TAKING STOCK & PLANNING AHEAD

NATIONAL ENERGY AND CLIMATE PLANS AS A TOOL TO ACHIEVE CLIMATE SAFETY AND ENERGY SECURITY

July 2022

Unify
BRINGING THE EU TOGETHER ON CLIMATE ACTION

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EXECUTIVE SUMMARY

To do its fair and science-based share under the Paris Agreement, the EU must reduce its greenhouse gas emissions by at least 65% by 2030 and achieve net-zero emissions by 2040. This requires an unprecedented level of climate action, leaving fossil fuels in the ground and substantially increasing sustainable renewable installations and energy savings measures in this decade – especially in light of the current, fossil-fueled energy crisis stemming from the Russian war against Ukraine.

National Energy and Climate Plans (NECPs) can be a powerful instrument in the EU's contribution to limit global warming to 1.5˚C, while at the same time ensuring energy security and energy justice across the EU. In their NECPs, EU Member States are required to describe, in an integrated manner, national climate and energy objectives and targets – as well as the policies and measures to achieve them – for the period from 2021 to 2030.

The LIFE Unify consortium has monitored the drafting and early implementation of NECPs for the last three years and in this final report concludes that, in their current form and with their current overall level of ambition, NECPs developed by EU Member States between 2018 and 2019 are dramatically unfit for purpose.

The upcoming NECPs revision, taking place between 2023 and 2024, will be a fundamental opportunity for EU Member States to set things right – to bring NECPs much closer to their real, transformative potential. Drawing from national experiences from 10 different EU countries – Croatia, Czechia, Denmark, Estonia, France, Germany, Poland, Portugal, Slovenia and Spain – this LIFE Unify report provides a stocktake of the current state of play of NECPs ambition and implementation and, most importantly, provides key recommendations for successful NECP revision, both in individual countries and overall.

These key recommendations for Member States can be summarised as follows:

1. **Increase the level of ambition of 2030 climate and energy targets**
2. **Develop robust policies, measures and plans to deliver on ambition**
3. **Back up policies with climate-proof and fair investments, shifting away from fossil fuels**
4. **Improve public participation and transparency**
5. **Ensure consistency across policies and towards climate neutrality**

The Annex to this paper, comprising 10 individual country accounts, offers valuable insights about specific national contexts and more detailed, country-specific analyses, assessments and recommendations.

STOCKTAKE

NECPs are a fundamental instrument to accelerate climate action, currently unfit for purpose

The latest damning series of IPCC reports has confirmed what science has been showing for many years: we have to stay within the 1.5˚C limit to avoid the worst consequences of the climate crisis and we have a small window of opportunity to make it happen. To do its fair and science-based share under the Paris Agreement, the EU must reduce its greenhouse gas emissions by at least 65% by 2030 and achieve net-zero emissions by 2040. This requires a drastic acceleration of climate action at all levels, leaving fossil fuels in the ground, and particularly an **unprecedented level of climate action in this decade**.

National Energy and Climate Plans (NECPs) can be a powerful instrument to accelerate climate action across the EU. According to the Governance Regulation (adopted in 2018), which lays out the framework for the development of NECPs, EU Member States had to submit these 10-year plans by the end of 2019, and follow up with progress reports (or NECPRs) every two years starting from March 2023.

In their NECPs, EU Member States are required to describe, in an integrated manner, their climate and energy objectives and targets – as well as the policies and measures to achieve them – for the period from 2021 to 2030. In particular, they need to show how they will deliver national binding emission reduction targets for sectors currently not included in the EU Emissions Trading System (transport, buildings, waste, agriculture, small industry, F-gases) and contribute to the EU's 2030 renewables and energy efficiency targets. While the minimum ambition level NECPs are required to deliver is set by the EU's sectoral climate and energy legislation — including the Effort Sharing Regulation (ESR), the Renewable Energy Directive (RED) and the Energy Efficiency Directive (EED), all of which are currently being revised as part of the 'Fit for 55' package and in response to the Russian invasion of Ukraine – **there is no limitation on Member States to design plans that go beyond the EU's current level of ambition**.

Therefore, NECPs are not just an important tool in ensuring that Member States are coherent in implementing the EU climate objectives at the national level; they could also be the cornerstone for Member States to develop **more ambitious climate goals to help to limit global warming to 1.5°C, while at the same time ensuring energy security and energy justice**. As the European Commission flagged in its 'REPowerEU' package, NECPs can provide a powerful "framework for planning and encouraging the reduction of use of fossil fuels". Member States should use NECPs as a tool to ensure coherence and consistency across concrete plans to wean off Russian gas imports, to stop using fossil fuels overall, as well as to ambitiously curb energy demand, ramp up sustainable renewables and roll out flexibility options.

NECPs can also be a key opportunity to put people at the centre – not only by transitioning away from the current fossil-based system that is vulnerable to shocks ultimately affecting lowest income people the most, but also by involving citizens in crucial decisions that will first and foremost affect their own wellbeing.

Has this been the case so far? As NECPs measures entered into force in 2021, it is in most cases too early to comment on the impacts and extent of their implementation. It is possible, however, to analyse the most up-to-date climate and energy data (from 2020), and assess the extent to which they are in line with the current NECPs trajectories. The latest official data published by the European Environment Agency (EEA) show that total greenhouse gas emissions in the EU have continued to decrease in 2020, to reach -34% compared to 1990 levels. This is considerably higher than the EU's 20% reduction target by 2020, and it implies that Member States are in line – if not overachieving on — several emissions reduction targets and trajectories for 2030, set in their current NECPs or other relevant legislation. Our country assessments from 10 EU Member States – Croatia, Czechia, Denmark, Estonia, France, Germany, Poland, Portugal, Slovenia, Spain – all evidenced a reduction in overall emissions in 2020. In several circumstances, this reduction in emissions also coincided with meeting NECPs targets for 2020 – Czechia, for instance, met all targets for the sectors covered by the ESR; Poland overall emissions reduction trajectory was also in line with its 2020 NECP target. In a similar fashion, in 2020 the EU achieved a 22.1% renewables share in the energy mix which was higher than the EU-wide 2020 target (20%). All Member States – with the exception of France – achieved their respective national 2020 binding targets.

However, this should leave no ground for complacency, for a variety of reasons. First, as emphasised by the EEA itself, 2020 was severely impacted by the **COVID-19 pandemic;** the economic regression triggered by the lockdowns had a significant impact on reducing emissions in that year, as well as on achieving the national 2020 renewables targets (by lowering total energy consumption). The impact of the pandemic is likely to be short-lived: where already available, 2021 figures or forecasts show emissions are again taking an upward trend – this is the case in Slovenia, Germany, Spain and France, where for instance overall emissions rose by 6.4% between 2020 and 2021 as a direct result of an emissions increase across all sectors (with the exception of waste).

Second, it is worth noting that, taking into consideration a broader time frame, emissions **are not even decreasing across all sectors**: when looking at EU-wide data, in transport, as well as in refrigeration and air conditioning (i.e. small industry), emissions have actually increased in the last three decades, and EU agriculture emissions have basically stagnated since 2005 (the base year for the ESR regime). If we exclude the obvious impacts of the COVID-19 pandemic in 2020, transport emissions were actually increasing steadily between 2013 to 2019. When it comes to refrigeration and air conditioning appliances, forecasts indicate that with increasing temperature, demand will drastically grow and drive up emissions across Europe.
Even in the extraordinary circumstances of 2020, our country assessments emphasised some worrying trends. For instance, emissions from agriculture increased in Slovenia, Spain and Poland – where emissions rose to the highest levels since 2000; relatedly, the performance of the LULUCF sector worsened in Poland, Czechia and Estonia – where for the very first time the LULUCF sector emitted more greenhouse gases (1.3 Mt CO2-eq) than it was able to absorb; and waste emissions increased in Czechia and Spain.

The third (and most important) element is that, even if all 2020 (or 2021) emissions reduction trends were perfectly in line with NECPs targets and trajectories, there would still be little to celebrate, as **current NECPs fall dramatically short in ambition**. According to the European Commission 2020 Climate Progress Report, with the implementation of the planned measures or stated ambitions in current NECPs, the EU is projected to reduce overall emissions by 41% in 2030. This level of ambition is not just far below what would be required to be in line with the EU's Paris Agreement commitments (65% emissions reduction by 2030); it is not even in line with the current EU targets (55% emissions reduction by 2030).

Indeed, the climate context has evolved substantially compared to 2018-2019, when NECPs were originally drafted. In 2020, the EU has increased its 2030 climate target from 40% emission reductions to at least 55% net emission cuts (compared to 1990 levels). To back it up, in 2021 the European Commission has revamped its entire climate and energy framework under the **'Fit for 55' package**, which is gradually making its way through the various legislative processes at EU level. While at the time of writing the ESR, RED and EED are still being negotiated, their ambition will increase as they ultimately need to collectively achieve at least the net 55% emissions reduction target which is enshrined in the EU Climate Law. The new targets proposed by the European Commission aim at reducing ETS emissions by 61% and ESR emissions by 40% by 2030.

In May 2022, as a consequence of the war against Ukraine, the **'REPowerEU' package** proposal was published with the aim of weaning the EU off its reliance on energy imports from Russia, which further signalled the need for an increase in the EU's ambition level on renewables and energy efficiency targets. The current situation the EU is in, with the ongoing atrocities of Russia against Ukraine and measures against Russia, clearly shows that reaching and even going beyond the current EU targets is vital if the EU wants to achieve energy security and shield its people from volatile and dangerous fossil fuel imports.

These developments have clearly marked **a disconnection between the ambition of the climate & energy package at the EU level and national climate ambition and planning under the current NECPs**, which have become obsolete. In this context, Member States' 2020 emissions reduction trajectories being in line with NECPs highlights not the success of current NECPs, but rather the fact that they are at present dramatically unfit for purpose.

The upcoming NECPs revision process will provide EU Member States with a key policy opportunity to significantly improve the current state of play. By delivering better-designed, more ambitious plans, Member States have the chance for NECPs to fully realise their potential as a powerful bottom-up instrument to accelerate climate action and the energy transition across the EU, holding people at its core.

RECOMMENDATIONS

How Member States can step up ambition in the upcoming NECPs revision

The NECPs submitted by Member States in 2019 are not set in stone. **Before the end of 2022, all EU Member States should start working on updated draft NECPs** (some of them have already started), as the Governance Regulation foresees their submission to the European Commission by June 2023. Following the European Commission's assessment, final updated NECPs will be submitted by June 2024. In light of the many developments occurred in the last years, the European Commission also intends to publish – probably as part of the State of the Energy Union report of October 2022 – guidelines for Member States' upcoming NECP revisions, which will take into account the implications of the 'REPowerEU' and 'Fit for 55' packages, as well as the links with national Recovery and Resilience Plans and other EU funding instruments.

This upcoming NECP revision process provides a fundamental opportunity for Member States to ensure that the level of climate ambition at the national level is not just in line with the new EU targets, but goes beyond them, thereby bringing the EU's emission reduction trajectory in line with its Paris Agreement commitments. The NECP revision process also offers the unmissable opportunity to put together policies, measures and plans developed as a consequence of the COVID-19 pandemic as well as the war in Ukraine – and the consequent fossil-fuelled energy crisis – in a coherent framework that can also deliver energy security and energy justice.

With a higher 2030 climate target and revised climate and energy regulations, and with the ongoing energy crisis already causing serious harm to people, **NECPs become ever more crucial in the coherent design, effective implementation and close monitoring of national targets, policies and measures that put Member States on the right path to achieve both energy security and ambitious climate goals.** Member States should therefore use this opportunity to ensure that their climate and energy targets and objectives – as well as the measures and policies to achieve them – maximise social benefits, ensure energy security by accelerating the abandonment of fossil fuels and pave the way for the EU to achieve at least 65% emissions reduction by 2030.

How can Member States make their NECPs fit for purpose? Between 2019 and 2022, the LIFE Unify consortium has closely followed the drafting of current NECPs, as well as their first years of implementation, in 10 EU countries – Croatia, Czechia, Denmark, Estonia, France, Germany, Poland, Portugal, Slovenia and Spain. As a result of our analysis, we share the state of play as of July 2022 and, ahead of the revision process, provide EU Member States with **5 key recommendations for drafting ambitious and transformative NECPs:**

1 INCREASE THE LEVEL OF AMBITION OF 2030 CLIMATE AND ENERGY TARGETS.

Revised NECPs must drastically increase 2030 emissions reduction targets, as well as 2030 renewables and energy savings targets compared to their current, unambitious versions. To ensure that revised NECPs will be 'Fit for 1.5˚C', Member States should go beyond the minimum requirements set by the Governance Regulation and the other relevant EU legislation (ESR, RED and EED, LULUCF).

A first step is to commit to **more ambitious economy-wide targets**. In France, for instance, the current 2030 climate target (at least -50%), should be increased to at least -65% by 2030 for France to contribute with its fair share to climate action. In Denmark, the 70% emissions reduction target by 2030 would have to adopt a linear trajectory – instead of the current 'hockey stick' trajectory, where most reductions happen shortly before 2030 – to be sufficiently ambitious. In other countries such as Czechia and Slovenia, NECPs emissions reduction targets would need to sharply increase even to be in line with the current EU targets.

Equally important would be for Member States to **set sectoral emissions reduction targets**. For the sectors under the ESR, for example, EU-wide emissions should be reduced by at least 50% by 2030 compared to 2005 (the European Commission proposal sets an unambitious -40% target by the same year). Clear, ambitious sectoral targets would ensure the development of more effective and ambitious policies and measures, give clear sign to businesses and investors and improve the possibility of monitoring the performance of NECPs. Unfortunately, in many cases they are still completely missing. In Poland, for instance, agricultural policy is at present completely disconnected from climate policy; setting a sectoral emissions reduction target (and relevant indicators) in the Polish NECP is therefore a priority to ensure that agricultural policies also take into account the contribution of the agriculture sector to the broader Polish commitments. Denmark, instead, has adopted a 2030 emissions reduction target for agriculture in 2021, but still lacks targets for all other sectors of the economy. The revised NECP should therefore be the best moment for Denmark to set things right and establish all other sectoral targets.

To achieve these levels of climate ambition, as well as to tackle the current fossil-fuelled energy crisis stemming from the war in Ukraine, in their NECPs Member States also need to substantially **increase renewables and energy efficiency targets**. In order for the EU to be on a Paris-compatible energy pathway, and achieve energy security, a binding EU renewable energy target of at least 50% by 2030 is essential, and final energy demand must decrease at an unprecedented pace which leaves no room for delayed energy savings action. For the EU, this means achieving a binding energy efficiency target of at least 20% compared to the PRIMES 2020 scenario for 2030 (at least 45% compared to the PRIMES 2007). The need to substantially increase renewables and energy efficiency targets applies to all the countries assessed in this report – and for all EU countries in general, – but it has been particularly emphasised by contributors in Poland, Spain and France – the latter country has even failed to achieve its unambitious 2020 renewables target – and Slovenia, where for instance our contributors identified the acceleration of solar power production as a key measure to quickly reduce dependence on fossil fuel imports.

2 DEVELOP ROBUST POLICIES, MEASURES AND PLANS TO DELIVER ON AMBITION

NECPs need to include strong policies and measures that will substantiate the adoption of higher 2030 economy-wide and sectoral climate targets, as well as energy targets. In order to allow a proper assessment of whether the EU will at least meet its 2030 climate and energy targets, the planned policies and measures need to be described clearly and in detail, and they should be comprehensive, credible, quantified and based on up-to-date information.

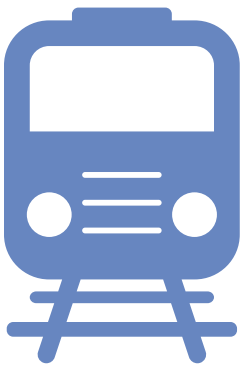
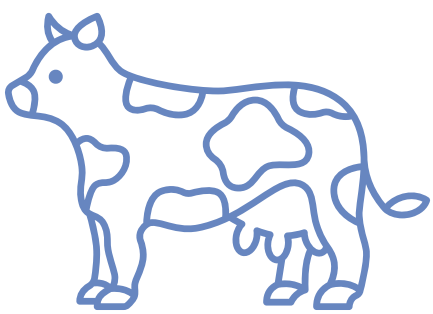
Our country assessments have highlighted several policies and measures that ought to be adopted by Member States in their new NECPs. For instance, starters, many have pointed out measures for the **transport sector**, where curbing emissions is proving problematic all around Europe; **limiting the amount of road traffic** – rather than supporting a mere fuel switch – has specifically been highlighted as a key issue. How? First, by substantially increasing the capacity of **national railways** and restoring older railway systems – for instance in Portugal, Poland, Germany and France – to achieve shorter time distances between the main cities and make them valid alternatives to cars (or even flights). Second, by making crucial investments ion **public regional and local transport** – France, Germany, Poland, Portugal, Slovenia – and developing plans actively supporting the shift away from road traffic, including by reimbursing costs (Slovenia), by setting areas restricting car use (Portugal), or by promoting pedestrian and bicycle infrastructure (France, Germany).

The need for decisive climate action measures was also highlighted **for agriculture and for natural carbon sinks.** A strong need was identified to clearly connect agriculture policies and measures with NECPs – for instance in Poland (see above) or in Spain, where it will be crucial to ensure that the Strategic Plan for Agriculture is fully coordinated with the NECP to ensure the reduction of emissions and the protection and enhancement of natural carbon sinks. The latter are a priority also for Estonia, where measures should be laid out to regulate the production of **forestry** biomass and considerably reduce clear-cutting rates. Other suggested policies and measures centre around the **reduction of livestock farming and meat consumption** – Poland, France – which constitute the main source of greenhouse gas emissions from the sector.

In the buildings sector, contributors from Croatia, France, Germany, Portugal and Czechia suggested different sets of building renovation measures to substantially improve energy efficiency. Germany, for instance, should undergo a stringent revision of the Buildings Energy Code to set minimum energy efficiency standards for existing buildings. The Portuguese government, instead, should use the NECP revision as the opportunity to assess the real needs for building renovation and provide funding accordingly. **Tackling energy poverty** was also a key concern, especially in light of the current energy crisis, during which the most vulnerable households are impacted the most by rising inflation and energy prices. The Czech NECP, for instance, should include clear definitions of energy poverty and vulnerable customers, in order to properly design funding instruments that would specifically target the most vulnerable groups. In France, the government should put in place an 'Energy Shield' to protect households, supporting energy renovation with State subsidies – which should be recalibrated to cover 100% of the expenses for the most vulnerable. Other suggested measures focus on the **decarbonization of district heating** (Estonia) as well as on the **reskilling of workers** (Croatia).

When it comes to **renewables** – another key point for both 'REPowerEU' and NECPs, – suggested measures for revised NECPs include the **identification and correction of barriers to their deployment**. These can range from regulatory issues – i.e. complex permitting procedures (e.g. in Croatia, Spain or in Poland, where onshore wind installations are blocked due to the '10H rule') – to infrastructural needs – i.e. electricity grids that either lack capacity or are inadequate to support a more distributed power generation from renewable sources, e.g. in Poland or Slovenia. NECP revision should also be the opportunity to create the conditions for a favourable development and **expansion of prosumers and** the fast proliferation of **energy communities**. The Czech NECP, for instance, should include a definition of energy communities that is still missing in the Czech legal system. Last but not least, better **participatory processes** should be put in place to ensure that renewable deployment projects enjoy public support, and that they respect biodiversity and people. These processes are key to reduce criticism and protests in the devlopment of new renewables projects (such as is happening in Spain).

Finally, NECPs should also be a platform to bring together and lay down clear and robust **phase-out plans** for coal as well as fossil gas, respectively by 2030 and by 2035 at the latest. Our Czech and French contributors, for instance, call for clear **phase-out plans for fossil fuel subsidies** (and, instrumentally, for broadening the definition of fossil fuel subsidies to reflect their real scope). In Estonia, instead, our contributors call for a concrete **phase-out plan for oil shale**, which would include phasing out indirect subsidies to the sector and year to year plan on how to phase out oil shale electricity and energy production.

3 BACK UP POLICIES WITH CLIMATE-PROOF AND FAIR INVESTMENTS, SHIFTING AWAY FROM FOSSIL FUELS

According to the Governance Regulation, NECPs need to include information on climate & energy investment needs and means – in order to increase credibility, enable implementation, and provide certainty to markets and investors. According to both the EU Court of Auditors and the European Commission's assessment, this has not been the case for current NECPs, which overall contained partial analyses of investment needs largely not matched by potential funding sources. Overall, the Court considered current NECPs as "incomplete, inconsistent and showing large disparities", with each country using its own assessment methodology. This was particularly the case for investment needs concerning the circular economy and biodiversity.

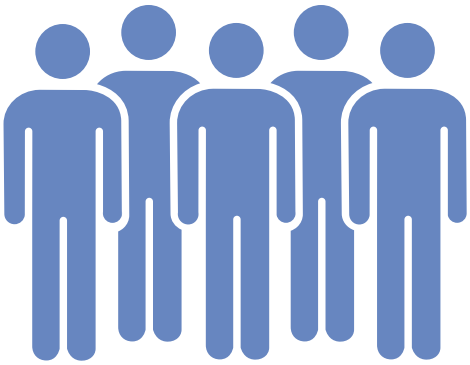
In its October 2022 guidelines, the European Commission is expected to develop a thorough common framework for Member States to assess their needs and align them with respective measures and spending plans. But regardless, in their revised NECPs Member States should, first of all, **integrate an analysis of the public green funding gap**. Then, it should clearly detail how national, regional and, private finance, but also EU financial instruments – notably via the Recovery and Resilience Facility, Just Transition Fund, European Regional Development Fund, Cohesion Fund – will be aligned with NECPs, and sufficient to implement their policies and measures. This is particularly relevant for funding coming via European Structural Investment Funds and the Recovery and Resilience Facility, given the European Court of Auditors' recently expressed concerns about the unclear links between payments and climate objectives.

With the ongoing energy crisis, it is also crucial that NECPs **take into account the socio-economic impacts** of these investments. According to the European Commission's assessment of individual NECPs, many NECPs failed to include a systematic assessment of socio-economic impacts, including employment impacts. As stated in the recently published Council Recommendation on **fair transition** towards climate neutrality, in their revised NECPs Member States should "mainstream employment, social and distributional impact assessments and fair transition aspects across the five dimensions of the Energy Union, and further enhance policy measures for addressing those impacts, with a particular focus on energy poverty" (see above). In the light of the current energy crisis, investments outlined in NECPs – as well as in the other spending plans, such as the 'REPowerEU' chapters of the Recovery and Resilience Plans (RRPs) – should embed distributional appraisals to address the needs of vulnerable households.

Finally, the majority of current NECPs failed to comprehensively list (a) all energy subsidies, (b) fossil fuel subsidies, and (c) plans to phase them out, despite these three elements being a key recommendation of the European Commission (see Annex 1 of respective assessments of individual NECPs). NECPs that are fit for purpose should notably not foresee any investments ion new fossil fuel infrastructure, including fossil gas, or ion maintaining existing ones, as they will only generate lock-in effects and stranded assets and worsen the fossil fuel dependency that led us into the current energy crisis. Rather, they should comprehensively provide a **mapping of all environmentally-harmful subsidies, as recommended notably by the European Commission,** and detailed plans to phase them out (see above). Our French contributors, for instance, call for a clear timetable for the end of climate- and environmentally- harmful subsidies which added up to €25 billion in 2022.

On the contrary, investments ion energy savings and renewable energy sources, as well as for transformative measures curbing sectoral emissions (see above) should be prioritised. In Slovenia, for instance, more investments should be allocated in renewable installations and distribution grids – for the latter, an investment need of €400 million per year was identified, while only €80 million have been funded in the RRP for the whole energy period. Our Polish and Spanish contributors, on the other hand, highlight the fact that in order to deploy renewables and develop energy communities – and more generally for any types of local investments, including ion transport or waste – it is necessary to direct more **climate funding towards local and regional authorities**. The revised NECP should indicate how support can be guaranteed and delivered at different spatial scales, including cities and regions, as well as identify and promote those actions at municipal level that are likely to deliver the most rapid and lasting emissions reductions, whilst guaranteeing social justice, well-being and environmental quality.

4 IMPROVE PUBLIC PARTICIPATION AND TRANSPARENCY



EU Member States are required to undertake public consultations with citizens and stakeholders during the drafting of their revised NECPs. These public consultations must then be summarised in both draft and final NECPs, and should be in line with the **Aarhus Convention** on Access to Information. In 2019, the Aarhus Compliance Committee advised Member States on the NECPs public consultation process clarifying that, in order to comply with Article 7, 6(4) and 6(8) of the Aarhus Convention, Member States are required to "provide for early and effective public participation when all options are open and to take due account of the outcomes of the public participation".

To respect the Aarhus Convention, **the level of public participation should be substantially improved compared to what it was for current NECPs** – whose drafting occurred often without any meaningful public participation, which was in many cases only notional so that it could be formally reported to the European Commission. In Croatia, for instance, the NECP was drafted without any wider consultation with the public or relevant experts, and once it was opened for public consultation, it was for a period below the legal minimum – strict deadlines were used as an excuse; the majority of comments that were nonetheless expressed were dismissed as irrelevant.

In the upcoming NECP revisions, public consultation should be open for longer periods and provide citizens with a real possibility to input into the planning – and those inputs should actually be taken into account. For Poland, our contributors suggest the NECP drafting process follows the same lines used during the drafting of the EU funding programmes – several public hearings and inverted public hearings, with a consistent reporting made publicly available afterwards. For Spain, our contributors suggest organising – amongst other proposals – broad national debates on the recommendations of the first Citizens' Climate Assembly during the revision of the Spanish NECP. In France, a wide public debate around the energy mix is encouraged, which would result in increased public awareness and a more democratic choice which – as shown by the Citizen's Climate Assembly experience – would likely result in more radical emissions reductions measures.

Finally, to make NECPs fully transparent and participatory, **public participation** should be guaranteed not only during the drafting process, but **also throughout the NECP implementation**, to monitor its results. In previous reports, the UNIFY Consortium identified lack of data consistency not only across Member States, but even within the same NECPs. This is why transparency of information should also be ensured ion data collection processes and underlying methodologies, as well as ion the development of targets and policy trajectories. This will make it easier for experts and relevant stakeholders to effectively monitor and properly analyse the effectiveness and degree of implementation of NECPs policies and measures. It will also make it easier for public monitoring bodies as well. Croatia, for instance, currently has a public monitoring group which however lacks capacity to effectively monitor the implementation of current NECP measures. Data transparency and availability – i.e. by establishing clear milestones and expected values for indicators – would substantially increase the effectiveness of its monitoring.

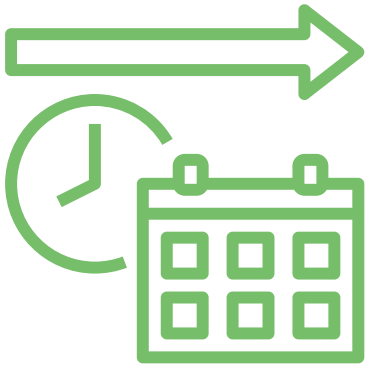
5 ENSURE CONSISTENCY ACROSS POLICIES AND TOWARDS CLIMATE NEUTRALITY

Although the revised NECPs will only describe targets, policies, plans and measures until 2030, they should evidently align and be consistent with the Paris Agreement long-term decarbonisation objectives. To create such an alignment, in the upcoming revision process Members States should ensure that NECPs are aligned and consistent not only with EU legislation, but also with their own national climate laws (if they have them), national Long-Term Strategies as well as with other relevant energy and climate-related targets set in other sectoral legislations (e.g. transport, buildings, agriculture, waste). To do so, NECPs should be part of a coherent national climate governance framework, with a clear climate neutrality date.

Alignment and consistency across targets, plans and policies are crucial for delivering ambitious climate neutrality goals. Unfortunately, this is largely not yet the case across the countries under consideration in this report. Documents that should be coherent with each other – as is the case for NECPs, nLTS, climate laws, or funding plans such as the RRPs – often have conflicting targets, measures, data and definitions. Looking at Slovenia or Denmark, clear mismatches are identified between their 2030 **targets** (in their NECPs) and climate neutrality targets, currently set in 2050 (in the nLTS and Climate law respectively). In Slovenia, an excessive share of reductions is projected only after 2030; transport sector emissions, for instance, will increase by 12% by 2030, and then are expected to decline by 90-99% by 2050. In Denmark, the mismatch is the opposite: it plans to curb 22 Mt CO2-eq of emissions by 2030 – i.e. in less than a decade – and take two more decades to eliminate roughly the same amount (23 Mt CO2-eq). In Croatia, on the other hand, the misalignment is between measures planned under NECPs and measures that will be funded under the RRP and Cohesion Policy. In countries such as Czechia or Poland, the **lack of definitions**, or the lack of consistency of definitions across different policy instruments (e.g. of energy communities), also hampers climate action and the much-needed energy transformation.

To overcome these inconsistencies and ensure more coordination and accountability, a strong, ambitious and coherent **national climate governance framework** should be adopted in all Member States. The upcoming NECPs revision can provide an important opportunity to build one, and the Spanish case provides important evidence in this regard. In Spain, climate and energy targets were approved in the same period and political context (nLTS in November 2020, NECP in March 2021 and Spanish Climate Law in May 2021), which ensured good alignment of the 2030 targets, the decarbonization pathway for the short and long term, and the measures foreseen to reach them. On a practical level, joint development of key strategies and legislation – corroborated by strong public consultations (see above) – would also ensure better coordination and communication across the teams of experts and ministries in charge of developing structures, methodologies, models, funding mechanisms etc. for these plans. The involvement of the newly established European Scientific Advisory Body on Climate Change (ESABCC) in these discussions is highly desirable; similarly, the involvement of **independent scientific bodies** at the national level – when they exist – is also essential to assess consistency and alignment with scientific findings and the climate neutrality goal.

In this context, setting an economy-wide **climate neutrality date** would be crucial to build a solid national climate governance framework and for the implementation of climate targets, as it would enable Member States to develop a long-term perspective and certainty about what needs to happen across all economic sectors – beyond shorter term 2030 targets. **Member States themselves are increasingly recognising the need for national climate neutrality targets**. According to a recent report by the LIFE Unify project analysing the state of play of **national climate laws**, some 13 countries have already adopted – or are about to adopt – national, economy-wide climate neutrality targets. To accompany this effort, they have in many cases also put in place rather robust national climate governance mechanisms to create the enabling conditions for national ownership and responsibility to deliver their national climate neutrality target.



Despite this promising trend, however, significant inconsistencies still exist across Member States in terms of standards of national climate ambition and governance enabling conditions. As things currently stand, the European Union only has an overall climate neutrality target – enshrined in the European Climate Law – which applies collectively to the Union, but does not apply to each Member State individually. In other words, the current EU legislative framework does not envisage national climate neutrality targets nor a framework to set binding national reduction targets for after 2030.

In this context, a decision by the European Commission to **amend the current Governance Regulation** would be highly beneficial. A Governance Regulation 'Fit for 1.5˚C' would have more stringent requirements – e.g. prescribing Member States to develop national climate neutrality targets, detailed plans to achieve ESR-sectors targets, or national binding energy targets – as well as improved NECP (and nLTS) templates and stronger compliance mechanisms – leading for example to the possibility for the European Commission to reject an incomplete NECP, and introduce penalties in case of non-compliance. These amendments to the Governance Regulation would support Member States in the development of coherent national climate governance frameworks, ultimately ensuring the alignment between the revised NECPs' targets, policies and measures with long-term climate and energy targets, and the new overall EU climate neutrality target.

Finally, our Czech and French examples of successful climate litigations illustrate that ensuring **access to justice to national courts** is key to providing citizens the tools to challenge governments in case of non-compliance to their environmental obligations. Climate litigation is an increasingly important tool to improve climate commitments and policies, including in NECPs. Therefore it is crucial that access to justice is provided through relevant EU laws (like the Effort Sharing Regulation or the Energy Performance of Buildings Directive and the Governance Regulation) and national legislation as required under international law (the Aarhus Convention).

COUNTRY FACTSHEETS

CROATIA

Miljenka Kuhar, DOOR

STOCKTAKE: EMISSIONS & NECP TARGETS

In 2019, total emissions of greenhouse gases, excluding removals by sinks, amounted to 23.605 kt CO2-eq which represents a reduction of emissions by 24.05% compared to 1990 (31.387 kt CO2-eq). The energy sector is responsible for the largest share of emissions (about 69.6%), mostly caused by the burning of fossil fuels; then come industrial processes (11.6%), agriculture (11.4%) – which is however declining compared to 1990, and the waste sector (7.4%) – which has experienced the largest increase compared to the 1990 baseline year.

When it comes to the renewables target, instead, Croatia had 31.02% of energy from RES in 2020 gross final consumption, of which the share of electricity was 53.82%, and heating and cooling 36.9%. In 2020, an increase was achieved by 2.56 percentage points compared to 2019, which is possibly attributed to the increase in electricity production from OI (4.04 percentage points) and the increase in the use of energy from OI in transport (0.74 percentage points).

These data, however, are not yet related with the implementation of NECP measures – around which there is very little publicly available data. Nonetheless, rudimental analysis shows that a few measures originally envisaged under the NECP became a part of the national Recovery and Resilience Plan (RRP) as reforms or investment measures. According to publicly available data, calls to receive RRF funding have opened for a few of these planned measures – including **waste & water management** and call on energy renovation of multi apartment private buildings – while some others – energy renovation of public buildings or energy renovation program for heritage buildings or district heating and electricity transmission networks – are still far from being implemented. A few other NECP measures that are not part of the RRP – including **fluorinated** gas emissions reduction measures and incentives for energy efficient **vehicles** – are being funded through the money pot obtained from the sale of ETS emission allowances through auctions.
For most of these calls, there is no estimation of predicted savings in terms of energy savings or emission saving – neither is there information to what extent they contribute to the national targets.
Conclusively, Croatia is overall lagging behind with the implementation of the NECP measures.

RELEVANT DEVELOPMENTS

ASSISTANCE ON LNG – According to internal information, the Ministry has yet to start working on the preparation work ahead of the 2023 NECP revision process. Currently, it has mainly been preoccupied with the work on the technical assistance for REPowerEu.
As for technical assistance under RePower EU, all Member States will receive general support in the analysis of areas of energy source dependency and identification of the most suitable investments and reforms at the national level. Out of 8 possible areas of specific support, Croatia requested the support to:

- Increasing the capacity of its LNG terminal (it is no longer on the PCI list – so the source of funding is unclear) and the gas transmission system from the terminal to the wider region;
- Accelerating measures under its hydrogen strategy and accelerating projects on regional cooperation hydrogen in industry.

Despite challenges in analysing the demand-side for energy efficiency, in renewables permits or the roll out of rooftop solar, the Croatian government did not ask technical assistance for these areas.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

In Croatia, the policy and strategy documents in the areas of energy & climate are generally drafted and adopted without any real strategy or idea of what their purpose should be.

CROATIA

They are often compiled just to fulfil Croatia's obligations as a EU Member State or as preconditions to receive EU funds, without any ambition of actually reducing emissions or achieving climate neutrality.

To make sure that the NECP revision provides the opportunity to invert this trend, we recommend:

- Making the **NECP revision process fully transparent and participatory.** A wider participation of experts and relevant public representatives should be guaranteed during the preparation & drafting process, but also to monitor and evaluate its implementation.
- This is currently not the case, as many climate and energy policies and plans are drafted without any meaningful public participation. For example, the current NECP and nLTS were drafted by consultants without a wider consultation with the public or relevant experts along the way. Once finalised, the Government opened a process of public consultation which was very short – below the legal minimum – but with the excuse of the need for adoption by a certain date, which did not allow for a longer debate. The large majority of the comments that nonetheless were expressed during the consultation were dismissed as irrelevant.
- **Improving the monitoring of NECPs implementation**. Croatia currently has a working group that monitors the NECP implementation – which, however, is only composed of members from other ministries or governmental agencies, with no external experts. Also, the current working group *de facto* lacks the capacity to monitor the implementation, and therefore to warn when the targets are not reached. This situation can be improved by providing a clear working plan with milestones and expected values of indicators in 2025 and 2030 to the monitoring group – whose role should then be to report on the progress. The obligation of the Ministry in charge of NECPs would then be to provide the data to the monitoring group, present what was done and report on progress on individual indicators. A regular EC audit (as is the case in the ESIF reporting) could also add additional motivation.

- **Improving policy consistency**. Documents that should be coherent with each other – as is the case for the NECP, nLTS, RRP and the Energy strategy – often have conflicting data and measures. For example, only a few measures planned under the NECP will also be funded under the RRP; and several new measures are being planned under new Operational Programs (cohesion policy). Another example is the comparison between the Law on Renewable energy and the Law on the energy market – they have conflicting definitions of who can be part of energy communities, as well as of micro, small and medium enterprises.
- There are two main explanations for this lack of consistency across documents. One is that drafting processes are too rushed; the other is that all these plans are developed by different sets of external experts who are not communicating with each other. Again, a wider public discussion and more transparent monitoring would solve this issue.
- **Simplifying & clarifying procedures to empower citizens**. The current legal framework is too complicated and procedures are overly complex for citizens to become an active part of the energy transition. For example, the procedure for citizens to become energy independent is burdensome and the whole process is expensive and long (it can take up to a year). Citizens are often confused about permitting procedures for built-in small solar power plants, and they often do not know which institution is in charge of what. Also, a lot of regulations are not clearly defined in the legal framework and the Government is often delayed with sub-regulations.

When it comes to more specific measures, the NECP should therefore include:

- The simplification of **renewables permitting procedures** for citizens – that would speed up the energy transition process and simplify calls for the installation of the RES.
- More frequent calls for **energy efficient renovation of the building stock,** especially for family households
- More attention and investments in the **reskilling of the workers.**

CZECHIA

Katerina Davidova, CDE

STOCKTAKE: EMISSIONS & NECP TARGETS

Czechia still doesn't have a national climate law, therefore the only binding climate and energy targets are stemming from the relevant EU legislation.

The year 2020 was marked by the COVID-19 pandemic and as such saw a decrease in Czechia's total emissions (excluding LULUCF). However, it is worth noting that the LULUCF sector has reached its record high positive emissions due to the poor state of Czech forests, caused by prolonged droughts and the bark beetle calamity.

The overall national targets for 2020 have been met, partly thanks to the COVID-19 pandemic and partly because they were set very low to begin with and did not require many additional measures to be implemented. Worryingly, however, Czechia is still struggling to curb its emissions from transport and waste sectors, which continue on an increasing trajectory. Czechia does not have national sectoral targets for the sectors covered in EU ETS, and therefore their achievement cannot be measured. The current EU 2030 targets will be more challenging for Czechia to meet. To fulfil its new climate goals, the Czech government will need to substantially upgrade its NECP and start implementing it straight away.

As regards the energy targets, according to Eurostat the share of renewables in electricity generation in Czechia was 15% in 2020 (one percentage point higher than the previous year). This puts Czechia at the bottom of the EU, with only four countries performing worse. Most of renewable electricity generation is covered by biomass and hydro, while solar and wind only account for 2% of Czechia's energy mix.

The 2020 national targets for the share of renewables as well as energy efficiency have nevertheless been achieved, largely because they were not set at ambitious levels. On a more positive note, coal use for electricity generation has been declining. In 2020, for the first time in history, nuclear generated more electricity than lignite in Czechia.

RELEVANT DEVELOPMENTS

NEW GOVERNMENT & UKRAINE – In Autumn 2021, the country elected a new government formed by a centre-right, five-party coalition. The approach of this new government towards the green transformation is much more pragmatic and, as a result, more favourable than that of the previous one. Additionally, the Russian aggression in Ukraine shed a light on the stark need for energy independence from imported fossil fuels – and consequently the need for scaling up renewables and energy efficiency, to make up for the decade of stalled development.

As a result, there have been some positive developments. First, the government announced a **plan to phase out coal by 2033**. Second, a new legislation has been adopted that should allow for a faster deployment of renewables, notably solar (although lots of regulatory hurdles and red tape still remain, especially for wind energy). Third, financial support is increasingly shifting towards renewables, and the interest of consumers is growing – actually, the demand for renewables has currently overtaken the supply.

CLIMATE LITIGATION – In 2022, Czechia saw its first successful climate litigation case. In the Klimatická case, the Municipal Court of Prague ruled that relevant ministries have not done enough to protect the citizens' rights to a liveable climate. Notably, the court has found that both NECP and nLTS have not been fulfilled and have not served to reduce emissions according to Czechia's international commitments. The court therefore ruled that these strategic documents should be revised in order to be in line with the EU climate legislation. This is potentially a breakthrough case, which might positively influence Czech climate policy in the future.

CZECHIA

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

The new political developments both on national and international level **have not yet been reflected in any of Czechia strategic policy documents, including the NECP**. There is a profound need to revise the NECP to fit the new realities and to upscale its ambition. In order to do that:

- The partnership principle must be respected better than in the previous drafting process, where **public participation** has only been paid lip service.
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- A definition of **energy poverty** and **vulnerable customers** should be included, to design funding instruments that would specifically target the most vulnerable groups.
- Although Czechia has so far performed well in the distribution of EU funds for supporting house insulation and renewables projects, these funding programmes are not designed for poorer households, who are now at the highest risk of energy poverty due to rising inflation and energy prices. Similarly, the Czech government should start using its EU ETS revenues to compensate the rising energy costs and tackle energy poverty, not dissolve large parts of the revenues in the state budget, as it has been the case until now.

- **Energy communities** should be given a prominent role. Their definition is also currently missing in the Czech legal system, but there are efforts to include them in the national law soon. The NECP should reflect that and enable their fast proliferation. Financial support should also be foreseen for energy communities, not only for large utilities.
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- Finally, a clear plan for **phasing out fossil fuel subsidies** should be developed and included in the NECP. Instrumentally, the definition of fossil fuel subsidies in the NECP should be broadened to reflect the real scope of the subsidies and concessions the fossil industries receive in Czechia.

DENMARK

Dan Belusa, Danish92 Group

STOCKTAKE: EMISSIONS & NECP TARGETS

In its NECP, Denmark committed to an economy-wide 2030 reduction target of 70% compared to 1990. Newest emission data show that Denmark in 2020 has reduced emissions 43% compared to 1990 (Danish net emissions were 44.8 Mt CO2-eq in 2020), and projections based on current policy predict that Denmark so far is only set to reach 57% reduction by 2030 (33.5 Mt CO2-eq). It is thus clear that new political initiatives are needed in order to deliver an additional 10.1 Mt CO2-eq reduction by 2030 and achieve the 70% target.

RELEVANT UPDATES

SECTORAL TARGET FOR AGRICULTURE – In October 2021, the Danish Parliament agreed on a 2030 emissions reduction target for the agriculture sector of 55-65%. Danish agriculture has thus been given a lower reduction target than the economy-wide reduction target of 70%.
To finally have a national emissions reduction target for agriculture is a positive step, considering that this sector in Denmark has delivered no GHG-reductions at all for decades. However, it remains unclear how the target will be achieved. When agreeing on the target, the Parliament only provided concrete proposals for delivering 1.9 Mt CO2-eq reductions (of the estimated 8 Mt CO2-eq ca. needed to deliver the target) – although a majority in the Danish Parliament has proclaimed the intention to also impose a CO2 tax on the agriculture sector.
Sectoral targets are still missing for all other sectors in the Danish economy.

CO2 TAX – In April 2022 the government tabled a proposal for a CO2 tax. This first proposal only covers the industry sector and is projected to deliver an additional 3.7 Mt CO2-eq reductions.

IMMATURE CCS – The Danish government has high hopes for carbon capture and storage and re-release (CCS/CCU) to deliver actual emissions reductions. So far, the government has initiated CCS subsidies (approx. €113 per ton of CO2) that it expects to deliver 3.1 Mt CO2-eq uptake by 2030. The immediate risk is that the immature CCS technology will not deliver the expected uptake. Furthermore, a policy that incentivises CO2 uptake more than CO2 reductions runs the risk that centralised emissions – e.g. chimney emissions from heating and power plants – that could cheaply be replaced with wind power and heat pumps, will now be preserved to serve as a CO2 source for CCS/CCU investments.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

The 70% emission reduction target by 2030, enshrined in the Danish NECP, would be sufficiently ambitious if achieved on a *linear* reduction path. At present, however, this is not how the emissions reduction trajectory is planned to unfold. Rather than a linear path, both the 2025 target (a 50-54% reduction) and the government policies adopted so far describe a "hockey stick" trajectory, where most reductions happen shortly before 2030. This implies that total Danish emissions between 2020 and 2030 will be significantly higher than if Denmark had followed a linear reduction path to 70%, or if Denmark had decided to define its emissions reduction path as a carbon budget.

DENMARK

Looking beyond 2030, Denmark's current net-zero date is decidedly unambitious. In 2018, the Danish parliament agreed to reach net-zero "before 2050". Delivering on the 70% target by 2030 means that, in a single decade, Denmark will have reduced its emissions by 22 Mt CO2-eq (from 45 Mt CO2-eq in 2020 to 23 Mt CO2-eq in 2030). It would be highly unambitious if Denmark should use until 2050 – i.e. two more decades – to curb its remaining 23 Mt CO2-eq emissions.

In 2023, parallel to its NECP revision process, the Danish Parliament will also be required to agree on a 2035 emissions reduction target (as prescribed under its National Climate Law). These two policy processes will provide an opportunity for Denmark to consistently and comprehensively address the following crucial points:

- To bring forward Denmark's **net-zero date to 2035** so it is in line with the Danish ambition to be a front runner on climate (like Finland);
- To define the new 2035 target as a **carbon budget**;
- To determine **sectoral reduction targets** for each sector of the Danish economy, as it was done for the agriculture sector;

Particularly in its NECP, Denmark should also:

- Implement the promised economy-wide **greenhouse gases tax**. The amount of the tax must reflect the level of ambition needed
- **Adjust the incentives balance** – both taxation and subsidies – to maximise GHG reductions (including reducing biomass CO2 emissions).

ESTONIA

Piret Väinsalu, Johanna Maarja Tiik, ELF

STOCKTAKE: EMISSIONS & NECP TARGETS

The current Estonian NECP is based on plans and strategies adopted before the EU climate-neutrality goal. As a result, the 2050 climate neutrality target is mentioned in the NECP, but it is not reflected in the content. Rather, the NECP targets and measures are based on the current Estonian nLTS target, i.e. -80% emissions reduction by 2050 compared to 1990. (In 2021, the 2050 climate neutrality target has been included in the overarching Estonian strategy for 2035 – but there is still no clear path to achieving it).

In Estonia, the most troublesome trend of 2020 was related to the **LULUCF sector**. For the first time, the LULUCF sector emitted more greenhouse gases (1.3 Mt CO2-eq) than it absorbed. This means that the LULUCF sector in Estonia is underachieving not only compared to the revised EU targets, but also the LULUCF trajectory laid out in its NECP – which sets the sectoral obligation not to emit more than it is captured (the so-called "no debit rule"). More specifically the NECP sets a sectoral sink of -1.4 Mt CO2-eq in 2020, and -0,2 Mt CO2-eq in 2030.
There is a clear explanation for this worrying development. Until 2020, the forest sector and wooden products used to lock in more carbon than other LULUCF sectors emitted. In 2020, however, long-term **extensive logging** has caused a surge also in emissions related to the forest sector. The negative effects of this practice are already self-evident, even though the official greenhouse gas prognosis for the sector assumed that the LULUCF sector would start emitting greenhouse gases only by 2031.

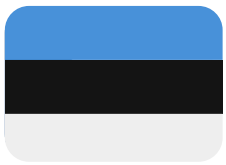
Due to high CO2 prices as well as to the impact of the COVID-19 pandemic, greenhouse gas emissions from the energy sector decreased mostly thanks to the reduction of oil shale use in 2020. However, preliminary figures already show that the trend has already reversed, as more oil shale was used in 2021 (more information below).

RELEVANT DEVELOPMENTS

OIL SHALE – A new government formed in January 2021 agreed on **phase-out dates for oil shale** electricity (by 2035) and energy (by 2040). These dates are also reflected in the Territorial Just Transition Plan (TJTP) that the European Commission is expected to approve in fall 2022.
However, the projections for reaching climate neutrality in the context of oil shale phase-out in the TJTP are indicative and said to be specified in the strategic policy documents' – therefore, updating the key policy documents with greater ambition is the key to ensuring a smooth and socially just exit from oil shale. So far, this decision is not marked down in any other state plan, nor any clear phaseout pathways have been defined, which could put it at risk in case of changing political winds (as of June 2022, coalition agreement talks are taking place for the third time in three years). As identified in this report, the lack of a clear oil shale phase-out plan makes the process unstable and dependable on CO2 pricing and economic feasibility.

A clear example occurred right after the start of the COVID-19 pandemic, when the previous government decided to provide financial support for building a new shale oil plant, which stands in stark contradiction with the more recent phase-out objectives as well as with the principle of a just transition and the idea of finding a new perspective for the region and its people. The decision – and the following protests across the media – were outshadowed by the pandemic breakout.

KEY DOCUMENTS UNDER REVISION – While the revision process of the Estonian NECP has not started yet, several relevant policy documents are currently being revised.
The overarching Estonian Strategy for 2035 – the first official document to include the Estonian 2050 climate neutrality target – was adopted in 2021. The Environmental Sector Development Plan, where the new EU targets will be included, is currently in the making.



ESTONIA

Regarding LULUCF, much will depend on the new Forest Development Plan, which is still in making, being already delayed for two years. As importantly, the two main policy documents on which the current Estonian NECP is based – the nLTS and the 2030 Energy Sector Development Plan – are both currently undergoing a revision. While the former is only planned to undergo a cosmetic revision, the latter is only expected to be adopted by the Government in 2025, which would be after the adoption of the revised NECP (2024).

This is tricky for two reasons. First, because the *current* scenario is one in which, despite the existence of many policy documents regulating Estonian energy and climate policy, some of them are very much outdated (including the NECP itself), while others lack clear implementation mechanisms.
Second, the fact that so many documents are in the making – and one will be finalised only in 2025 – makes the *NECP update* tricky, as according to Estonian officials the country's NECP brings together already existing national documents, rather than creating any new information.
The upcoming NECPs revision process should be the opportunity to reverse this practice: new targets and measures could therefore be created already in 2023, which could later feed into the Energy Sector Development plan.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

Clearly, **new 2030 targets** for emissions reduction, renewable energy and energy efficiency should be included in the NECP, reflecting at least both the increased ambition from the Fit for 55 package as well as RePowerEU.

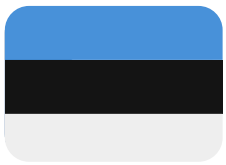
In addition, a number of specific measures and plans should be featured in the revised NECP, including:

- In the **heating** sector, a greater focus is needed on the decarbonisation of district heating, heat pumps and other innovative technologies – instead of increasingly relying on biomass resources.

- More and better measures should be developed also for **renewables** – chiefly in mapping most common barriers to renewable energy uptake and mitigating them, e.g. in terms of financial support, administrative barriers as well as training schemes for retraining of workforce. Measures especially for solar and prosumers, as well as incentivising electricity sharing and flexibility solutions which have been only briefly described in the current NECP should be expanded upon.

- **The LULUCF sector needs a special focus**, to become a greenhouse gas sink as soon as possible – and biodiversity goals should be taken into account in the process. Specifically:

1. Climate and biodiversity targets should be used as a base for **planning forestry** – the negative trend of GHG emissions from the forests should be turned around. The forest sector development plan which is currently in making should be planned accordingly, which in turn, should be included in the NECP. The plans should include clear sustainability criteria for the production of forestry biomass and considerably reduced clear-cutting rates. These should also include specific additional measures for the protection of biodiversity (eg limitations for clear-cutting, and logging in areas important for biodiversity, and taking more forest land under nature protection, in order to achieve the targets of the EU biodiversity strategy
2. Currently, in the Estonian NECP, there are no plans to tackle emissions related to **peat** mining and peat used for horticulture and energy. Existing legislation allows peat mining to increase almost three-fold which would also increase emissions. Measures like continuous cover forestry, raising the water level and avoidance of further drainage of peat soils should be added to avoid or decrease emissions.



ESTONIA

- **A concrete phase-out plan for oil shale**, which includes phasing out indirect subsidies to the sector and year to year plan on how to phase out oil shale electricity and energy production. In the current coalition agreement and territorial just transition plan, phase-out dates are stated but these should be added into the NECP and other national documents with a concrete step-by-step plan. For example, Climate policy principles by 2050 (LTS) and the energy development plan by 2035 which are both currently under renewal, and also new documents like the environmental sector development plan.

- Compared to last time, the NECP should not only rely on existing policy documents but also be used as an opportunity to open up discussions on climate action. If this approach is taken, **public participation** can be meaningful and could have real and useful input.

FRANCE

Neil Makaroff, Olivier Guerin & Zélie Victor, RAC France

STOCKTAKE: EMISSIONS & NECP TARGETS

Between 2017 and 2021, the greenhouse gas emissions in France lowered by 9.6%. It is however mainly due to the COVID-19 pandemic, and too little thanks to the government's actions. Indeed, focusing only on the last year we have a rather different story. Between 2020 and 2021, the greenhouse gas emissions in France rose by 6.4%. This general rise in GHG emissions is the direct consequence of the rise of greenhouse gas emissions observed across many sectors. **With the exception of waste** (which went from 14.7 Mt CO2-eq in 2020 to 14.5 in 2021), **emissions increased in every sector**.

Nonetheless – and as further proof of low ambition – many of these sectors managed to stay below the set targets. The Agriculture sector went from 80.9 to 81.2 (target fixed at 82), the Building sector from 71 to 74.9 (target at 78), the Energy sector rose from 40.8 to 43.8 (target at 48). Finally, the Transport sector sharply rose from 113,1 to 126 but remained under its target (129 Mt CO2-eq). Only two sectors did not manage to meet their target: the industrial sector (from 72.5 to 77.8 with a target set for 72) and LULUCF (with a target of -39, the actual absorption went from -14 to -13.8).

The improvements noticed at the peak of the pandemic are now long forgotten. This is a worrying trend, especially given the fact that France has a new climate target of 50% greenhouse gas emission reduction by 2030. Urgent measures are missing to reach this target. France could fall short on it by 16 points if no additional policies are taken. In addition, France is the only EU Member States, which has missed its renewable energy target for 2020, leading to major energy security risks and delays in the closure of coal power plants.

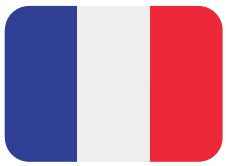
RELEVANT DEVELOPMENTS

A NEW (WEAK) CLIMATE LAW – In 2021, France adopted a new climate law. This law fails to put France on track to achieve the 40% greenhouse gas emission reduction target. It also largely failed to take onboard the recommendations of the *Convention citoyenne pour le climat*, which had been convened by French President Macron to come out with specific ideas to put the fight against climate change at the core of French Politics. More recently, a new climate target of 50% greenhouse gas emissions reduction by 2030 has been proposed by the Government to align France with the new EU-wide targets.

...BUT SUCCESSFUL CLIMATE LITIGATION(S) – Last year, French courts convicted the French State twice because of its climate inaction, thus stressing the importance of an ambitious revision of its NECP and targets. Regardless of the government or the majority at the national assembly, the acting government is now legally bound to take actions that would keep France on the track to achieve its new climate target of at least 50 % greenhouse gas emission reduction by 2030.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

The process to revise the French NECP has already started in autumn 2021. However, President Macron has already made several announcements that might change the outcomes. During the presidential campaign, the French President has been a strong advocate for nuclear energy (both in France and in Europe), overstepping the fact that the decision should be made during the revision of the NECP and by the Parliament.



FRANCE

The discussions around the revised NECP are at the moment really technical and may be difficult for the civil society to follow. New sectoral targets should be expected as well as a clearer path toward carbon neutrality. This process should take until the end of 2022 and then, the Climate and Energy Law will be discussed at the beginning of 2023 with a vote scheduled in July 2023.

To develop a climate-proof NECP, France should do the following:

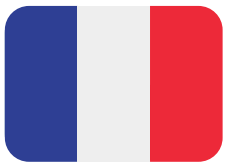
- **Increase the ambition of 2030 targets**. The new French 2030 climate target of at least 50% greenhouse gas emission reduction aligns France with the European NDC, but it does not comply with a Paris-compatible 1.5˚C trajectory. At least 65% emissions reductions by 2030 should be achieved for France to take its fair share of climate action.

Also, the pathway to reach 2030 should be clear and quite ambitious. For now, France has a history of keeping the 2030 target but shifting the intermediary targets, which postpone the public action.
Finally, France seriously needs to raise the bar on renewable energies. Despite having missed its 2020 targets, France still has no ambitious plan for the deployment of renewables.The Government has announced a relevant law for the end of 2022, which still has to be presented.

- **Take bold action in the transport sector**. The French Government ought to work on three separate levels. First, strong actions are needed to promote and develop France's railway capacities. At least €3bn should be invested as additional investment to restore the rail system and promote new daily services. Second, additional investments are required to double bicycle lanes. Finally, the government has to be socially fair and offer various measures that would help the poorest households to change their vehicle to a low-emission one.

- **Tackle energy poverty in the buildings sector**. Strong actions are needed to fully tackle the energy poverty of the households stuck in a building that is too old and is thus expensive when it comes to the energy bills. To accelerate building renovation, the government should **move away from a policy of small renovation gestures** – which are ineffective in reducing energy consumption and bills – to increased support for the efficient renovation of housing. A real "Energy Shield" should be put in place to protect households, integrating the means of budgetary intervention of the State to support the energy renovation of housing. Another important measure will be the permanent ban on electricity cuts, and the **recalibration of energy renovation subsidies** in order to reach the BBC level as a priority and cover 100% of the expenses for the most modest households. This is also an opportunity to strengthen the resources allocated to the France Rénov' advice and support network, which is facing – and will continue to face – requests that, due to lack of capacity, they are unable to respond to. Finally, in order to show a resolute and determined course, this bill must announce and prepare for an **obligation to renovate housing by 2030**, starting with the transformation of energy slums and taking advantage of the opportunity in condominiums to improve the energy performance of buildings by renovating facades.

- **Support the agricultural transition**. Emergency measures must be put in place to support a transition plan for livestock farming and an end to synthetic nitrogen fertilisers. Meat and dairy products represent 85% of the emissions linked to the production of French food. It is therefore essential to change diets in the direction of "less and better", by greatly reducing the consumption of animal products (meat in particular) and by favouring those from sustainable farms. At the same time, it is necessary to increase the consumption of fruit and vegetables, pulses, and whole grains.



FRANCE

- **Drastically accelerate renewables deployment**. The development of all renewable energies – , whether solar, wind or geothermal – must be accelerated notably by avoiding blockages at the *prefecture*, without abandoning citizen appropriation. Stronger consultation process must be put in place to **encourage public support** for projects. Serious impact studies must be carried out, to ensure that the acceleration of renewables deployment does not reduce the consideration given to the environment and biodiversity. Under no circumstances should we oppose the climate crisis and the mass extinction of numerous species: we must respond to these two issues together. Finally, in order to cope with the tensions on the electricity system, demand must also be better controlled, with, for example, a ban on digital advertising screens at least during peak consumption periods.

- **Back it up with adequate financing**. A public finance programming law is urgently needed to secure enough funding in the green transition for 5 years. This should include a clear timetable for the end of climate- and environment- harmful spendings, in 2022 accounting for €25 billion. In addition, France should revise its RRP to adjust it to the energy crisis Europe is currently facing. More investments are needed to speed up renewable energies development.

- **Ensure thorough public participation**. How the general public will participate in the NECP revision process is still unclear. A public debate around the energetic mix should take place during the second semester of 2022, but a more detailed calendar is still missing. Setting up such a debate on the energy mix would be highly beneficial for both the public and the government. By involving citizens in the process, the choice becomes more democratic and allows a better understanding of what the energy mix means and what it should be. The citizen assembly showed that when citizens are well-informed they are in favour of more radical measures to curb emission.

GERMANY

Audrey Mathieu, Germanwatch

STOCKTAKE: EMISSIONS & NECP TARGETS

Germany's climate targets are those enshrined in the revised German Climate Protection Law, rather than those of its now obsolete NECP.

Germany is so far on track to meet these self-set sectoral targets – except for the transport and the building sectors which are still the hardest to move and where action is overdue. According to forecasts of the German Federal Environment Agency and the Expert Council for Climate issues, the transport sector will fail its sector target by 3.1 Mt CO2-eq, while in 2020 it was laying 4.4 Mt CO2-eq underneath, mostly due to the effects of the COVID-19 pandemic. Between 2012 and 2019, greenhouse gas emissions in the transport sector – with the exception of 2018 – increased continuously. The building sector in 2021 shall exceed the maximum permitted annual emissions by 2.5 Mt CO2-eq. This is the second time in a row that this sector has missed the annual emission limit.

When it comes to the implementation of energy targets – especially under the new "traffic light" coalition in place since December 2021, – Germany currently shows a good basis for a significant acceleration in the expansion of renewable energies.

RELEVANT DEVELOPMENTS

A REVISED CLIMATE LAW – Compared to when the first NECP was submitted, relevant developments related to the NECP have occurred in Germany. Following a statement of the Federal Constitutional Court in April 2021, the German Climate Protection Law has been revised and its sectoral targets updated, aiming at climate neutrality by 2045 (instead of by 2050).

As a result of this revision, the "Climate Protection Program 2030" (adopted by the Federal Cabinet in October 2019) was also complemented by a few small "additional" climate protection measures and a light "additional" quick climate protection program. More Climate Action Programs are expected in 2022, including the *Klimaschutzsofortprogramm* (see below).

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

According to experts' assessments, the climate measures currently in place would lead only to a 51% greenhouse gas emissions reduction by 2030. To close the gap and reach the 65% bar needed to be in line with the Paris Agreement commitments, the new government – the so-called "traffic light coalition" – shall very soon adopt a *Klimaschutzsofortprogramm*, or an "immediate climate protection program". This program – which will include the measures giving flesh to Germany's new climate targets – will be a crucial and integral part of the future NECP.

Although emissions from all sectors should be tackled, our stocktake makes it clear that the Klimaschutzsofortprogramm has to tackle especially the transport and buildings sectors.

GERMANY

These two sectors are crucial to achieve the overall emission reduction target and to rapidly end gas dependency on Russia and other authoritarian states. In particular, Germany would need the following:

- An overall breakthrough in **energy savings *and* energy efficiency**. The ongoing federal subvention programs for energy efficiency and the national campaign for energy savings are first steps, but not enough.

- In the **buildings sector**, a stringent revision of the **Buildings Energy Code** is urgently needed, to set minimum energy efficiency standards for existing buildings as well as the obligation to install solar on all suitable surfaces (roofs). Furthermore, subsidy programs should be strictly aligned according to the "worst first" principle. For new constructions, strict KFW standards should be fixed by law.

- Regarding the **transport sector**, a massive investment increase for **rail infrastructure**, **public transport**, and **pedestrian** as well as **bicycle infrastructure** must be addressed in the *Klimaschutzsofortprogramm*. At the same time, the car tax needs to be adjusted to a bonus-malus system, the diesel privilege should be realigned or abolished, and the commuter allowance should also be realigned to a kind of mobility premium. In air traffic, Germany needs a consistent strategy to reduce domestic flights and an ambitious positioning on the issues of various fiscal instruments.

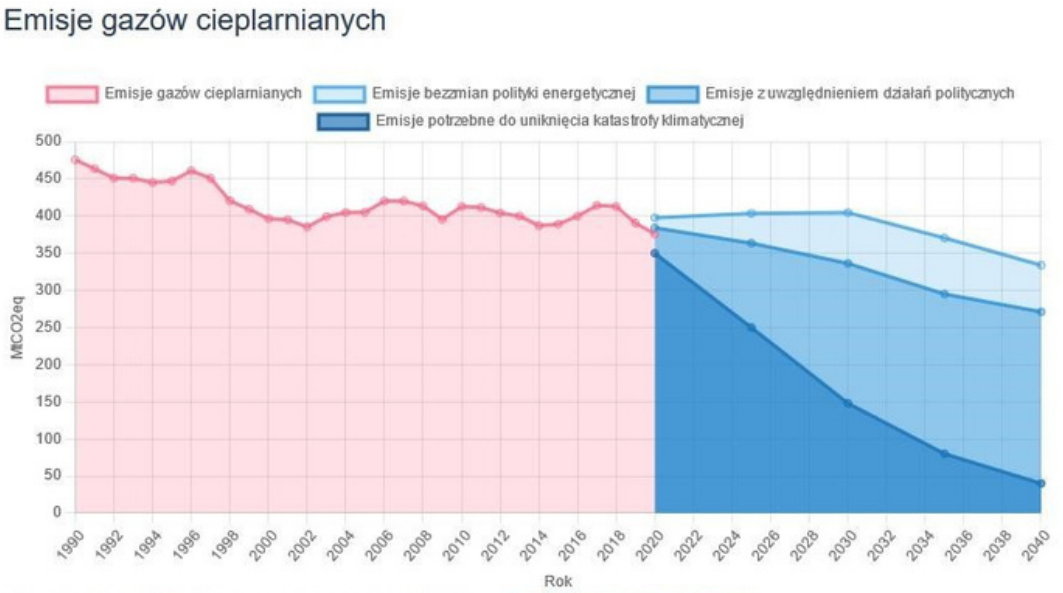
- More generally, the **Federal Climate Protection Law should not be watered down**. Rather, Germany needs to further develop the Law, both in terms of better fitting into the European legislative framework and creating a direct link to the national Carbon Emissions Trading Act (BEHG). The resolutions on CO2 pricing must be adhered to and possibly improved. At the same time, a climate bonus/climate money compensation mechanism should be put in place.

POLAND

Wojciech Szymalski & Andrzej Kassenberg, ISD

STOCKTAKE: EMISSIONS & NECP TARGETS

CLIMATE – According to the most recent estimates from the NECP Tracker, Poland has met its NECPs emissions reduction targets up to 2020 (data from the Polish NIR 2022). Although emissions in 2020 were below the expected path planned in the NECP, they still remain well above the path expected to meet the Paris agreement goals.
Moreover, most of the sectoral emissions reduction targets for 2020 were achieved only due to COVID-19, and 2021 projections already expect an increase in greenhouse gas emissions. The worst performing sector was agriculture, where emissions rose to the highest levels since 2000. At the same time, since 2019 greenhouse gas capture is much lower than what was expected by the NECP. This shows that natural capital and good practices in these sectors need to be enhanced.
Furthermore, CO2 emissions from Polish installations covered by the EU ETS – including the aviation sector – increased by 11.5% in 2021 compared to 2020, amounting to nearly 192 Mt CO2-eq.



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Emisje z uwzględnieniem działań politycznych - Krajowy Plan Energii i Klimatu oraz PEP 2040 - https://www.gov.pl/web/klimat/polityka-energetyczna-polski

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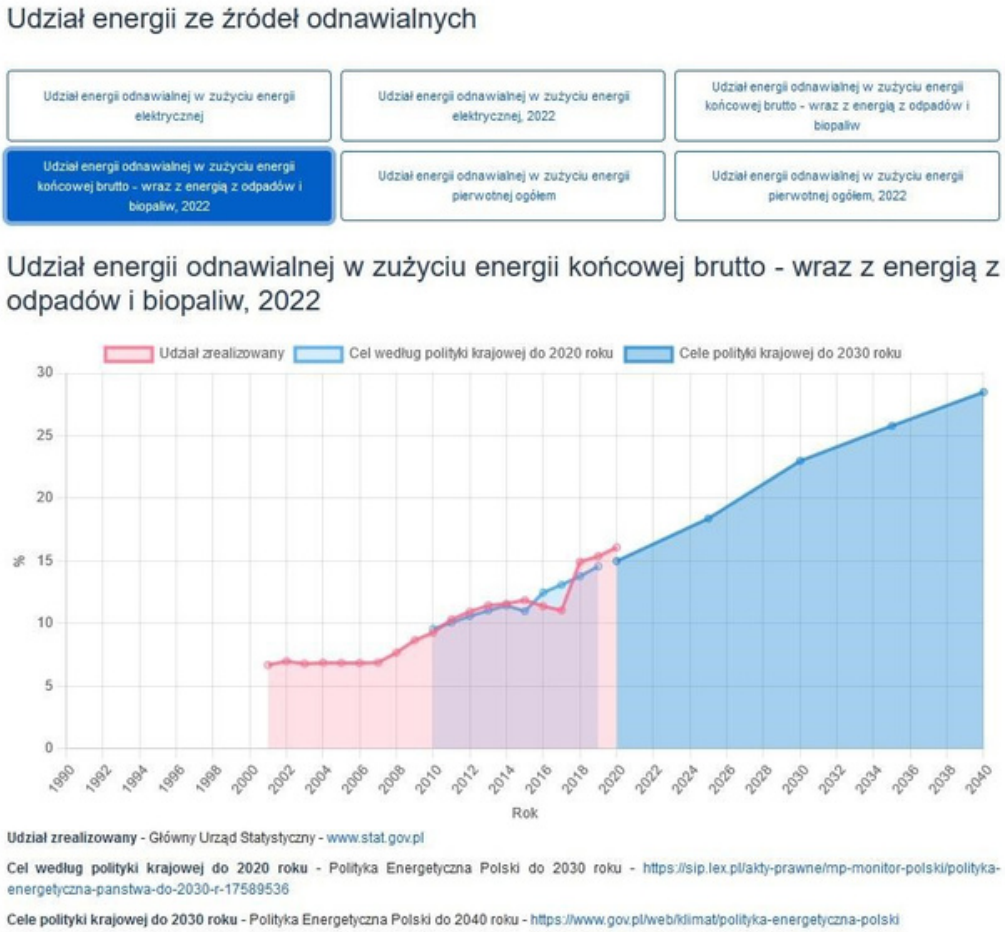
ENERGY – The biggest progress in the NECP implementation took place in the energy sector. Poland managed to substantially raise the installed power of solar energy up to 8,8 GW in early 2022. There was an increase of over 107% compared to 2021. Most of this new power was created in the form of **prosumer installations** on **single-family housing rooftops**. At the end of March 2022, the number of prosumers in Poland had increased to almost one million.

POLAND

It is now also official that Poland overachieved its 2020 goal of renewables share in final energy use. However, this was possible only due to a statistical adjustment on final consumption of biomass – national statistics from 2018 were changed to also include renewable biomass in single-family housing. And the surge in renewable energy energy use could still have been much higher with the right policies and measures. A very serious limitation is the weakness of local power grids. Polish law still blocks onshore wind power investment and does not support enough sustainable biogas in agriculture.



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RELEVANT DEVELOPMENTS

REACTING TO UKRAINE – Due to the start of the war in Ukraine, in March 2022 Poland presented a more ambitious plan for the energy sector than the one of the NECP. This has been accepted by the government also in light of the preparation of the revised NECP. The main points are:

- More emphasis on energy sovereignty, with renewables as an important national energy source. Poland plans to increase its renewables goal from 34 GW to 51 GW in 2030.
- Adoption of the "Energy efficiency first" principle, with the most savings to be achieved in housing and industry. Energy efficiency is planned to be one of the biggest priorities of EU funding for the 2021-2027 period.

POLAND

- Diversification of energy sources, with the inclusion of renewables and nuclear energy.
- Development energy networks and energy storage as a backbone for new energy sources.
- Further diversification of fuel imports: embargoes on Russian fuels and the provision of alternative sources for gas and crude oil. In the short term coal can replace gas use, while in the long term biogas and hydrogen is planned as an alternative.
- Keeping coal power stations as a reserve in case of gas shortages and aspiration to change EU climate policy to ease coal use.

Poland also prepared a Strategy for Buildings renovation that brings high expectations. The renovation rate should be 3,7% per year by 2030. However, the renovation ambition is in relation to Poland's current building standards, which are considerably lower than the European average.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

The lack of a 2050 perspective for climate and energy remains a fundamental problem also for the development of the future NECP. Poland does not have a climate law, and has yet to adopt its nLTS. Although the government has taken some isolated actions – which are partially beneficial – they do not have a strategic point of reference. For a successful revision of its NECP, the nLTS should be prepared as quickly as possible.

The NECP revision process should also focus on:

- A **more ambitious renewables target,** as well as more effective policies and **measures** to achieve it. Indeed, Poland is far from using its full renewables potential. Onshore wind installations are blocked due to the "10H rule" in the law – which should be abandoned or overpassed. Sustainable biogas is getting only little financial support through auctions, while being completely neglected in the agricultural policy. And despite receiving more financial support, even solar energy is blocked in many regions due to energy management requirements – i.e. there is not enough network capacity to put more solar energy into the grid. Finally, by facilitating the PPA principle, it should create the conditions for a favourable development of collective and business **prosumers.**
- The **contribution of the agriculture sector** to emissions reduction. At present, Polish agricultural policy is completely disconnected from all aspects of climate policy. The number of ecological farmers has been decreasing for a few years. All programs for agriculture have been promoting intensive farming, resulting in more big farms with high market production shares, putting quantity before quality. Intensive farming also provoked an increase in meat production and the consequential surge in related emissions. Greenhouse gas absorption practises in the agricultural sector are unknown to farmers and used exceptionally. While revising its NECP, Poland should therefore see agriculture as a sector actively involved in climate policies, and should include clear sectoral targets and indicators, e.g. the number of ecological farms, the number of biogas installations, etc.
- Improving **public participation**. Public participation during the preparation of the current NECP was very scarce and poorly organised. Poland should enhance public participation in the revised NECP drafting process following the same lines used during the drafting of the EU funding programs. There should be a series of public hearings and inverted public hearings, in which all the pledges and all answers to them could be heard. A consistent report of the consultations should be available publicly afterwards.

POLAND

- The **crucial role of cities** in achieving NECP targets and driving the energy transition. Entrusting local authorities and companies to manage local grids (versus centralization at the national level, as it currently is) would be truly beneficial to the development of the grid, renewables deployment and the activation of energy communities'.
- Another crucial element to enhance local climate & energies policies would be to **shift EU funding towards the local and regional level**. More specifically:

1. The RRF funding allocated to renewables should be directed more towards **decentralised renewables investments and energy communities.** The Polish RRP contains many green investments and, in general, is more environmentally ambitious than traditional Cohesion policy plans. Nevertheless, the biggest amount of money is planned for big investments of national energy companies (among them offshore wind and hydrogen), while there is less attention paid to the development of prosumer installations and decentralisation of energy production and of the energy market.

2. **EU funding for roads infrastructure should be shifted towards the public regional and local transport,** with preference to public local transport outside big cities (i.e. local bus lines as feeder services to railway stations).
   Current plans foresee that EU funds (mainly regional funds) allocated to the transport sector will largely be directed towards the development of road infrastructure – despite the Polish car fleet being old and causing a lot of air pollution, and despite public transport outside big cities being substandard. And while funding for roads has risen, money for public transport has not – a very ineffective and environmentally harmful way of spending EU funds, paving the way for a car-centred vision of society.

3. **A "modal shift first" principle should be established** in transport policy, to avoid locking-in funding only towards the electrification of road transport. Funding allocated to the railway sector is the highest in history, but there is a concrete risk that this money is not going to be spent effectively. Funding is mostly allocated to the modernization of already active lines, whereas a clear move is needed towards the revitalization of previously closed lines or towards building new ones to prepare a ground for modal shift.

PORTUGAL

Bárbara Maurício, ZERO

STOCKTAKE: EMISSIONS & NECP TARGETS

The implementation of the NECP in Portugal remains a slow process. This was to be expected, as the Portuguese Recovery and Resilience Plan was approved after the NECP and the structural and investment funds are only now in the approval phase. As a consequence, the financing mechanisms to implement most of the NECP measures and plans are not in place yet. We expect an acceleration of the NECP policies and measures implementation in the next few years and especially towards 2030, as we move closer to the target deadline. Nevertheless, although targets can still be met, they might be compromised by a lack of political will and action and a lack of appropriate measures.

At least, Portugal developed a relatively good level of consistency across climate and energy policies, as the NECP is aligned with the targets on the nLTS. Recently, in January 2022, a national Climate Law has also been approved, which raises the 2030 objective to no less than -55% of emissions, building on the ambition outlined in the NECP.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

As a general note, the upcoming revision on the NECP should be done **simultaneously with an update of the nLTS and the Roadmap for Carbon Neutrality 2050,** to ensure a coherent ambition of targets, policies and measures.
The two plans were developed simultaneously by two different teams and correspondingly two different models. Both teams were communicating, and therefore the plans were aligned overall. As analysed in a previous UNIFY report, however, the Roadmap for Carbon Neutrality needs an update on renewable energies potential and on the prices of these technologies. By integrating these new data into the model used to develop the Roadmap, it will be clear that there is potential to achieve carbon neutrality sooner – and therefore that more ambitious targets are technically possible and economically feasible. The revised NECP should be aligned with these new estimates accordingly.

When it comes to policies and measures that should be considered in the upcoming NECP revision, two sectoral areas are of particular concern in Portugal: **transport** and **buildings**.

- In the **transport sector** greenhouse gas emissions are rising every year, in the opposite tendency they should be going to achieve the targets. This is especially due to a great modal share of individual road transport that persists despite policies to promote public transport, which are insufficient and should be accompanied by more measures against the use of cars. To overcome this worriyng tendency, Portugal should:

1. **Build more railways** to **achieve shorter time distances between the main cities.** This is crucial for railways to be an attractive alternative to air and road travel. To some extent, this is already programmed in national plans, but should be further promoted in the upcoming NECP revision with more financing, and its implementation should be accelerated.

2. Measures to restrict the individual use of road transport are almost limited to transposed EU level policies, such as the ban on new fossil fuel cars sales from 2035. Further measures should be in place to **restrict the use of individual road transport**, such as ZER zones, which have not been updated since 2015.

- **Energy efficiency in buildings** and the related issue of energy poverty in Portugal is another area where more financing is needed, since the proposed measures are insufficient to cover all buildings that need renovation. In its NECP revision, **real needs for building renovation** should be assessed, and funding should be provided accordingly (at the moment financing allocated for the renovation of buildings in national plans is considerably less than what will be needed).

SLOVENIA

Taj Zavodnik, FOCU

STOCKTAKE: EMISSIONS & NECP TARGETS

Slovenia's 2020 target is not to increase greenhouse gas emissions by more than 4% compared to 2005 (for ESR sectors only). In 2020, emissions from ESR sectors amounted to 9,754 kt CO2-eq and were 20.7% lower than the annual target. Although Slovenia reached and exceeded its 2020 target, and emissions decreased by 9,8% in 2020 compared to the previous year, this was mainly due to reduced traffic activity due to the COVID-19 pandemic. Furthermore, first estimates for 2021 are showing that emissions are expected to increase again in 2021. Hence achieving the target – due to the extraordinary circumstances of 2020 – does not mean long-term emission control and is far from guaranteeing the achievement of the targets for 2030 and beyond. This is further evidenced by the trends from 2016 to 2019 which show slow emission reductions.

In 2020, emissions decreased in the transport, waste and electricity & heat production sectors, while emissions increased slightly in the industrial, agricultural and wide-use sectors. Notably, transport sector emissions were reduced by 18,7% in 2020 and were 23% below the 2020 target. Nonetheless, this is not the result of transport measures, but mainly that of external circumstances caused by the COVID-19 pandemic. The transport sector therefore remains the most problematic sector, being responsible for 47% of emissions in non-ETS sectors.

Achieving the targets in the field of renewable energy sources is also problematic, since the 2020 RES target was not achieved – it was 0,9% below the 2020 target. In order to fulfil its obligation, Slovenia had to fill the gap by purchasing a statistical transfer.

RELEVANT DEVELOPMENTS

NEW LAWS & NEW GOVERNMENT – A New Environmental Act has been adopted (ZVO-2) that also includes climate neutrality by 2050 and also establishes a national scientific advisory body on climate policy. New energy legislation has also been adopted which will have a significant impact on the implementation of the NECP: Renewable Energy Promotion Act (ZSROVE), Energy Efficiency Use Act (ZURE). At the beginning of 2022, the National Strategy for Coal Exit and Restructuring of Coal Regions was also adopted in accordance with the principles of a fair transition, which sets 2033 as the year for coal exit.

On 1st June 2022 a new government led by Mr. Robert Golob was appointed by the National Assembly. The new government is promising major shifts, especially in the field of green energy transformation and social equality. Significant positive developments are expected, especially in the field of renewable energy sources.

UKRAINE – The implementation of Slovenian NECP has been affected by war in Ukraine. Measures tackling the rise of energy prices are using some of key financial resources for the implementation of climate and energy measures, such as the Climate fund, and reducing revenues from environmental taxes – network charge, renewables contribution and energy efficiency contribution.

SLOVENIA

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

The new European Climate Law, which increases the GHG emission reduction obligation by 2030 to at least 55% compared to 1990, the Fit for 55 package and the circumstances surrounding the war in Ukraine imply that Slovenia will have to significantly strengthen its current goals during the revision of the NECP. Intensified implementation of measures will be crucial for an economically viable green transition and for the achievement of 2030 targets.

The opportunity is now, because **the NECP revision has already started** in Slovenia. A draft will be prepared by the end of the year, and a revised document is expected to be sent to the European Commission by the end of June 2023. The revised plan will include 2 scenarios – RES and nuclear – taking into account the necessary higher targets in accordance with Fit for 55. Public involvement during the revision process is also envisaged.

For a successful revision of its NECP, Slovenia should focus on:

- **Developing a good governance framework**. The efficiency and speed of implementation, and thus the potential for greater emission reduction targets, will depend heavily on good climate governance, where it will be crucial for the government to ensure that climate action is properly organised and coordinated – by ensuring cross-sectoral coordination and clearly defining responsibilities and accountability.

- **Increasing the 2030 renewables target**. The current 2030 target for renewable energy (27%) is unambitious – because not in line with new EU-wide targets, but also because Slovenia has far more potential, especially from solar energy. A study from Institute Jože Stefan shows that the technical potential of solar energy in Slovenia is estimated at over 27 TWh per year, which is almost twice the current electricity production in Slovenia. In addition, the growth of solar electricity production is one of the measures that can most quickly reduce dependence on fossil fuel imports and solve the climate crisis. Slovenia must use all resources to accelerate the implementation of solar projects. **The distribution grid has frequently been identified as a bottleneck** for integrating more distributed power generation from renewable energy sources (in particular sun) and also other technologies such as heat pumps and electric vehicles, hence the distribution network needs to be upgraded immediately.

- **Addressing the transport sector emissions**. Since the transport sector remains the most problematic, higher targets and additional measures in this sector will be crucial to achieve a more ambitious 2030 GHG reduction. A mere fuel switch will not bring the desired effects; comprehensive systemic action is needed, especially in the direction of **limiting the amount of motor traffic**. In the field of passenger transport, public transport in Slovenia needs to be improved in order to be efficient and to be used by all groups of the population. Promoting a sustainable choice of transport in the context of reimbursement of transport costs to work will also be key for higher emission reductions.

- **Providing adequate funding for these policies.** More specifically:

1. More investments in **renewables installation and distribution grids** need to be included as part of the programming process of EU cohesion funds and during the revision of RRP. The NECP has identified investment needs in distribution grids only of more than €400 million per year. On the other hand, the RRF proposes only €80 million for the entire period of the programme. Furthermore, due to the need for an increased 2030 target for RES, much of additional renewable energy capacity will have to come from distributed solar power plants, which implies even larger needed investments into the distribution grid.

SLOVENIA

2 For the **transport** sector, the establishment of a comprehensive system of integrated public passenger transport – as proposed in the Slovenian RRF – is urgently needed and presents an opportunity for Slovenia to increase climate action. But in order for the reform to be effective, a drastic increase in investments on public transport infrastructure, railways and multimodal infrastructure would be needed, while finances for road transport must be drastically reduced.

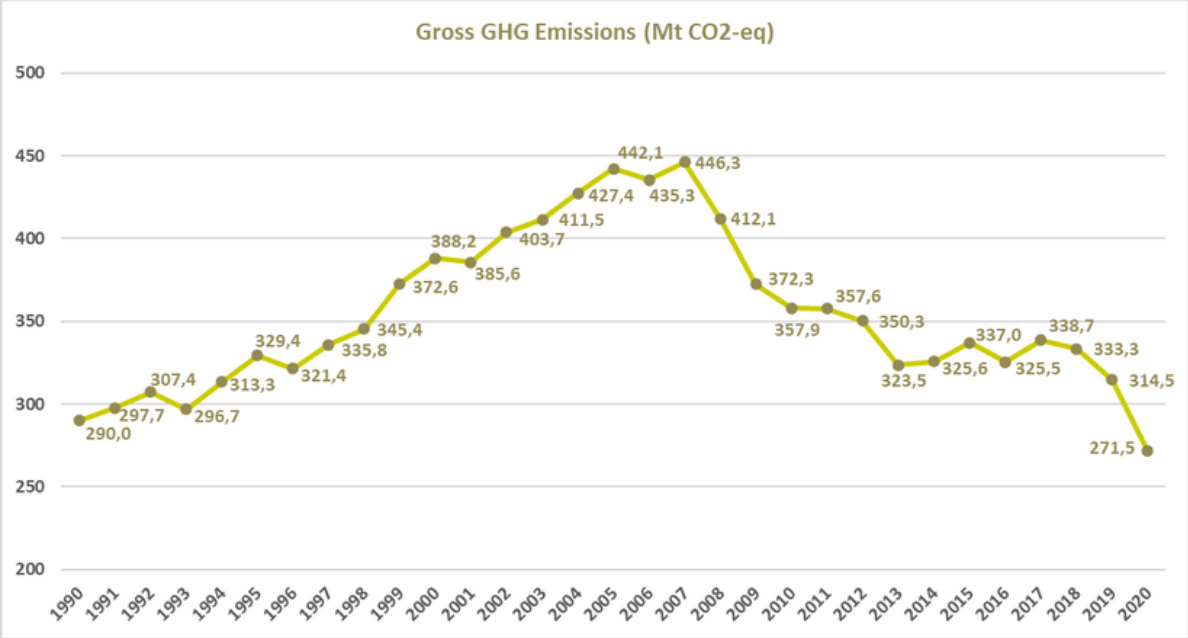
- **Ensuring alignment with a Paris-compatible climate neutrality goal.** The long-term goal of climate neutrality by 2050 is set in the national Long-Term Strategy, and was additionally defined in the new Environmental Protection Act (ZVO-2). However, the mismatch between short-term and long-term targets remains a big problem, as an excessive share of emission reductions is projected after 2030. In the field of transport, for example emissions are expected to increase by 2030 (+12%), while nLTS proposes very steep emission reductions by 2050 (90 – 99%). Such an approach does not inspire confidence that Slovenia will actually achieve climate neutrality by 2050.

SPAIN

David Howell & Ana Márquez, SEO/BirdLife

STOCKTAKE: EMISSIONS & NECP TARGETS

Total gross greenhouse gas (GHG) emissions decreased in Spain in 2020 to 272 Mt CO2-eq (-14% compared to 2019), falling below 1990 levels (-6%) for the first time in the historical series (see figure below).



The transport sector remained the largest emitter (28% of the total), followed by industry (21%), and energy and agriculture (each 14%). Emissions fell between 2019 and 2020 in all main sectors except agriculture and waste (+1% each). Emissions in the ETS sectors (power plants and large industrial facilities) fell by 19% and in the combined ESR sectors (transport, small industry, buildings, agriculture, waste and fluorinated gases), by 10%. However, net CO2 absorption in natural carbon sinks fell for the third consecutive year (-3%), in line with the negative trend anticipated in Spain's Long-Term Strategy. Total final energy consumption fell by 13% in 2020, to 79 Mtep, with renewable energy sources generating 21% of the total and 43% of electricity consumption.

The Spanish NECP and associated legislation do not establish specific intermediate sectoral emissions reduction or energy decarbonization targets prior to 2030, but existing 2030 objectives must clearly be revised upwards in 2023.

RELEVANT DEVELOPMENTS

CLIMATE LAW & (MANY) NEW POLICIES – Spain's Climate Change and Energy Transition Law was passed in May 2021, marking an important step forward, although the NECP objectives for emissions and energy were largely maintained. Spanish NGOs have proposed more ambitious emissions reductions and renewable energy objectives and a Supreme Court judgement on this is pending. The law obliges the government to revise objectives upwards in 2023.

SPAIN

Progress with instruments and policies governed by the new national law includes:

- Low Emission Zones are to be introduced in all large Spanish cities by 2023
- Renewable prosumerism is now actively promoted, zoning maps have been published to guide terrestrial renewable energy installations away from ecologically sensitive areas and a similar approach is being developed for marine renewables
- There is a strong just transition programme for areas affected by the closure of coal mines and power stations
- A Citizens' Climate Assembly has published its recommendations to the Spanish government and Parliament
- Proposals have been announced to establish a committee of independent experts on climate change and the energy transition
- Each year the government must review options for reducing fossil fuel subsidies
- A new National Adaptation Plan for 2021-2030 has been approved, as well as the Long-Term Decarbonization Strategy to 2050.

REACTIONS TO COVID-19 & UKRAINE – Whilst the reduced economic and transport activity due to COVID-19 are significant factors in lower emissions and energy consumption in 2020, there are also positive underlying trends, such as the closure of coal-fired power stations and an associated increase in renewable electricity generation, including rooftop solar installations. Unofficial estimates for 2021 warn of a likely total emissions increase due to resumed activity following the easing of COVID-19 restrictions, although official data indicate that 47% of electricity demand was met by renewables.

Spain's National Recovery Plan is mobilising tens of billions of Euros in 2021-2023 for climate action, especially in the buildings, renewables and transport sectors, but also for ecosystem restoration and conservation, which should favour natural carbon sinks. Results in terms of emissions/energy savings may not be seen until data for 2022 are available, although interpretation will be difficult due to the effect of the war in Ukraine. Emergency measures taken because of the war may accelerate renewable energy consumption in some sectors, although other measures may slow down the decarbonization process in Spain and in the EU more widely.

RECOMMENDATIONS FOR THE NECP REVISION PROCESS

There is no official news on the NECP review timeline, although the government has commissioned preparatory studies. Below are some recommendations to ensure that the process is fit for purpose, and specifically to:

- **Achieve more ambitious targets**. More ambitious emissions and energy objectives for 2030 could be achieved with greater progress in energy saving and demand management, changes in food production and consumption, adopting alternatives to private vehicle use, speeding up installation of prosumer and other nature-friendly renewable capacity, and incentivizing renewable electricity storage. It is crucial to promote the socioeconomic benefits that these measures will provide, and guarantee that vulnerable sectors and communities will not be disadvantaged, if available public funds or possible new tax reforms are to achieve the intended results. Regulatory simplicity and clarity should be improved for all new renewables installations, whilst maintaining environmental quality and ensuring social justice and public participation.

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- **Improve public participation.** The requirement to increase the ambition of 2030 objectives in 2023 is an opportunity to ensure that public debate and independent scientific opinion weigh more heavily than those business, financial and political interests which slow down climate action. Four specific measures are proposed:

1. Promote a broad national debate on the recommendations of the first Citizens' Climate Assembly and to inform governments, political parties and wider society during the NECP review and revision of climate and energy objectives in 2023-2024
2. Convene a second assembly to make further recommendations before the NECP revision is concluded
3. Produce and publish an accessible, open-source 'scenarios simulator' to encourage debate and understanding about decarbonization options and consequences
4. Establish the independent expert committee on climate change and energy transition and ask it to review climate action taken so far in Spain and to produce recommendations on revised NECP objectives and measures for 2030

- **Put public funding to good use**. There are already very significant amounts of public funding, especially from the EU (tens of billions of Euros), committed to climate action in Spain. The immediate priorities should be to:

1. guarantee a high level of public participation in the design, delivery, monitoring and reporting of the spending programmes and their results;
2. find the best synergies between these funding instruments and the investment available in the private sector;
3. ensure that the resources available support specific measures with a high chance of achieving lasting change (emissions reductions, carbon storage through strong nature conservation measures, materials or energy saving or efficiency);
4. ensure that the available funding is fully and correctly used;
5. make progressive reductions in fossil fuel subsidies and increase climate-friendly tax policies;
6. demonstrate with reporting and awareness-raising the socioeconomic, climate and other benefits that are achieved.

- **Ensure alignment of policies**. At national level, the main climate and energy policy instruments are in general well-aligned. In particular, climate and energy targets were approved in the same period and political context (nLTS in November 2020, NECP in March 2021 and Spanish Climate Law in May 2021), with good alignment of the 2030 targets, the decarbonization pathway for the short and long term, and the measures foreseen to reach them. However, further improvements are still possible. These include:
- **Adopting an 'all of government' approach**: all public authorities and government departments at national, regional and local level must show a clear and coherent commitment to achieving results for ambitious climate action. In a decentralized country such as Spain, policy consistency between different levels of government is vital. The Autonomous Regions have important competencies, especially for ESR sectors (65% of Spain's emissions), but not all of them have approved climate & energy laws/plans with a 2030 time horizon.

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- Ensuring that **natural carbon sinks are adequately protected** and enhanced **across different policies** (biodiversity, forestry, agriculture, water and marine, see below) and that urban and rural land-use and zoning policies favour emission reductions and energy saving. The draft National Strategic Plan for Agriculture ('PEPAC') 2023-2027, for example, includes various measures designed to increase natural carbon capture and reduce agricultural emissions, but several of these are optional and there are no overall quantitative objectives.

When it comes to specific policies and measures, the revised NECP should take into account these three main recommendations:

- **Promote the deployment of renewables that respect biodiversity and people.** Since the NECP was approved, three government auctions have assigned a total of 6.8 GW of new grid connection capacity for renewables. Projects presented as a result of these and earlier auctions have provoked widespread protests in rural areas and criticism from conservation NGOs and scientists, due especially to a lack of prior planning and zoning policies, insufficient public participation and imprecise electricity capacity auction criteria. As well as ensuring that planning and auctions target new renewables development to urban and other areas with lower environmental sensitivity, the revised NECP should also initiate a **participative 'scenarios' process** to explore openly how different combinations of renewables (e.g. offshore-onshore, rural-urban, wind-solar-hydro), including the expected roles of energy storage, demand management and energy saving and efficiency, might meet stated objectives. In addition, the existing national environment sensitivity map for onshore renewables should be updated, equivalent maps for marine areas should be published, and all 17 Autonomous Regions should approve and apply updated climate and energy laws and plans with associated sensitivity maps and zoning policies for renewable energy development.

- **Accelerate climate action at the local level.** Municipalities have a central role to play in accelerating climate action and in advancing towards a resilient and decarbonized economy: they have key competences and are the closest level of government to citizens. It is essential that **municipal authorities have access to sufficient funding and technical support** for the development and application of local climate and energy action plans ('SECAPs'). EU Next Generation, Regional Development and Social Funds should include support for these plans as a key priority. The revised NECP should **indicate how this support will be guaranteed and delivered**, as well as identify and promote those actions at municipal level that are likely to deliver the most rapid and lasting emissions reductions whilst guaranteeing social justice and well being and environmental quality. Progress indicators for municipal action should also be included in the revised NECP (e.g. coverage of SECAPs approved with 2030 horizons; key measures implemented, such as low-emission zones; % of organic waste reduction and composting; increase in installed solar energy capacity within built-up areas; increase in availability and use of pedestrian areas and cycle lanes).

- **Guarantee decisive climate action for agriculture and for natural carbon sinks.** The Spanish Strategic Plan for Agriculture is in its final stages of preparation, and civil society has expressed strong concerns about the lack of guarantees for achieving concrete emissions reductions and improvements in natural carbon sinks. These concerns echo those of the EU Court of Auditors in successive recent reports. New strategic plans for forests, biodiversity, wetlands, marine areas and rural development are also in preparation. Together, **these strategic plans in the rural land use, marine and nature sectors must be fully coordinated with the revised NECP** to ensure that objectives, policies, measures, funding, monitoring and enforcement are complementary and that the benefits for climate action can be clearly demonstrated in terms of changed practices, reduced emissions or enhanced carbon absorption.

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