

# FIT FOR FUTURE Platform Opinion

<b>Topic title</b>	Regulation on the Governance of Energy Union and Climate Action	
	<a href="#">AWP 2022</a>	
	<a href="#">Regulation (EU) 2018/1999</a>	
	<i>Legal reference</i>	
<b>Date of adoption</b>	05 December 2022	
<b>Opinion reference</b>	2022/SBGR1/03	
<b>Policy cycle reference</b>	<input type="checkbox"/>	Contribution to ongoing legislative process
		-
		<i>Commission work programme reference</i>
		No
<input type="checkbox"/>	<input type="checkbox"/>	Contribution to the (ongoing) evaluation process
		-
		<i>Title of the (ongoing) evaluation</i>
		No
<input type="checkbox"/>	<input type="checkbox"/>	Included in Annex VI of the Task force for subsidiarity and proportionality
		No
	<input checked="" type="checkbox"/>	Other
		Not in the policy cycle yet but the legal text stipulates a revision by 2024
<b>Have your say: Simplify!</b>	<i>No relevant suggestions on this topic have been received from the public.</i>	
<b>Commission follow up</b>	REFIT Scoreboard:	<a href="#">Energy Union governance – planning and reporting obligations</a>
	Have your say portal:	<a href="#">Energy Union and climate action – Review report on the Governance Regulation</a> <a href="#">Europe's 2040 climate target</a>

[Guidance to MS for updated NECPs 2021-2030](#)

Annual Burden Survey: [The EU's efforts to simplify legislation \(2022\)](#)

Other: [EU Climate Action Progress Report 2023](#)

## SUGGESTIONS SUMMARY

- Suggestion 1:** Announce the revision of the Governance Regulation upon the completion of trilogue negotiations on the Fit for 55 package to ensure consistency in view of the new legal and political context and lessons learnt from the first iteration of National Energy and Climate Plans and for national Long-term Strategies
- Suggestion 2:** Propose that Member States set a national level, economy-wide climate-neutrality target and reflect it in their national long-term strategy
- Suggestion 3:** Update the ‘Clean Planet for All Europeans’ long-term strategy to ensure it remains up to date and fit for future
- Suggestion 4:** Modernise the template for national energy and climate plans (NECPs) and national long-term strategies
- Suggestion 5:** Modernise the ‘energy efficiency’ dimension of the Governance Regulation in line with the recast of the Energy Efficiency Directive
- Suggestion 6:** Improve public participation in the elaboration of NECPs and national long-term strategies

## SHORT DESCRIPTION OF THE LEGISLATION ANALYSED

[Regulation on the Governance of the Energy Union and Climate Action](#), which applies since December 2018, sets out the necessary legislative foundation for reliable, inclusive, cost-efficient, transparent and predictable governance of the Energy Union and Climate Action (governance mechanism), which ensures the achievement of the [objectives and targets of the Energy Union](#), in particular the Union’s 2030 targets for energy and climate, and the Union’s climate-neutrality commitment by 2050, in line with the 2015 [Paris Agreement on climate change](#). It sets common rules for planning, reporting and monitoring and ensures that these are synchronised with the ambition cycles under the Paris Agreement through complementary, coherent and ambitious efforts by the Union and its Member States, while limiting administrative complexity.

The Regulation aims to ensure that the EU’s [Energy Union Strategy](#) is implemented in a coordinated and coherent manner across its 5 dimensions: (1) [decarbonisation](#), (2) [energy security](#), (3) [energy efficiency](#), (4) [internal energy market](#), (5) [research, innovation and competitiveness](#). Under the Regulation, the Member States develop integrated national energy and climate plans based on a common binding template covering the five dimensions. After Member States submitted their draft plans (end 2018) and final plans (end 2019), the Commission assessed both of them at [EU](#) and [Member State level](#). The Commission has also produced an [EU 2050 long-term strategy](#) and Member States have produced [national long-term strategies](#). Member States will need to update their national energy and climate plans in draft (by June 2023) and in final version (June 2024), and their national long-term strategies by 1 January 2025 where necessary. Until then, Member States can adapt national policies and

measures provided such changes are included in the biennial integrated national energy and climate progress reports to the Commission.

The Regulation has a number of key features:

- it requires EU countries to produce a **national integrated energy and climate plan** for the period 2021 to 2030 by 1 January 2019, and then every 10 years for the following 10-year periods;
- it establishes a **consultation process** between the European Commission and the Member States, and regional cooperation between EU Member States, before the plans are finalised, and then every 10 years for the following 10-year periods. For the period to 2030, the plans need to be updated by 30 June 2024;
- it establishes an **update process** of the national integrated energy and climate plans mid-way of the 10 years planning horizon, for the period 2021 to 2030 by 30 June 2024, and then every 10 years for the following 10-year periods;
- it requires EU countries to prepare and report to the Commission - and the Commission itself to elaborate - **long-term decarbonisation strategies** with an at least **30-year perspective**, in view of contributing to broader sustainable development goals and the long-term goal set by the Paris Agreement;
- it requires EU countries to produce **biennial progress reports** on the implementation of the plans from 2021 onwards across the 5 dimensions of the Energy Union, to track progress;
- it requires the Commission to **monitor and assess EU countries' progress** towards the targets, objectives and contributions set in their national plans;
- it sets out the requirements for **national and EU inventory systems** for greenhouse gas emissions, policies, measures and projections.

The Commission monitors the progress of the EU as part of the [annual State of Energy Union report](#).

**Further sources of evidence:**

[Legislative framework webpage](#)

[Energy Union](#)

[State of the Energy Union Report](#)

[European Green Deal](#)

## PROBLEM DESCRIPTION

**The Fit for Future Platform has acknowledged the issues raised by the legislation concerned as follows:**

*Regarding: modernisation and future proofing of existing laws, including via digitalisation, the efficient labelling, authorisation and reporting obligations, the simplification of EU legislation:*

The Regulation on the Governance of the Energy Union and Climate Action needs to be updated in order to align with the European Green Deal and in light of new elements introduced by the European Climate Law and the Fit for 55 package, notably the EU increased 2030 climate target and climate neutrality objective by 2050 at the latest. Indeed, any substantial increase of the climate targets should be complemented by a strengthening in parallel of the governance framework in order to ensure policy consistency and optimal implementation. A legislative proposal to revise the Governance regulation should be announced upon completion of trilogue negotiations on the Fit for 55 package. This opportunity should be used to further improve and streamline the rules on national energy and climate plans and the EU and national long-term strategies to ensure consistency between the plans and strategies and the revised EU legislation and climate and energy targets, while ensuring full public participation in the elaboration of these plans and strategies.

*If relevant, specific issues on the local and regional level:*

The local and regional levels are an integral part of the national governance structure to deliver the national climate objectives. The Regulation on the Governance of the Energy Union and Climate Action requires member states to establish a multilevel climate and energy dialogue pursuant to national rules in which local authorities are included, among other stakeholders, to discuss different scenarios envisaged for energy and climate policies and where NECPs could be discussed. A revision of the regulation should consider the need to involve the local and regional level, beyond article 11 multi-level dialogues, fostering a close cooperation and co-creation between different levels of government. Deeper cooperation would allow for the recognition of local authorities' commitments such as Sustainable Energy and Climate Action Plans (SECAPs) or climate neutrality objectives, thus ensuring a more optimised decision making of necessary action and respective financing allocation.

## SUGGESTIONS

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**Suggestion 1: Announce the revision of the Governance Regulation upon the completion of trilogue negotiations on the Fit for 55 package to ensure consistency in view of the new legal and political context and lessons learnt from the first iteration of National Energy and Climate Plans and for national Long-term Strategies**

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**Description:** The Governance Regulation was designed to guide implementation at national level of the EU's 2030 emissions reduction target of 40% compared to 1990 levels by introducing planning tools such as National Energy and Climate Plans (NECPs) and for national Long-term Strategies (LTSs). Although EU Member States will have the opportunity to revise

their NECPs by 2023-2024 and LTS by 2025, what is needed is a strengthening of the governance framework created by the Governance Regulation. The increase of the 2030 climate target (at least 55% net greenhouse gas emissions reduction), the adoption of the Fit for 55 package including increased renewable energy and energy efficiency targets and the adoption of the EU climate neutrality objective by 2050 at the latest will likely require changes to the template of NECPs and LTS to ensure consistency. These changes may include, for example, increased emphasis put in NECPs to the dimension ‘decarbonisation’ or energy efficiency and national measures proposed to achieve increased national targets under the Effort Sharing Regulation (ESR), the Energy Efficiency Directive and the Renewable Energy Directive or the adoption of a legally binding template for elaborating LTSs which enables Member States to achieve the EU climate neutrality objective. Other changes may be necessary to adjust to the new economic, political and geopolitical context resulting from the COVID public health economic crisis, for example through ensuring consistency between the NECPs and LTSs and the ‘New Generation EU’ recovery package and National Recovery and Resilience Plans (NRRP). Lessons learnt from the previous iteration of NECPs and LTSs – such as belated or non-submission of NECPs and LTSs or criticisms around public participation processes – should also be tackled in the legislative revision of the Governance Regulation.

Announcing this revision upon the completion of trilogue negotiations on the Fit for 55 package would allow for this process to take place in a timely manner, and to provide certainty to stakeholders and businesses. Indeed, the submission in mid-2023 (draft) and mid-2024 (final) of updated NECPs 2021-2030 will constitute the last meaningful opportunity to plan the implementation of 2030 climate and energy targets, and so it is imperative that strengthened rules under the Governance Regulation be proposed – and, if possible, approved – before Member States have finalised their plans and strategies.

**Expected benefits:** Alignment of the rules contained in the Governance Regulation with the 2019 European Green Deal, and the 2021 EU climate-neutrality commitment and Fit for 55 package. In particular, modernisation and future-proofing of Member States’ national plans and strategies will be ensured through the incorporation in the Governance Regulation rules of provisions relating to developments since its adoption in 2018, e.g. the 2020 [Hydrogen strategy](#), the [Strategy for Energy System Integration](#), the [Offshore Renewable Energy Strategy](#), [Renovation Wave Strategy](#), [Sustainable and Smart Mobility Strategy](#); the 2021 [Renewed Sustainable Finance Strategy](#), [EU Adaptation Strategy](#); the [EU Biodiversity Strategy](#); and the [EU 2022 Communication on REPowerEU](#).

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**Suggestion 2: Propose that Member States set a national level, economy-wide climate-neutrality target and reflect it in their national long-term strategy**

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**Description:** Under the EU Climate Law, EU Member States are required collectively to reach climate neutrality, i.e. a balance between greenhouse gas emissions and removals, by 2050 at the latest. The collective nature of this objective means that some Member States could reach climate neutrality after 2050 provided that their emissions are compensated by removals from Member States which have reached climate neutrality before 2050. This legal obligation is in line with the European Council conclusions of December 2019 which noted that one Member State could not commit at this stage to achieving climate neutrality at national level by 2050.

However, only [14 Member States](#) have so far set a national, economy-wide climate-neutrality target and there is no mechanism in place to ensure that Member States' aggregated decarbonisation plans and targets add up to climate neutrality. Lack of proper climate planning means that existing national decarbonisation measures may not be consistent with the most cost-effective way to achieve climate-neutrality. A legislative revision of the Governance Regulation could address this issue and propose that Member States set a national, economy-wide climate-neutrality target. The Commission could also propose to assess the aggregated targets alongside its assessment of national long-term strategies in order to ensure that both the targets and the strategies are aligned with the EU climate-neutrality commitment.

**Expected benefits:** Certainty as to the achievement of the EU's collective climate neutrality target and clearer signals for investors, businesses and citizens on the direction of travel. Short-term climate action and measures included in NECPs will be informed by and consistent with the long-term climate-neutrality objective. As a result, economic sectors will benefit from increased policy certainty, in particular those falling under the Effort-Sharing Regulation (ESR). Member States will retain freedom to decide their climate neutrality date, as long as it is in line with the collective EU climate-neutrality commitment; they will also retain ownership and accountability for meeting their decarbonisation target in any way they see fit. Finally, the Commission will propose in May 2024 a 2040 climate target that is informed by Member States' national climate-neutrality targets.

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**Suggestion 3: Update the 'Clean Planet for All Europeans' long-term strategy to ensure it remains up to date and fit for future**

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**Description:** Under the Governance Regulation, the Commission was required to produce long-term decarbonisation scenarios, which it did in [2018](#), thus paving the way to the endorsement of the climate-neutrality objective by EU leaders in December 2019. However, the assumptions in this document are out-dated since the adoption in 2021 of the increased 2030 climate target (the Commission projected 48-51% emissions reduction by 2030 instead of 'at least 55% net'). The Commission should consider revising this document in time before the publication of the Commission's assessment of Union and Member States' progress and measures towards the achievement of the climate-neutrality objective under the European Climate Law – and subsequently every five years to ensure it remains up to date. This document should also be submitted to the UNFCCC in line with the COP 26 Glasgow Climate Pact which invites each Party to the Paris Agreement to update their long-term strategy.

**Expected benefits:** This will provide clarity on EU economic sectors' decarbonisation pathways and help Member States develop their own climate-neutrality pathways in 2025, as they are required through national long-term strategies. Such an updated EU long-term Strategy will be particularly useful to support the elaboration of Member States' national decarbonisation measures in ESR-sectors in their NECPs. It will also meet the commitments made in the Glasgow Climate Pact and demonstrate climate leadership internationally.



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**Suggestion 4: Modernise the template for national energy and climate plans (NECPs) and national long-term strategies**

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**Description:** There is a huge diversity of approaches taken by Member States when filling in the binding template for NECPs and detailing measures to achieve emissions reductions, in ESR-sectors in particular. As a result, it cannot always be ascertained from an analysis of the plans whether Member States' planned measures will be sufficient or efficient to achieve ESR targets. While Member States' biennial reports and projections provide additional information, it is appropriate to modernise the templates for NECPs and national LTS where necessary, and to ensure that an adequate level of information is provided by Member States in their NECP and comparability for the Commission and stakeholders. For example, additional information should be provided in NECPs' templates in areas which were recently subject to new EU strategies or legislative changes under the Fit for 55 package, in particular concerning hydrogen, buildings, biomass, just transition or sustainable finance.

We invite the Commission to publish EU guidelines setting out a detailed methodology for calculating investment needs and sources, in order to allow Member States to identify and request support on financial challenges of climate action. Furthermore, the nature of the template for national long-term strategies provided in Annex IV of the Governance Regulation should be reconsidered and made legally binding in order to better scrutinise the achievement of the climate-neutrality commitment, and it should apply to long-term low greenhouse gas emission development strategies submitted under the Paris Agreement in order to avoid any duplication and inconsistency. Finally, policy consistency provisions between NECPs and other national planning documents (e.g. national long-term strategies, long-term building renovation strategies, comprehensive assessments on efficient heating and cooling, etc.) could be strengthened in order to better align sectoral strategies and planning tools.

**Expected benefits:** Clarity over the emissions reduction potential of measures included in NECPs and increased alignment between climate action across economic sectors will make it more manageable and cost-efficient to achieve climate targets and provide greater investor certainty. It will provide guarantees that Member States are delivering on their climate commitments and retain ownership over decarbonisation measures, including those covering ESR sectors.

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**Suggestion 5: Modernise the 'energy efficiency' dimension of the Governance Regulation in line with the recast of the Energy Efficiency Directive**

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**Description:** Aggregated national contributions on energy efficiency in NECPs do not put the EU on track towards meeting its energy efficiency target for 2030 - which the Commission has proposed to further increase in the Fit for 55 package and the recast Energy Efficiency Directive. Only strong governance mechanisms will enable Member States to deliver on this increased energy efficiency target. As the Commission explains in its [explanatory memorandum for the Energy Efficiency Directive legislative proposal](#), the Governance Regulation must be revised and made consistent with the recast of the Energy Efficiency Directive. The Governance Regulation must inter alia implement new elements of the recast directive once negotiations are finalised, such as additional reporting provisions in NECPs on



national energy efficiency contributions and the energy efficiency first principle (recast Article 3), or the legal nature of the target and the gap-filling mechanism (recast Article 4).

**Expected benefits:** Updating the Governance Regulation is necessary in order to restore policy consistency with the recast Energy Efficiency Directive, and to avoid a mismatch between various reporting obligations. Adequate energy governance will avoid overlapping requirements and ensure consistency between planned national contributions in NECPs and the appropriate level of energy savings required at EU level.

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**Suggestion 6: Improve public participation in the elaboration of NECPs and national long-term strategies**

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**Description:** Public and stakeholder support is crucial to avoid barriers and opposition in implementation, and eventually for making the green transition a success. Climate and energy are a sensitive policy area for EU citizens because envisaged measures have fundamental and far-reaching consequences on citizens' lives. At the same time, it requires planning 10-year or 30-year ahead, and the proposed measures must survive changes in governments over time. In addition, the current public perception is that the traditional passive 'one-way' consultation process - such as topical public consultations under the Better Regulation framework - is insufficient to build strong public understanding and consensus.

Articles 10 and 11 of the Governance Regulation include rules relating to public participation and consultations. But civil society in Europe has strongly criticised the quality of national public participation processes in the elaboration of NECPs and national long-term strategies, which have in turn affected the quality of these documents. For example, national experience has shown that public participation rules have not enabled practitioners and experts in relevant fields of expertise to contribute meaningfully to the design of national long-term strategies. We call on the Commission to propose to better align these rules with the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters. Public consultations should take place when all options are still open, include minimum durations and conclude with a public report describing the outcome. Provisions on multilevel climate and energy dialogues should be improved in order to ensure that these dialogues actually take place, and are effective at avoiding barriers in implementation. In addition, the Committee of the Regions and the European Economic and Social Council should be involved as appropriate in the multilevel dialogues. Moreover, the Commission is invited to consider how Member States could meaningfully engage in deliberative democracy processes such as citizens' assemblies on climate action. Such processes should involve citizens from different territories, e.g. rural and urban to ensure that the potential and challenges of each territory are taken into account.

**Expected benefits:** Increased public and stakeholder support at local, regional and national levels for climate-related measures will make it easier to achieve sustained climate action in EU countries and implement EU objectives and targets. Consulting citizens on the fundamental policy measures resulting from climate commitments such as those contained in NECPs will increase appetite for mitigating climate change and may reduce local opposition for ad hoc energy projects.

## ABSTENTIONS

- 1 MS

## DISSENTING VIEWS

While Austria supports the adoption of the opinion, we can only partly support the suggestion 2 as proposed:

*Rationale for dissenting views on the suggestions:*

A net zero target by 2050 for each MS would help to ensure that each MS contributes adequately to the EU goal of reaching climate neutrality by 2050. Keeping in mind, that so far only 14 Member States have set a national, economy-wide climate-neutrality target, it is important that MS and the Commission address this issue, based on scientific knowledge.

*Alternative suggestions:*

**Suggestion 2: Propose that Member States set a national level, economy-wide climate-neutrality target and reflect it in their national long-term strategy**

**Description:** Under the EU Climate Law, EU Member States are required collectively to reach climate neutrality, i.e. a balance between greenhouse gas emissions and removals, by 2050 at the latest. ~~The collective nature of this objective means that some Member States could reach climate neutrality after 2050 provided that their emissions are compensated by removals from Member States which have reached climate neutrality before 2050. This legal obligation is in line with t~~The European Council conclusions of December 2019 ~~which~~ noted that one Member State could not commit at this stage to achieving climate neutrality at national level by 2050. **However, a net zero target by 2050 for each MS would help to ensure that each MS contributes adequately to the EU goal of reaching climate neutrality by 2050.** However, ~~o~~Only **14 Member States** have so far set a national, economy-wide climate-neutrality target and there is no mechanism in place to ensure that Member States' aggregated decarbonisation plans and targets add up to climate neutrality. Lack of proper climate planning means that existing national decarbonisation measures may not be consistent with the most cost-effective way to achieve climate-neutrality. **Therefore** ~~A legislative revision of the Governance Regulation could address this issue~~ **needs to be addressed** and ~~propose that~~ Member States **as well as the Commission have to develop the scientific basis for setting** a national, economy-wide climate-neutrality target. The Commission could also propose to assess the aggregated targets alongside its assessment of national long-term strategies in order to ensure that both the targets and the strategies are aligned with the EU climate-neutrality commitment.