### URGENT CALL TO STRENGTHEN FINAL NECPS UPDATES ACROSS 18 EU COUNTRIES

#### **APRIL 2024**





ACCELERATE CLIMATE ACTION IN EUROPE



### **INTRODUCTION**

Most Member States have now submitted the draft updates of their National Energy and Climate Plans (NECPs)<sup>1</sup>, and only a few months are left before they are required to submit their final NECP updates (30 June). This update is crucial for Member States to develop national plans that truly accelerate climate action and the energy transition across the EU already in this decade, while protecting people and the environment.

At this stage, however, the draft NECPs are unfit for that purpose. As first <u>signaled</u> by NGOs, they are **insufficient not only to meet the Paris** Agreement commitments, but also to implement the (already largely insufficient<sup>2</sup>) EU 2030 climate and energy objectives, which would be in breach of the European Climate Law<sup>3</sup>. These concerns have clearly been emphasised in the Commission's EU-wide assessment of the draft updated NECPs<sup>4</sup> and confirmed in a letter to NGOs<sup>5</sup>, specifying that "Member States must increase their ambition and implement significant improvements before the submission of their final updated NECPs in June 2024", taking "full account of the Commission's recommendations in their preparations". The latest progress report by the European Scientific Advisory Board on Climate Change (ESABCC), also called on Member States to "urgently adopt and implement national measures to increase the pace of emissions reductions

<sup>&</sup>lt;sup>1</sup> As of 24 April 2024, Austria is the only country that has not submitted its draft NECP update. Poland has also submitted a very preliminary document, which cannot be considered as a fully-fledged plan.

<sup>&</sup>lt;sup>2</sup> By 2030, the EU aims to achieve a -55% net emissions reduction target, a 42.5% renewables target and a 11.7% energy efficiency target (final energy consumption). To be in line with the Paris Agreement, it should respectively achieve -76%, 50% and -20% by the same date.

<sup>&</sup>lt;sup>3</sup> Article 4 of the European Climate Law.

<sup>&</sup>lt;sup>4</sup> The assessment was published on 18 December 2023. The <u>assessment</u> of the NECPs of Belgium, Ireland and Latvia was published on 23 February 2024.

<sup>&</sup>lt;sup>5</sup> The letter was sent from DG Clima and DG Energy to NGOs on 20/03/2024, in response to a <u>letter</u> sent by climate NGOs in February 2024.

and reverse the declining EU carbon sink," making explicit reference to the NECPs in that regard.

**NGOs remain concerned that these calls for action could remain unheard. During the latest meeting of European Environment Ministers,<sup>6</sup> no Member State pledged to step up the level of ambition of their final updated NECPs. This is despite the NECPs revision being a point in the ENVI Council's** agenda, despite remarks on the matter by Climate Commissioner Hoekstra, and despite EU countries being legally required by the EU Climate Law to "take the necessary measures at [...] national level [...] to enable the collective achievement of the climate-neutrality objective<sup>7</sup>", which the draft NECP updates currently fail to achieve.

With only a few weeks left before the deadline, **this briefing collects some country-specific recommendations to improve the final NECP updates**. It aims to provide concise, hands-on inputs on practical steps to improve the NECPs of 18 EU countries: Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Germany, Greece, Ireland, Hungary, Italy, Luxembourg, Poland, Portugal, Slovenia and Spain. These recommendations – which are by no means exhaustive of what would be required for a NECP to be fit for  $1.5^{\circ}C^{8}$  – were selected on the basis of the most urgent priorities identified by NGOs at the national level. The 20 environmental and climate organisations that drafted these recommendations remain available for any clarification and more detailed exchanges.

In light of the need – and the legal requirement – for both Member States and the Commission to ensure that the final NECP updates are drastically improved, we urge both Member States and the Commission to take these points into account in their ongoing bilateral discussions.

<sup>&</sup>lt;sup>6</sup> The ENVI Council of 25 March 2024.

<sup>&</sup>lt;sup>7</sup> Article 2(2) of the European Climate Law.

<sup>&</sup>lt;sup>8</sup> For an extensive evaluation of needs, please refer to the <u>report</u> published by NGOs in October 2023.

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## **Belgium – CNCD 11.11.11**

Contacts: Nicolas Bormann (Nicolas.Bormann@cncd.be)

*Implement a Special Climate Law* – Climate governance in Belgium was pointed out as *deficient* in appeal by the Judges in the "Klimaatzaak" Case and by the European Commission in its review of the draft NECP update. The implementation of a Special Climate Law should feature prominently in the next government's agreement, with the objective of reviewing collaboration mechanisms and the decision-making process among federal entities. Moreover, establishing an interfederal scientific committee is crucial to informing and reviewing Belgian climate policies. Finally, enhancing public participation and parliamentary scrutiny is also vital; holding ministers accountable with parliamentary questions on an annual climate day would be particularly impactful.

*Revise the NECP more ambitiously* – The current updated draft NECP doesn't meet the minimum targets and objectives imposed by the European Commission due to a serious lack of willingness to cooperate from the Flemish Government on climate ambition – an obstructive stance that the Commission should firmly point out. Additionally, the Commission should urge Belgium to respect and follow the judgement in the "Klimaatzaak" case, asking for a revised and more ambitious final NECP.

# Bulgaria – Environmental Association Za Zemiata

Contact: Radostina Slavkova (r.slavkova@zazemiata.org); Simeon Gorov (s.gorov@zazemiata.org)

**Decarbonisation of the heating sector** – The final NECP update must be more ambitious to decarbonise Bulgaria's heating sector. This can be achieved through (1) integrating renewables in district heating, in spite of operating on fossil gas or coal; (2) recognising the currently neglected potential of energy communities for heating and cooling; (3) setting targets for heat pump installations (48% of Bulgarian households already use electricity for heating) and (4) reconsidering the role of biomass in heating – via improving efficiency in its use and via policies that gradually phase it down to a back-up role.

In parallel, Bulgaria should move away from the "gas as a transition fuel" narrative. For instance, Sofia's district heating system – currently the biggest gas "consumer" in Bulgaria – should substitute fossil gas with renewables. As the district heating system is property of the municipality, a political decision can transform it.

*Increase ambition for buildings* – The level of ambition of the updated draft NECP for energy efficiency is largely insufficient, as only 20% of the building stock would be renovated by 2050. Ambition must be ramped up, and a new commitment should be introduced to develop a housing policy that tackles the issue of empty dwellings, which currently affects 39% of all homes in Bulgaria.

**Renewables target for railways** – The final NECP should introduce a commitment to 100% RES electricity in the railway network of Bulgaria by 2030 or earlier, and use the railway terrains and infrastructure for the integration of utility scale renewables capacity.

*Include the Net Zero Government Initiative* – The final NECP update should include the Net Zero Government Initiative – of which Bulgaria is now a member – that commits public administration operations to move towards net-zero emissions. As Bulgaria is expected to present an implementation plan in 2024, its main features and impacts should be included in the final NECP to ensure consistency across the plans.

# **Croatia – Society for Sustainable Development Design (DOOR)**

Contact: Maja Bratko (maja.bratko@door.hr)

**Define funding sources of policies and measures –** Policies and measures of the draft updated NECP need significant improvement, specifically with regards to defining funding sources. Various EU funding sources are accessible in the new EU funding period (through the Multiannual Financial Framework (MFF) and NextGenerationEU), but also at the national level (through the ETS system), which have to be listed within each relevant measure. There is also the need to better describe other funding options and how private investments in certain sectors will be triggered. This improvement is needed to enhance the cost-efficiency of implementing certain measures and ensuring the timely achievement of national goals set in the plan.

*Phase out fossil fuels and put an end to fossil fuel subsidies* – It is crucial to reassess measures of the draft NECP plan clearly encouraging the continuation of subsidies for fossil fuels. The EU aims to phase out fossil fuels in the energy sector to achieve climate goals by 2030 and beyond; hence, the final NECP should not include measures favouring the continuation of gas and coal use. Notably, (1) setting a coal phaseout date is crucial to be in line with the Territorial Just Transition Plan for Istria, and (2) the measure for expanding the LNG terminal on Krk should be reevaluated, as it subsidises gas infrastructure and is therefore openly conflicting with green transition goals.

*Align energy targets with EU requirements, as a minimum* – The energy efficiency target is not set in the draft NECP update. This must change in the final version and adjusted to the requirements and goals of the EU, as a minimum. Additionally, energy savings targets in both final and primary energy consumption need adjustment to align with the national contribution indicated by the EU. The target for renewables is set too low, but more important are the measures linked to RES in heating systems that are poorly defined and do not take into account the fact that use of biomass for heating in Croatia is not monitored well and the areas where wood is cut down are not reforested. This leads to biomass not being used sustainably and thus not being renewable.

## Cyprus – Terra Cypria/The Cyprus Conservation Foundation

Contacts: Antrea Panagiotou (apanagiotou@terracypria.org); Orestis Karghotis (okarghotis@terracypria.org)

*Include a phase out trajectory for fossil gas use* – A comprehensive revision of the draft NECP energy scenarios is necessary. This assessment should encompass detailed pathways to eliminate reliance on fossil gas. For scenarios still incorporating fossil gas, a clear trajectory for its phase out must be outlined, with a detailed time frame and a clear end date. In light of the Commission's assessment of the draft NECP update, Cyprus should clarify how developing new gas interconnections with Europe's mainland and LNG imports infrastructure would hamper the climate neutrality objective.

*Include decisive measures to decarbonise the transport sector* – Higher ambition and decisive measures to decarbonise the transport sector need to be included in the final updated NECP, as they are currently highly insufficient. The draft NECP update estimates an increase in journeys by private vehicles compared to the previous NECP (from 75% to 82%), resulting in a corresponding decline in use of alternative means of transport (public transport, bike, walk). The plan also indicates that only a mere 8% of the vehicle fleet would be electrified by 2030. This negative trend must be reversed already in the final updated NECP.

*Improve ambition and quality of policies and measures* – The final NECP update must increase investments in decarbonisation, energy efficiency and renewable energy solutions, in an immediate and socially just manner. According to the Commission's assessment, climate and energy policies and measures in the draft plan lack essential details such as implementation time frames, funding sources and the quantification of impacts. The final updated NECP must clearly identify such elements – notably funding sources for each policy and measure, along with their expected contribution to GHG emissions reduction.

## Czechia – Centre for Transport and Energy (CDE)

Contacts: Barbora Urbanová (barbora.urbanova@cde-org.cz); Štěpán Vizi (stepan.vizi@cde-org.cz)

*Increase targets for renewables and final energy consumption* – The proposed 30% renewables target by 2030 doesn't take full advantage of the potential of solar and wind power. A more ambitious scenario is being explored by the government, which would include higher installed capacities of renewable sources and meet the minimum 33% target. However, it is not clear whether it will be adopted and whether the renewables target will change in the final updated NECP. The draft NECP also includes a target for final energy consumption (846 PJ) that is in line with the Energy Efficiency Directive (EED). However, the target only serves a formal purpose and is not reflected by planned policies and measures – according to the projections, the final energy consumption will be much higher, reaching 945 PJ by 2030. Clearly, more measures need to be identified that would bring the final updated NECP in line with the EU energy consumption targets.

*Map the investment needs for policies and measures* – The draft NECP update lacks a comprehensive analysis of investment needs, failing to link them with available financial instruments. Investment needs were only addressed for some sectors, with missing data sources in some cases – making it unclear how the Ministry had derived the estimates. The Social Climate Fund was mentioned very briefly without details on its connection with the NECP measures or targets.

Furthermore, even though the projected scenario is based on spending 100% of ETS revenues on climate-related measures in line with EU legislation, the Czech government's delay in transposing the revised ETS directive threatens effective financing of climate measures. Therefore, it is key for the Czech government to transpose the new ETS legislation without delay and prepare a mapping of investment needs for the final updated NECP.

**Provide clarity on the outcomes of public participation** – The Commission should firmly require a clear explanation of how the results of both rounds of public consultation have been taken into account in the NECP update process. No draft text of the updated NECP was made available during the first public consultation round, and neither were any other supporting materials. The draft updated NECP did not include any relevant information on how the results of the first round of the public consultation process had been reflected in the plan. A second round of public consultation was conducted through an online form in February 2024 and it remains unclear whether and how the results of this consultation will be reflected in the final updated NECP.

### **Denmark – Danish92 Group**

Contact: Dan Belusa (Dbelusa@92grp.dk)

**Include WAM scenarios and additional measures** – The Danish draft updated NECP only includes existing measures (WEM), while it lacks additional measures (WAM). Stakeholders have strongly pointed out that the final NECP must include, under Chapter 5, sufficient additional measures for Denmark to comply with both national 2030 targets (70% reduction in 2030 and 55-65% reduction in agriculture sector) and Denmark's 2030 obligations towards EU (LULUCF, EED, ESR and RED). The ministry agreed to include WAM scenarios but has given no detail about which specific additional measures will be included in the final plan.

A CO<sub>2</sub>-tax on agriculture would be a very important addition. In February 2024, a governmentappointed expert group presented a 100 euros CO<sub>2</sub>-tax for agriculture that will fulfil both national and EU 2030-targets. Denmark has already introduced a uniform CO<sub>2</sub> tax on all sectors of the economy (in 2020) and a 100 euros CO<sub>2</sub>-tax on industry (in 2022).

*Include fossil fuel subsidies and their phase out date* – In its draft updated NECP, Denmark claimed to provide neither direct or indirect subsidies to fossil fuels (p. 118 and p. 214 in Danish language version). The Danish 92 Group considers this claim to be false. According to the EEA, Denmark spent 492 million euros in fossil fuel subsidies in 2022; the figure is conservative, as it is based on a definition of fossil fuel subsidies which Danish NGOs consider too strict. As a direct result, the Danish draft updated NECP does not provide any phase out dates for fossil fuel subsidies.

We urge the Commission to insist that Denmark includes fossil fuel subsidies in its final NECP update – at least those identified by the EEA – together with clear dates for their phaseout.

*Quantify additional emission reductions from the Recovery and Resilience Plan* – According to the Commission's NECP guidance (p.17-18), the updated final NECP should provide quantitative information on the contribution of the Recovery and Resilience Plan (RRP) to the updated climate and energy objectives and targets. In its draft NECP, however, Denmark failed to quantify the additional greenhouse gas reductions that were made possible by additional funding coming from the Recovery and Resilience Facility (Denmark received DKK 13,1 billion from the Recovery and Resilience Facility, of which DKK 8.3 billion were claimed to be spent on climate measures).

The Danish ministry has confirmed that it would be possible to quantify the reductions resulting from the RRP funding, and agreed that this information will be included in the final NECP. However, no further information on the matter was communicated. We urge the Commission to insist that Denmark's final NECP quantifies the additional reductions made possible by the additional RRP funds.

# Estonia – Estonian Fund for Nature (ELF)

Contacts: Laura Maria Vilbiks (lauramaria.vilbiks@elfond.ee ); Maia-Liisa Anton (maia-liisa@elfond.ee)

*Include oil shale phase out dates* – Estonia needs to incorporate concrete phase-out dates for oil shale in its final updated NECP in order to achieve national energy and climate objectives. Rather than establishing new dates, the NECP should align with the phased transition outlined in the Territorial Just Transition Plan – abandoning oil shale in electricity production by 2035 and entirely exiting oil shale in energy production by 2040. These critical milestones are currently not mentioned in the draft updated NECP, risking their oversight and undermining the transition efforts.

*Include oil shale waste subsidy in the plan –* In its final NECP, Estonia should include its subsidy on oil shale waste disposal – which reduces pollution charges upon oil shale waste disposal about 90% compared to other waste. This subsidy is currently not accounted for in the draft NECP (section 4.6 IV). An increase of oil shale waste fees will come into effect on 1st July 2024 but it will increase the subsidy for the hazardous waste semi-coke to over 90%. Despite its environmental harm, the deposit fee for oil shale waste remains remarkably low, as also highlighted by the <u>National Audit Office</u>. This results in an annual subsidy of tens to more than a hundred million euros for fossil fuel use, granting an unfair advantage to oil shale companies who mainly produce shale oil for export. Meanwhile, the state misses out on revenues that could mitigate the environmental and social damage caused by oil shale use and support the just transition in Ida-Virumaa.

*Integrate the Commission feedback in the Estonian Climate Law* – As the Estonian draft NECP mainly consolidates existing policies, we urge the feedback from the Commission to be considered more directly in the Estonian Climate Law process, where actual policy decisions are currently being formulated. We are hopeful that the Commission's emphasis on enhancing climate ambition will resonate within the Climate Law framework, and later, the decisions made there will be reflected within the NECP (for example, sectoral targets updated every five years). If it truly leads to improved content, it would be acceptable for the NECP submission to wait until the Climate Law process is finalised.

# France – Réseau Action Climat (RAC) France

Contacts: Alix Mazounie (alix.mazounie@reseauactionclimat.org)

**Include a strong 2030 renewable energy target** – In its current draft, the French NECP does not include an overall renewable energy target. It includes some sectoral targets and a 58% decarbonization target for energy but does not specify which share of this target will come from renewable energy sources. This is very problematic, as it doesn't clarify whether France intends to meet its fair share of the EU's 42.5% renewable energy target for 2030. In effect, France is only bound by its existing 33% target of renewable energy in its gross final energy consumption by 2030, a much lower target than what is expected from France according to the European Commission's new effort sharing formula (44% by 2030). Our recommendation is for France to include a clear and ambitious renewable energy target as part of its decarbonization effort: 44% of renewable energy for the French gross final energy consumption by 2030.

**Ambition on onshore wind energy** – France has the <u>largest</u> onshore wind potential in Europe, yet the draft French NECP does not plan to increase ambition on the onshore wind energy development (<u>draft NECP update</u>, page 50). This is problematic given that, as per France's own admission, by 2030 "only additional onshore wind and photovoltaic projects can make a significant contribution to increasing decarbonised electricity generation capacity" (page 49). There is room for more ambition: according to <u>Greenpeace France</u>, for France to level with Germany, Spain or Portugal, the final NECP should aim for 50 to 55 GW of onshore wind capacity by 2030 (vs. current target of 33 to 35 GW).

We need stronger political will to pick up the pace on onshore wind. On offshore wind and solar, the government sealed ambitious Pacts with the private sector. A similar pact is required to accelerate the installation of onshore wind capacity, in order to meet France's fair share of the European renewable energy target.

*Improve the NECP financial plan and phase out fossil fuel subsidies* – According to a <u>report</u> commissioned by the Prime Minister in 2023, achieving carbon neutrality in France requires the phase out of harmful subsidies and 10 billion euros per year in public spending.

The current draft NECP (p. 132-133) only lists a fraction of the 13,1 billion euros of harmful expenditures for climate listed in the <u>French budget</u>. Furthermore, France has not yet adopted key measures that could both end harmful expenditures and yield substantial revenues for the ecological transition such as a kerosene tax on domestic flights.

Additionally, the draft NECP does not include a concrete financial plan. This is of concern given the recent budget cuts for the ecological transition. Without a clear and ambitious multi-year financial plan, France may not be able to meet its climate and energy targets. The upcoming SPAFTE (Stratégie Pluriannuelle de Financement pour la Transition Écologique) presents France with a unique opportunity to address these shortcomings.

#### **Germany – Germanwatch**

Contacts: Marion Guénard (guenard@germanwatch.org); Charly Heberer (heberer@germanwatch.org)

**Include energy poverty assessment** – Although mandated by the Governance Regulation, the draft updated NECP includes neither a national assessment of energy poverty nor an indicative target to reduce it. Germany should include an estimation of households affected by energy poverty using the indicators listed in the "European Commission staff working document: EU guidance on energy poverty".

A <u>study</u> from the Öko Institute applied these indicators to the German context and found that energy poverty affects up to 7.2 million households in Germany, a significant number which should be included in the final NECP, along with a mitigation target. The counter measures included in the draft NECP predominantly focus on short-term palliative remedies to relieve households of increasing housing and heating costs. In its final NECP, Germany should instead include well-targeted structural measures that address the root causes of energy poverty.

**Design meaningful public participation structures** – There was no open public consultation process for the draft NECP update. The short online consultation released after the publication of the draft plan (open for only 7 weeks in early 2024) did not guarantee the right for early and meaningful participation in the sense of Article 10 of the Governance Regulation. Since the public consultation structures were supposed to remain in place to inform the drafting of the National Social Climate Plan (NSCP), the final updated NECP should at the very least include a detailed overview of how such structures will be implemented for early and meaningful participation in the NSCP.

**Comprehensively list fossil fuels subsidies and include a timeline for phase out** – A selection of fossil fuels subsidies are reported in the draft German NECP (Table B23), which otherwise refers the reader to the latest Federal Subsidies Report. This is problematic as the Federal Report only lists tax concessions and financial aids and therefore can't be considered a comprehensive overview of subsidies. Instead, the definition used by the German Environment Agency in their report "Environmentally harmful subsidies in Germany" should inform the scoping of subsidies included in the NECP. Contrary to what the Governance Regulation mandates and to what was included in the Federal Government's Coalition Treaty, a timeline for expiration is missing for many subsidies, especially those related to protecting the "competitiveness of the German industry".

*Measures to reach the LULUCF target and compatibility with biomass use* – It is not clear how the LULUCF target included in the draft German NECP should be reached. The sector is currently not a sink but a source of emissions, and no quantifiable measures are described to reverse this

situation. The German NECP briefly establishes the link between failing LULUCF targets and a high bioenergy consumption but provides too little information on the compatibility of planned biomass use with LULUCF targets, despite bioenergy plans being due in the final NECP. Germany should describe measures to achieve the LULUCF target and show how biomass use is compatible with LULUCF sinks, in line with the REDIII reporting obligations.

### Greece – Greenpeace Greece, WWF Greece

Contacts: Alexandros Moulopoulos (a.moulopoulos@wwf.gr) Contacts: Kostis Grimanis (kgrimani@greenpeace.org)

**Prioritise the phasing out of fossil fuel subsidies** – So far, fossil fuel subsidies have not been accounted for in any of the former versions of the NECP. In the final Greek NECP update, a detailed account of fossil fuel subsidies (which account for the biggest part of energy subsidies) needs to be incorporated and this information should be accompanied by an actionable plan and timeline for their phase out.

*Halt expansion of fossil gas infrastructure* – The draft NECP update outlines substantial investments in expanding fossil gas infrastructure along with plans for hydrocarbon exploration and development. The compatibility of this fossil gas strategy with the national climate law targets and targets outlined in the Paris Agreement is questionable. Taking into account that in the power sector fossil gas usage is declining, raises serious concerns about stranded investments.

**Prioritise energy efficiency targets and measures** – As demonstrated in the draft NECP update, the country's energy efficiency should be largely prioritised. Concise targets for energy efficiency, savings and specific targets on citizens energy communities and self-consumption are lacking. The multiple socio-economic co-benefits of implementing energy efficiency/savings measures need to be estimated and better communicated to citizens.

# Hungary – NSC-FoE Hungary (MTVSZ), FEANTSA

Contacts: Marton Miklós MTVSZ (marton.miklos@mtvsz.hu); Alexa Botár, MTVSZ (alexa@mtvsz.hu) Contacts: Anna Bajomi, FEANTSA (anna.bajomi@feantsa.org)

*Better measures for building renovation* – The final NECP update should include more policies and measures for deep renovations of buildings, and support them with more public funding than currently planned in the Environment and Energy Efficiency Operational Program Plus (KEHOP Plus) and in the Hungarian RRF-REPowerEU. EU and national funds combined should allow a yearly average of energy renovations of 130-140.000 homes (currently, only 60.000 homes are planned to be renovated in total until 2029 via EU funds). Renovation programs must be designed to be accessible for the lowest-income groups by covering their upfront costs.

Energy poverty and related issues of affordability and access to energy should also be properly addressed, notably by adopting specific definitions and measurable targets – which should also constitute the starting point for the National Social Climate Plan due June 2025. Clear policy measures and financial schemes should be outlined to secure that energy poverty related targets are met. Policies should be adopted also to reduce the individual use of firewood, which contributes substantially to PM10 and PM2.5 pollution. Where already used by the municipality, geothermal energy should be made accessible to households – paired with heater exchange and renovation programs for households that cannot afford substituting firewood with heat pumps.

**Provide permitting and investment plans for renewables and energy communities** – The final NECP update should provide a clear framework for renewables investments and urgently lift the legal limits that slow down solar and, notably, wind energy generation. With the recently updated wind regulation, wind capacities could be increased from the current 300-330 MW to 900 MW by 2030. However, the feed-in for new wind installations (600MW) will be possible only through one grid connection point, which will most likely not be available for energy communities. In fact, while there is a plan to lift restrictions currently preventing small household-scale power producers from connecting to the grid, at the moment it is too slow and over-gradual.

The final NECP update should therefore address access to the grid for small producers, and overall provide more support to energy communities, as an instrument that can balance renewable energy modes and have positive social impact.

*Include a phaseout trajectory for fossil fuels and fossil fuel subsidies* – The final NECP update should contain a clear timeline (including milestones and deadlines) and measures for the removal of environmentally harmful subsidies – direct or indirect, including for fossil fuels. It should notably refrain from providing new ones, including subsidies for forced reindustrialisation (which could lead to at least +2 MtCO<sub>2</sub>-eq emissions annually and delayed fossil fuels phase out).

The final plan should also exclude the construction of new fossil-fired plants. Notably, Hungary

should abandon its '3 CCGT' plan (building 3 new fossil gas-power units of total min. 1500 MW), for which the draft NECP provides no coherent justification. Several studies demonstrate why it would only cause harm – including the REKK's gas <u>study</u>, the CAN Europe <u>report on benefits of action</u> – and hopefully this will also be demonstrated by the NECP Strategic Environmental Assessment (SEA), for which public consultation has been constantly delayed. Building fossil fuel plants – notably using Modernisation Fund and national public resources – contradicts decarbonisation objectives, slows down the energy transition and does not improve energy security. Fossil fuels subsidies should be redirected to investments in energy efficiency (including large scale residential energy efficiency programs) and clean and renewable energy use.

# Ireland – Environmental Justice Network Ireland

Contact: Caitlin Mcilhennon (Caitlin@ejni.net)

**Update targets and measures to meet EU targets as a minimum** – Ireland's draft NECP update doesn't include a plan that clearly demonstrates how the planned policies and measures will meet Ireland's 2030 targets (set via Ireland's first two five-year carbon budgets and EU legislation) and put Ireland on track to meet its 2050 targets. The plan also fails to update the ESR target, the LULUCF targets and measures from the previous NECP to reflect the changed obligations at EU level.

The Commission has already criticised the absence of scenarios, assumptions and pathway data, and that Ireland will not meet EU climate and energy objectives. This information is necessary to show a transparently quantified roadmap that can be meaningfully assessed against Ireland's declared national and EU targets.

The final NECP must include an indication of emissions sectoral pathways beyond 2030 and in line with a net zero target for 2050, including interim milestones and targets expressed as steadily declining five-year carbon budgets to ensure consistent progress.

*Include just transition plans and tackle energy poverty* – Ireland's final NECP update should set out detailed plans for a just transition to 2030 and 2050 that tackle energy poverty, including setting out an ambitious and credible trajectory for the phase out of fossil fuels and related subsidies in a fair socially just way, that does not exacerbate energy poverty in Ireland.

The current draft fails to sufficiently integrate just transition elements. Ireland's present policy approach mainly focuses on transitions in technology, overlooking the need for broader systemic changes and changes in socio-economic trajectories. The draft plan does not provide a detailed plan on how climate, energy and socio-economic policies will be financially supported. The final NECP update must provide a detailed financing plan addressing the needs of all five dimensions of the Energy Union. Overall, the draft NECP shows a lack of assessment of the socio-economic impacts on individuals, households and companies.

*Align NECP with other planning processes, including an improved nLTS* – Ireland should align the draft revised NECP process with an updated and significantly improved national Long-Term Strategy, as well as with domestic climate planning processes e.g. National Climate Action Plan, National Adaptation Framework, and National Planning Framework. This would ensure consistency and coherence among targets across sectors and policy areas. A robust NECP connected to an updated nLTS provides an important opportunity to clarify national contributions to the EU's 2050 climate neutrality. This requires a high level of quantitative detail in the form of projections, pathways and scenarios to show the different options for meeting national and EU objectives and targets. The final NECP must provide an analysis of the benefits and disadvantages of various mitigation options as currently understood, including setting out the extent to which Ireland intends to rely on carbon dioxide removal to meet its 2030 and 2050 targets.

## Italy - ECCO, WWF Italy

Contacts: Giulia Colafrancesco, ECCO (giulia.colafrancesco@eccoclimate.org) Contacts: Silvia Lazzari, WWF Italy (s.lazzari@wwf.it); Mariagrazia Midulla, WWF Italy (m.midulla@wwf.it)

*Improve NECP governance (ECCO)* – The final NECP update should put in place minimum levels of monitoring, assessment and correction process of allegedly 'climate policy'. At present, the plan lacks implementing legal force and a clear governance framework – also due to Italy not having a national climate law. A lack of coherence exists between the NECP targets and the ordinary legislative and regulatory process. Public spending in the transport sector (i.e. DPCM 6 April 2022 and its modifications), or recent decrees in the energy market, changes in the ecobonus/superbonus measures, are among the most evident examples of a legislative process which does not refer to the NECP framework and objectives. A multilevel stakeholder engagement process should also be set up and included in the governance of the Plan, first and foremost in order to ensure a more effective implementation of national policies at all levels.

**Include a strategy to finance the transition (ECCO)** – The draft NECP update does not clarify how Italy intends to finance the transition, and which would be the role for public and private finance in such a scheme. The plan would be more 'realistic' and effective if it provided for a financial strategy for its implementation. The plan should clarify the amount of public spending implied by each measure and its fiscal coverage during the implementing period, the conditionality of climate expenditures and the strategy for mobilising private finance thus closing the financial gap. It should also provide for mechanisms to monitor effectiveness and efficiency of public spending.

**Electrification in the industrial manufacturing sector (ECCO)** – A clear strategy for electrification is missing in the draft update. For the industrial manufacturing sector, this represents a major weakness in terms of climate ambition. In the draft, Italy misses its Effort-Sharing targets by 22-29MtCO<sub>2</sub>eq in 2030. According to ECCO's analyses, there is a potential for electrification of low and medium temperature heat for some 8MtCO<sub>2</sub>eq reduction in 2030. Such a potential is particularly evident in non-energy intensive industries, like food and beverage, and therefore most likely non-ETS industries. While the current draft doesn't foresee any specific measures dedicated to industry falling under the ESR scope, the final NECP update can be improved by including a strategy for electrification of low and medium temperature industrial heat.

**Phaseout strategy for fossil fuels and fossil fuel subsidies (WWF Italy)** – The draft NECP update lacks a comprehensive phaseout plan for fossil fuels, relying solely on a coal phase-out deadline without strategies for renewable conversion. Coal phase-out is the only real decarbonisation policy on the table, but it could be postponed in Sardinia, where there is a risk of missing the possible technological leap by continuing with methanisation. Clear phase-out plans are lacking for other fossil fuels, while support for new long-term gas infrastructures is included. Instead, Italy should urgently develop a phase-out strategy for fossil gas and oil; in parallel, it should halt the development of new gas infrastructure and promote alternatives to residential and tertiary gas use.

The final NECP update should also include a phaseout plan for fossil fuel subsidies, with 2025 as the final phaseout date.

*More ambition on energy efficiency and renewables (WWF Italy)* – In its final NECP update, Italy must improve its ambition on both energy efficiency and renewables. On energy efficiency, meeting the minimum contribution to the EU 2030 targets requires the identification and coordination of all policies and measures that support public and private buildings renovation, focusing on electric heat pumps and demand response technologies, while excluding new gas installations. Initiatives to contrast energy poverty, including action plans for vulnerable households, should also be integrated among energy efficiency measures.

On renewables, Italy can and must improve its contribution to the 2030 target. The final NECP update should include policies overcoming bureaucratic obstacles currently hindering sector development, thereby ensuring regulatory feasibility for renewable projects. In the residential and tertiary sector, only interventions for the complete electrification of consumption should be promoted. In the transport sector (both mobility and freight), the focus should shift from biofuels to electrification.

*Addressing Socio-Economic impacts (WWF Italy)* – In its final NECP update, Italy must carry out a comprehensive assessment of socio-economic impacts, ensuring equal attention to both positive and negative effects of the transition at the local level. The final plan should also include inclusive plans for workforce training and social support mechanisms to facilitate the transition for workers moving from fossil fuel industries. To that end, the plan should include a transparent financing strategy – where a proper use of ETS Just Transition Fund and Social Climate Fund resources will be crucial.

### Luxembourg – Mouvement Écologique

Contact: Christophe Murroccu (christophe.murroccu@oeko.lu)

**Set a higher carbon tax** – The previous government in Luxembourg had decided not to apply the ETS2 until 2030 and therefore set the increase of the  $CO_2$  tax to 45 euros/ton by 2026. The current government seems to be sticking to this decision. In our view, this is problematic as there could be a price shock from 2030 at the latest, when all EU member states have to apply the ETS2, if the Luxembourg  $CO_2$  tax is not increased significantly. In addition to acceptance problems within society, this would also cause problems for Luxembourg's wage indexation system. Wages would have to be indexed several times over a very short period of time, which would have impactful economic consequences.

# Poland – Institute for Sustainable Development Foundation (ISD)

Contact: Wojciech Szymalski (w.szymalski@ine-isd.org.pl) \*Poland has only submitted a preliminary scenario

**Speed up renewables' deployment** – In its final NECP update, Poland must speed up the installation of renewable energy sources both in the electricity and heating sector. To do so, it should work on the following policies and measures: a) Develop a renewable go-to-zones mapping in cooperation with local authorities willing to participate and with electricity network companies; b) Ease the legal conditions to create energy communities, especially in cities, and manage them (e.g. in the form of energy clusters); c) Create space for direct local energy utilisation from the new and already installed capacity.

**Phase out coal and gas use in buildings, leaving no one behind** – In its final NECP update, Poland should concentrate efforts to move away from coal and gas use in housing and buildings, to put an end to pollution from building estates by 2030 (or earlier, with full use of current European funds). This requires the creation of new programs (or the updating of existing programs) that would target its support towards the most vulnerable and energy poor households, who do not have financial capacity to renovate their homes.

*Include a phase out plan for coal and gas* – In its final NECP update, Poland should create a credible and transparent plan to move away from the use of coal and gas in the economy. A project of such a plan could be a subject of public participation after amendment of the NECP.

#### Portugal – ZERO

Contacts: Ana Muller (ana.muller@zero.ong)

**Re-direct hydrogen for local use** – While hydrogen holds immense potential as a clean energy carrier, redirecting focus from large-scale exportation projects towards domestic utilisation could yield greater immediate benefits. Prioritising local hydrogen applications for hard-to-abate sectors in transportation and industry can foster energy independence and reduce carbon emissions. Such initiatives would nurture regional economies, create jobs, and mitigate reliance on fossil fuels. By embracing decentralised production and consumption models, communities can harness hydrogen's versatility for sustainable development. The final NECP update should therefore shift away from grand export schemes and towards localised utilisation, which aligns with environmental goals, promotes resilience, and accelerates the transition.

*Electrification of freight transport* – In its final NECP update, Portugal should boost subsidies for the electrification of heavy-goods vehicles and incentivize cooperation with freight railway transport for long-distance transportation. Investing in the electrification of freight transportation can significantly curb emissions. Enhanced subsidies would incentivize fleet operators to adopt electric vehicles, mitigating environmental impact and fostering innovation in the logistics industry. Moreover, it would spur technological advancements in battery technology and charging infrastructure, driving down costs and increasing accessibility. By prioritising electrification in heavy goods transport, governments can expedite the shift towards cleaner and more efficient mobility solutions, benefitting both the environment and public health.

*Improve energy storage systems* – The final NECP update should include details on the implementation of the Alternative Fuels Infrastructure Regulation (AFIR) and align it with energy storage systems, a move that can revolutionise energy sustainability. Energy storage is pivotal for ensuring consistent supply and grid stability. Aligning AFIR requirements with energy storage mandates can drive the deployment of storage solutions alongside alternative fuel infrastructure, optimising resource utilisation. Integrating storage into charging stations for electric vehicles, for instance, enhances grid resilience and enables smart energy management. By synergizing AFIR compliance with energy storage initiatives, Portugal can bolster their renewable energy capacity, reduce carbon emissions, and advance towards a more resilient and sustainable energy future.

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# Slovenia – Focus/Association for Sustainable Development

Contacts: Taj Zavodnik (taj@focus.si); Luka Mofardin (luka@focus.si)

*Limit reliance on biofuels for the transport sector* – Document drafters are still overly reliant on biofuels for decarbonizing transportation (2629 out of 2980 GWh). Even though 1172 GWh of the 2629 GWh expected from biofuels are planned to be covered by advanced biofuels, questions arise as to whether Slovenia can ensure the supply of advanced biofuels from sustainable sources. The feedstocks for producing advanced biofuels are limited. At the same time, European policies in the vehicle sector are limiting the use of internal combustion engines, which are compatible with the use of biofuels. The accelerated electrification of the vehicle fleet, planned in the coming years, will thus demand a much larger supply of electrical energy from renewables, with which Slovenia can ensure a reduction in greenhouse gas emissions in the transport sector. In its final NECP update, Slovenia should lower the share of biofuels for meeting the target and explain where the feedstocks for advanced biofuels will come from.

**Provide a clear plan to phase out fossil fuel subsidies** – The latest draft NECP update (February 2024) still pays far too little attention to the phase-out of fossil fuel subsidies. The latest version includes just a short paragraph assessing existing fossil fuel subsidies based on OECD statistics, despite the fact that existing subsidies for fossil fuels in Slovenia are still high (81 million euros in 2021). Furthermore, the current version (not yet adopted) of the new Slovenian climate law proposes ending financial support for fossil fuels by the end of 2025. Hence there is a dire need for more precise identification of direct and indirect fossil fuel subsidies that should be included in the final revised NECP and preparation of timeline and clear phase-out plan to end fossil fuel subsidies in a socially just manner. Clear identification and redirection of subsidies is crucial for the successful implementation of the measures and a successful green transition.

*Measures supporting the development of energy communities* – Community energy projects, such as energy co-operatives, contribute to reducing greenhouse gases and negative environmental impacts, and have important social benefits. Energy community projects are particularly important in the field of wind energy, where Slovenia is lagging behind (in 2022, electricity generated by wind was only 0.03%) and has great difficulty in implementing projects due to opposition from local communities. Additional support and improved conditions for community projects are hence key for wind energy deployment and improving the implementation deficit. Therefore, the final NECP update should provide additional measures to encourage municipalities and local communities to implement community projects and provide start-up support funds (the need for such funds is much higher for community wind projects compared to solar).

### Spain – SEO/BirdLife

Contacts: Ana Márquez (amarquez@seo.org)

**Fair share towards net zero** – Spain's fair contribution to the EU climate target should be clearly reflected in the final NECP through: (i) justifying the preferred national path, showing different alternatives and scenarios towards net zero; (ii) establishing an intermediate GHG emissions reduction target for 2035, in line with a net zero 2040 target; (iii) explicitly encouraging initiatives related to nature conservation and restoration and carbon farming practices to increase their capacity as sinks, but never as a way to compensate for carbon emissions of other sectors; (iv) setting a target for reducing intensive livestock herd and use synthetic fertilisers (-50% by 2030); (v) indicating how it is planned to meet climate financing targets (allocation of public funding, use of private resources, application of the "polluter pays" principle), also in support of the global south, while avoiding false solutions (such as nuclear or immature carbon capture technologies).

**Improve energy efficiency and consumption** – Energy efficiency measures should be strengthened in the final NECP by (i) improving the buildings renovation policy, where public administrations should establish a holistic approach including energy improvement indicators district by district, neighbourhood by neighbourhood and "street by street"; (ii) promoting a public and collective transport model that discourages the use of individual cars and approving a single and affordable public transport ticket to promote intermodality and modal change; (iii) enhancing efforts to reduce energy consumption across all sectors, and establishing objectives and measures to reduce energy demand; (iv) reinforcing the new commitment to railways as the backbone of the territory, as an effective and sustainable alternative to the transport of goods by road and by plane.

*Phase out of fossil gas and fossil fuels subsidies* – The phase out of fossil gas and the end of fossil fuels subsidies need to be clearly establish in the final NECP through: (i) setting deadlines and measures to end fossil gas use before 2040, as well as a goal of 100% renewable electricity generation by 2030, together with a revision of the high-efficiency cogeneration goal that maintains dependence from gas; (ii) shifting financial resources from fossil fuel subsidies to energy and mobility poverty (Just Transition Fund and Social Climate Fund); (iii) introducing a tax on the profits of the fossil industry and allocating it to international climate financing, loss and damage and adaptation, prioritising grants (versus loans); (iii) fixing green hydrogen production in response to real demand in the short and medium term, with intermediate targets and a clear hierarchy to prioritise generation close to consumption over export megaprojects.

Additional governance chapter – The final NECP update needs to include a specific governance chapter that includes the obligation to (i) convene the National Climate Council a minimum of twice a year, with its monitoring commissions, to harmonise administrative competencies, encourage public participation and guarantee decisions supported by scientific knowledge; (ii) establish a permanent action of information and participation in climate and energy policies, with formulas for evaluation and monitoring of the recommendations and practices adopted, where a Committee of Experts on Climate Change (established in the law) must play a central advisory role in the implementation and evaluation of planned measures and policies; (iii) ensure the coordination of policies to combat climate change and biodiversity loss, integrating the objectives and actions of both policies as the only way out of this double crisis, combating climate change, protecting and restoring nature and increasing resilience in strategic sectors such as agriculture.

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