards the Energy Community Secretariat and a reference to the Energy Community – and Georgia's – 2030 targets in GHG emission reduction**. The obligations to establish and operate and seek to continuously improve **national inventory systems** to estimate anthropogenic emissions by sources and removals by sinks of greenhouse gases, and to operate and seek to continuously improve national and Energy Community **systems for reporting on policies and measures** and for reporting on **projections** of anthropogenic greenhouse gas emissions by sources and removals by sinks is also missing.

Consistency with the LEDS appears to entirely lack considering the misalignment regarding the ambition for 2050 climate neutrality and the projected evolution of GHG emissions up till 2050, which is unfortunate considering that the two documents were developed in a parallel timeframe.

Policies and measures are listed in a structured manner in Annex II. Chapter 3 appears as a description of the current policy framework and not as a collection of PaMs. It contains repetitions from Chapter 2, and it is not clear how it is linked to the list of PaMs in Annex II. Annex I is missing.

5. Investment needs

The draft NECP contains a summary of investment needs and identifies three main areas for the investment flows: new renewable energy and thermal energy capacities, efficient vehicles and energy system (infrastructure) improvements. A table provides an outline of financing required

through 2030 broken down by sectors³¹, however admittedly this calculation does not include all costs such as investments in new lighting, heating equipment for households or new vehicles.

The expected level of central budget financing is planned to reach GEL 740.85 mln³² and this is to be complemented by GEL 27,621.62 mln³³ of private investments. Investments in renewable energy (mostly via the costs of hydropower projects) constitutes two-thirds of all anticipated private sectors investments.

6. Robustness of the analytical basis of the draft plan

The analytical basis is presented in five Chapters, (including three additional chapters – 6, 7 and 8 – compared to the structure outlined in the Governance Regulation) and it includes a broad range of data. The tables concentrated in Chapters 6-8 are linked to the descriptions in Chapters 4 and 5, but the scattered nature of the information makes the assessment and the interpretation of the projections difficult.

Concerning decarbonisation and GHG emission reductions, the **NECP scenario** is more ambitious than Energy Community 2030 target, but still it is not reflected in Chapter 2. The function of the NECP scenario and its link to the targets is not clear from the draft NECP.

The projections follow the breakdown in line with the **IPCC 2006 Guidelines**, however the 2050 trajectory for GHG emissions including LULUCF show an increasing trend in both scenarios which is contrary to the WAM scenario of the LEDS that projects negative net emissions by 2050.

The draft plan reflects the impact of PaMs on the energy system and GHG emissions well. For non-CO₂ emission related parameters (agriculture, waste) there are no assumptions/projections beyond 2020, making it challenging to establish the link between PaMs and GHG emissions reductions projected for those sectors.

The projections indicate that no structural changes are foreseen in the industrial sector.

7. Best practices

The main parts of the draft NECP were presented in the course of a series of stakeholder meetings.

³¹ Table 5-3: Financing required for the NECP through 2030

³² Equalling to EUR 252.22 mln at current exchange rate

³³ Equalling to EUR 9,400 mln at current exchange rate

There is a clear description of the **model** used for the development of the draft NECP.

Regarding **climate**, there is a good overview of the impacts of PaMs on energy transition elements such as employment and household incomes. PaMs in that dimension contain quantified data on GHG emission reductions.

The draft NECP recognizes that **energy efficiency** in combination with promotion of use of local renewable energy sources represents the most cost-effective way of reducing dependency on fossil fuels and reducing energy usage in general. Each PaM provides explanation detailing its connections to other policies, measures, and dimensions, ensuring a cohesive and synergistic approach to target achievement.

The information from Part 2 of Annex I of the Governance Regulation is elaborated comprehensively closely following the prescribed list of elements.