



Technical Working Group

Energy Community

29 June 2021

NECPs

DG ENER and DG CLIMA

Context and objectives

- Meet Energy Union objectives (notably the 2030 targets)
- Stimulate co-operation
- Streamline planning, reporting and monitoring
- Allow for investor certainty and predictability
- Synchronise cycles with the Paris Agreement



Member States' emission reduction targets for 2021 to 2030 adopted



14/05/2018

The Council today formally adopted binding annual greenhouse gas emission reduction targets for EU Member States from 2021 to 2030. The legislation is a major step in implementing the EU's climate goals.

The Regulation on binding annual emission reductions by Member States from 2021 to 2030, also known as the **Effort Sharing Regulation**, sets targets for those sectors of the economy that fall outside the scope of the EU Emissions Trading System (EU ETS). These sectors, including transport, buildings, agriculture, non-ETS industry and waste, account for almost 60% of the EU's total domestic emissions.

Regulation on land use, land use change and forestry in 2030 climate and energy framework adopted



14/05/2018

Under new EU legislation adopted today, EU Member States have to ensure that greenhouse gas emissions from land use, land use change or forestry are offset by at least an equivalent removal of CO₂ from the atmosphere in the period 2021 to 2030.

This "no-debit" rule is established by the Regulation on the integration of land use, land use change and forestry (LULUCF) into the EU's 2030 climate and energy framework.

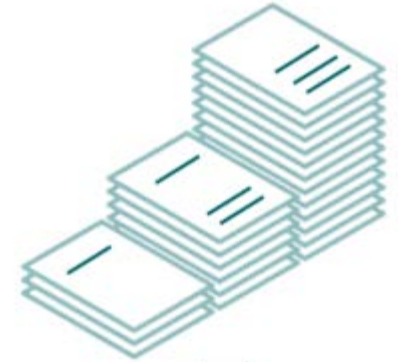
Energy Union and Climate Action Governance process

National Integrated Energy and Climate Plans (2021 to 2030)
(preparation well before 2020)

Integrated national progress reports
(from 2023, every two years)

European Commission monitoring
(State of the Energy Union)

Streamlining

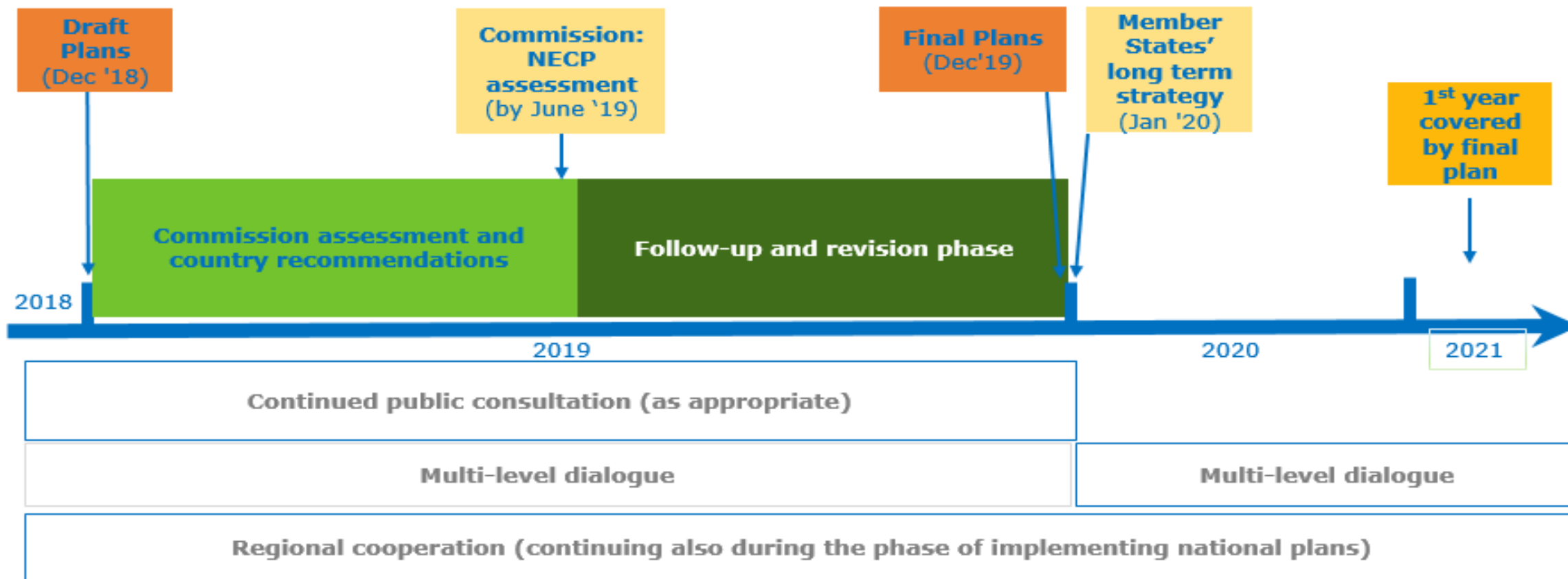


**1 Plan
1 Report
1 Monitoring**

Integrated national energy and climate plans

- **Drafts** by 31 December 2018, and subsequently by 1 January 2028 and every 10 years thereafter (Art. 9). **Final** plans by 31 December 2019, and subsequently by 1 January 2029 and every 10 years thereafter (Art. 3)
- To include (Art. 3 - 8 and elements of Annex I):
 - Overview and process for establishing the Plan
 - National objectives, targets and contributions to the five Energy Union dimensions
 - Policies and measures (PAMs)
 - Investment needs and sources of finance in their NECP
 - Analytical basis (projections, impact assessment of planned PAMs)
 - List of parameters and variables
 - Etc.
- Draft plans (and draft updated plans) to be **consulted with the public and with neighbouring Member States** (Art. 10, 12), **iterative process with the Commission**
- Plans to be **updated** in **draft** form by 30 June 2023 and in **final** form by 30 June 2024, subsequently by 1 January 2033 and 1 January 2034 and every 10 years thereafter (Art. 14)

From draft to final: NECP process and timeline



Main steps during the assessment

- Completeness of the NECPs
- Level of national ambition, e.g. GHG, RES, EE
- Adequacy of planned policies and measures to achieve the targets
- Interactions between and consistency across sectors and between domestic vs. planned use of flexibilities
- Identify good practice and scope for improvement
- Commission recommendations on the draft level of ambition of objectives, targets and contributions as well as on specific policies and measures of the plan
- EU level assessment of aggregated draft and final plans

Assessment of the NECPs: results

- All NECPs are publicly accessible, see https://ec.europa.eu/info/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-energy-and-climate-plans_en
- The draft plans were assessed by the Commission with an **overall assessment** and **country-specific recommendations** published in **June 2019**
 - Chapeau Communication (COM(2019)285)
 - 28 sets of Country-specific recommendations
 - 28 Staff Working Documents assessing the submitted draft NECPs and substantiating the recommendations
- On **17 September 2020**, the Commission published a **detailed EU-wide assessment of the final NECPs** (Communication COM(2020) 564 final)
- On **14 October 2020**, and as part of the 2020 State of the Energy Union Report, the Commission published **individual assessments** of each of the national plans (COM (2020)950).

EU-level aggregate assessment of energy efficiency and renewable energy

- **Energy Efficiency: gap 2.8 / 3.1pp for PEC / FEC**

▼ gap remains, but reduced thanks to efforts of some MS + clarifications

- Commission will ensure it is closed:
 - Firstly via full implementation of existing legislation by MS
 - Renovation wave, energy efficiency first principle, Ecodesign
 - Review specific parts EED and EPBD

- **Renewable energy: 33.1-33.7%**

▲ above target, but distribution uneven

- Use recovery potential to increase to higher RES for $\geq 55\%$ GHG reduction through:
 - Full implementation of relevant measures
 - Energy System, and Offshore Renewables Strategy, TEN-e
 - Review parts RED II

EU-level aggregate assessment of greenhouse gas emissions reductions

Non-ETS emissions

- NECPs surpass current 2030 ESR target of -30% compared to 2005
- emissions decrease by 32%
- Improvement of around 4 p.p. compared to the draft NECPs
- around a third of the 2005 EU carbon sink could be lost by 2030

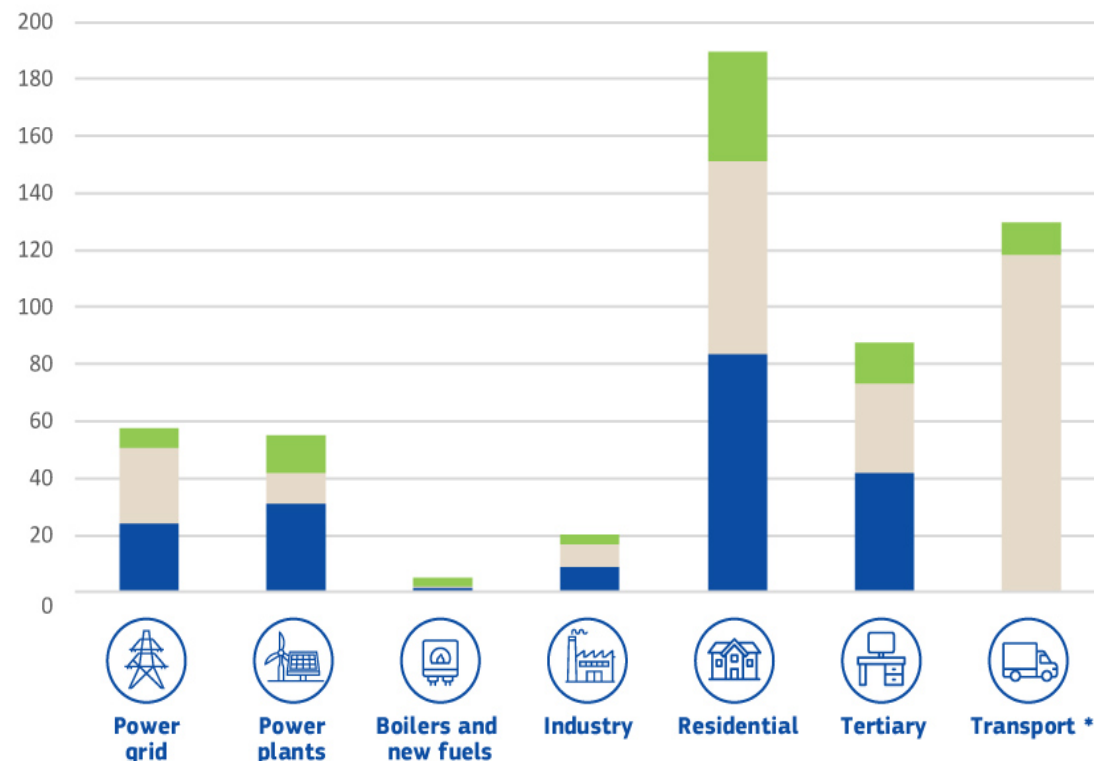
Total greenhouse gas emissions

- NECPs surpass current 2030 target of -40% compared to 1990
- emissions decrease by 41% in the current EU climate target scope, excluding the LULUCF sink
- Improvement of about 1.5 p.p. compared to draft EU NECPs

Investments for NECPs, recovery & resilience

- NECPs improved overview of needs
- Also provide policies and measures that are compatible with recovery needs
- Frontload mature projects and key enabling reforms, implement PAMs that help recovery in priority areas:
 - Renewable deployment and renovation buildings;
 - decarbonisation of industry and RES;
 - sustainable mobility;
 - energy system integration.

Average annual investments 2011-2020 and additional investments 2021-30
under existing policies and to achieve -55% greenhouse gas emission reductions
(in billion EUR 2015)



● Additional to achieve -55% greenhouse gas reductions, 2021-2030

● Additional under current 2030 policies in 2021-2030 compared to 2011-2020

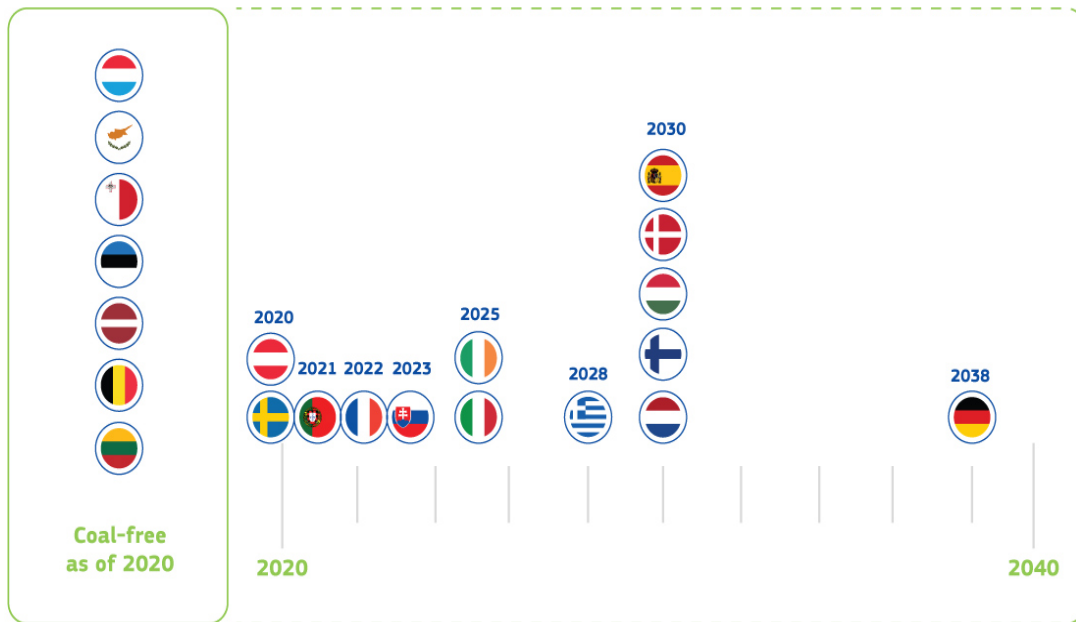
● Historic annual investments in the energy system 2011-2020

* transport only shows additional investment

Further assessment shows *mixed* results:

Update on transition-related issues in the EU

Coal phase out commitments as per National Energy and Climate Plans (NECPs)



Phase out under consideration



No phase out planned



- Just transition and energy poverty
- Internal energy market: more flex needed
- Fossil fuel subsidies: only three MS provide complete information
- Security of supply: new approach needed
- R&I: disconnect with energy and climate objectives
- Regional dimension potential remains
- Environmental policy links better

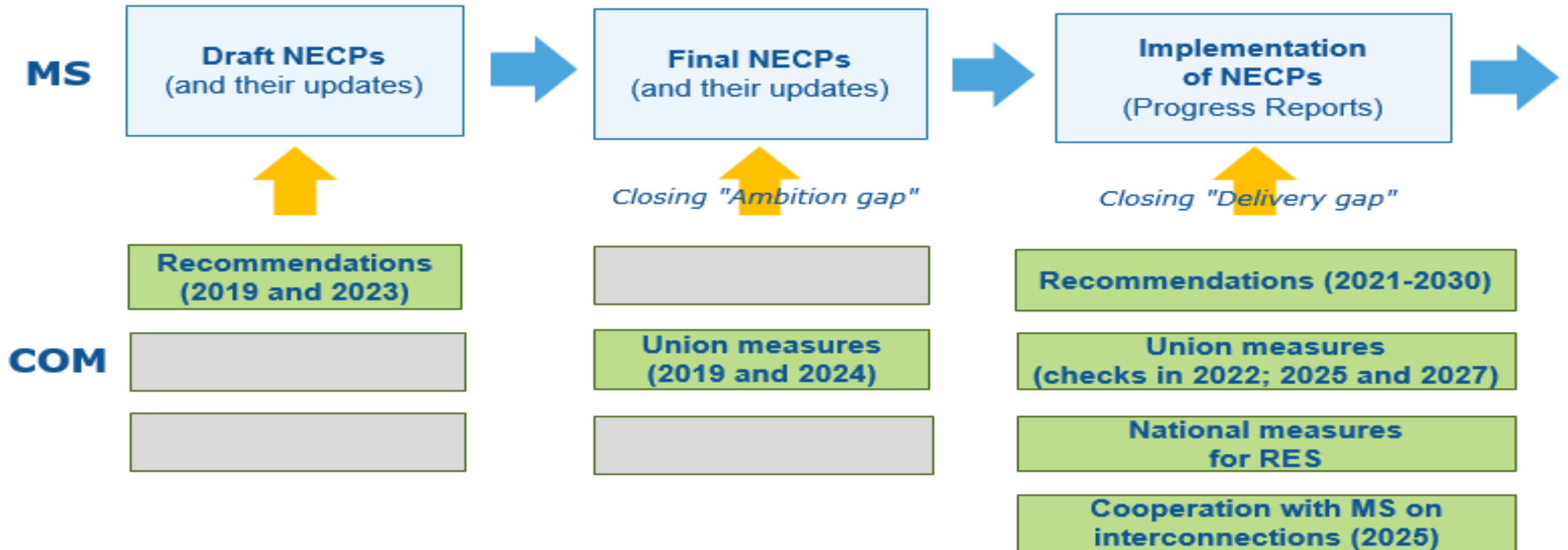
Integrated reporting

- Integrated reporting across all 5 Energy Union dimensions
- Biennial reporting as main rule (biennial integrated national energy and climate progress reports, and biennial climate reports)
- Annual reporting nevertheless continued when needed due to EU's international climate commitments (and also for certain energy-related reporting)
- Establishment of an online e-reporting platform (Art. 28)
- Annual State of the Energy Union report (Art. 35), including annual climate action progress reports
- Commission assessment of progress, recommendations (Art. 29, Chapter 5)



Governance process – target achievement

A RELIABLE GOVERNANCE PROCESS FOR ACHIEVEMENT OF ENERGY UNION OBJECTIVES AND 2030 TARGETS



NECP success factors

- Strong political leadership and a clear mandate to work.
- Underpinned by appropriate analytical basis.
- Effective coordination structures with representatives from all relevant ministries.
- Hear relevant stakeholders from the start for societal buy-in.
 - public at large
 - social partners and sectoral representatives.
 - neighbouring countries and regional partners.

Governance Regulation Energy Efficiency Directive Renewables Directive

DG ENER and DG CLIMA

Governance Regulation

- Streamline planning, reporting and monitoring
 - Synchronise cycles with the Paris Agreement
 - Allow investor certainty and predictability
 - Stimulate co-operation
- **Analogical approach with the EU**

Subject matter, scope, definitions (*Art. 1,2*)

- Governance mechanism based on NECPs, long-term strategies and integrated reporting, to:
 - Implement strategies and measures designed to meet the objectives and targets of the Energy Union, consistent with the Paris Agreement
 - Stimulate cooperation between Contracting Parties
 - Ensure the information for reporting to the UNFCCC and Paris Agreement Secretariat
 - Contribute to greater regulatory and investor certainty
- Five dimensions – energy security, internal energy market, energy efficiency, decarbonisation, and research, innovation and competitiveness
- Definitions of terms used, such as for policies and measures in time, targets

NECPs, objectives, targets, contributions and assessments (*Art. 3, 4, 5, 6, 7, 8, 9, 13, 14, Annexes*)

- Core – submission of draft and final NECPs every 10 years, covering the five dimension of the Energy Union, updated every 10 years halfway (also as a draft and final)
- Objectives, targets and contributions specified for each dimension
- Specifics for contribution setting proces in the areas of renewable energy and energy efficiency
- Description of existing and planned policies and measures to achieve the objective of the NECP
- Analytical basis of NECPs – to describe the current situation for each of the five dimensions
- Annex I – general framework for NECPs, Annex II – formula for national contributions for the share of RES
- Secretariat role to assess draft and final NECPs

Public consultation, involvement and regional cooperation (*Art 10, 11, 12*)

- **Public** to be given early and effective opportunities to participate in the preparation of the national energy and climate plan (NECP) as well as the long-term strategy (LTS) (Art. 10)
- Contracting Parties to establish a **multilevel climate and energy dialogue** for active engagement and discussion of scenarios for energy and climate policies, including for the long term, and to review progress (Art. 11)
- Contracting Parties to identify opportunities for **regional cooperation** and consult neighbouring Contracting Parties (Art. 12)



Annual reporting (*Art. 26, Annex V, 37, 38*)

- Reporting on:
 - Approximated GHG inventories
 - GHG inventories
 - Specific information pursuant to Directive on minimum stocks of crude oil and petroleum products
- Detailed rules laid down in Implementing Regulation (EU) 2020/1208 and Delegated Regulation (EU) 2020/1044
- Integrated with international reporting requirements
- Systems on greenhouse gas emissions and removals by sinks

Climate reporting *(Art. 18 and 19, Annexes VI, VII, VIII)*

- Integrated reporting on GHG policies and measures and projections
- Integrated reporting on national adaptation actions, financial and technology support provided to developing countries and carbon price mechanism revenues
- **Detailed rules on structure, format and submission processes laid down in Implementing Regulation (EU) 2020/1208**
- Expected to be managed by the European Environment Agency (EEA), through its Reportnet 3.0
- Integrated with international reporting requirements

National energy and climate progress reports

(Art. 17, 20, 21, 22, 23, 24, 25, link with 18 and 26(3), Annex IX)

- Integrated reporting on the status of implementation of NECPs across all five Energy Union dimensions
- Specific provisions on reporting on RES, EE, energy security, internal energy market, energy poverty and research, innovation and competitiveness
- Covers also information from annual inventory reporting, and reporting on PaMs and projections
- Includes progress on PaMs, multi-level dialogue, adaptation, impact on air quality, objectives to phase out energy subsidies
- **Implementing Act (Art. 17(4)) to be adopted to set out the structure, format and technical details and proces – under preparation**

Aggregate assessment of progress, policy response and Implementation Report (*Art 29, 30, 31, 32, 34, 35*)

- Biennial assessment based on the national energy and climate progress reports and other information reported under the Regulation:
 - on the progress towards meeting the Energy Union objectives;
 - progress of each Contracting Party towards meeting its NECP's objectives;
 - Impact of aviation;
 - Impact of policies and measures.
- Recommendations addressing insufficient ambition of NECPs, and insufficient progress towards meeting Contracting Parties' objectives, targets and contributions set out in NECPs
- Annual Implementation Report
 - Recommendations where appropriate;
 - Accompanying reports;
 - Progress towards phasing out energy subsidies

E-platform (*Art 28*)

- Establishment of an online platform to facilitate communication between the Secretariat and the Contracting Parties
- To facilitate public access to information
- For the purposes of climate reporting (Art. 18, 19), GHG inventories (Art. 26) and national energy and climate progress reporting (Art. 17)
- To facilitate public access to final NECPs and their updates and long-term strategies

Cooperation between Contracting Parties, as well as Contracting Parties and EU Member States (*Art 41*)

- Contracting Parties amongst themselves, and Contracting Parties and Member States of the EU should cooperate and coordinate in relation to:
 - NECPs preparation;
 - National energy and climate progress report preparation and GHG inventory reporting;
 - Recommendations by the Secretariat;
 - Compiling the Energy Community's GHG inventory

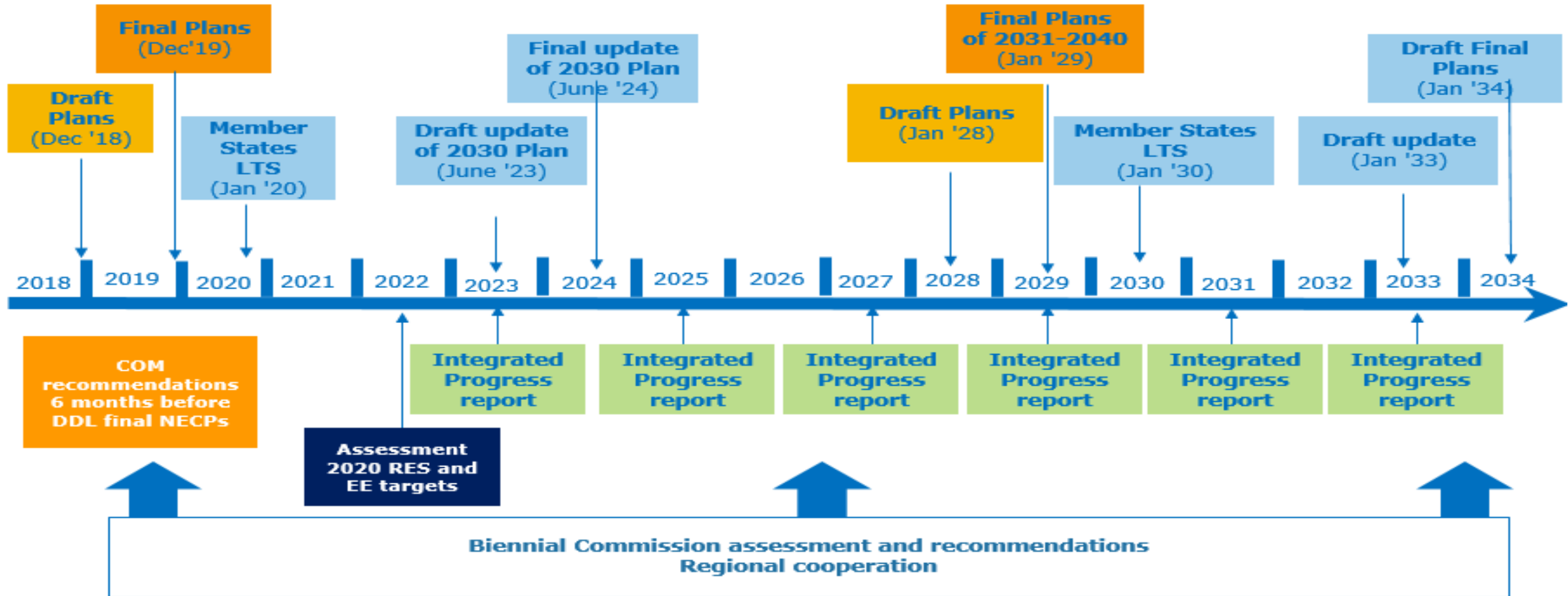
Role of the European Environment Agency (Art. 42)

- Similar role envisaged for the EEA for the Contracting Parties as it already provides to EU Member States (in particular Reportnet 3.0)
- The Agency has extensive expertise in compiling information reported by Member States on GHG emissions, policies and measures, projections, as well as performing quality assurances and quality control procedures, and preparing estimates

Long-term strategies (Art 15)

- Stemming from the Paris Agreement (Art. 4(19)) and Decision 1/CP.21 (para 35): all countries should communicate long term low GHG emission development strategies (by 2020)
- Contracting Parties to submit their national long term strategies (LTS) every 10 years, with a perspective of at least 30 years
- To be updated where necessary every 5 years
- Elements to be included in LTS – Art. 15(4) and Annex IV

EU timeline



The timeline to be adjusted for Contracting Parties

NECP timeline

- Proposed timeline, subject to discussion and changes
- Builds on the existing EnC NECP Recommendation and work achieved so far, but also considering the time needed to adopt national legislation after the adoption of Governance Regulation by the Ministerial Council

