

Highlights CT1

Governance, target achievement and cooperation

3rd CA-RES IV Plenary Meeting

9th-10th November 2022

Session 2: Governance: Upcoming progress reports according to Article 17 of the Governance Regulation

Focus of this session was on the Member States' first progress reports (NECPR) on the achievement of their planned contributions, as set out in their first NECPs. The first progress reports are due by 15 March 2023. A core question of this session was whether the current developments (FF55 package, REPowerEU, energy crisis) should already be reflected in the NECPR or only in the update of the NECP, which is due on 30 June 2023.

The session started with a presentation by Guidehouse introducing the topic and the core question. This was followed by a presentation of the European Commission (DG ENER), short inputs by some Member States, break out discussions in groups and reporting back to the plenary.

As presented by Guidehouse, major changes have occurred in the energy landscape, creating a need for higher ambitions towards 2030, as is currently discussed and negotiated between Member States, the Commission and the European Parliament (FF55 package, REPowerEU). An updating of the governance system for the achievement of the 2030 EU-level targets for renewable expansion is, however, not on the agenda. A question that arises from recent developments is whether/how the changes in energy targets, policies and measures should already be reflected in the MS' upcoming NECPR. A Draft Implementing Act on the preparation of the NECPR encourages Member States to take due account of the Union's increasing climate ambition [...] and the increasing binding renewable energy and energy efficiency targets at Union level for 2030. Also, it states that Member States shall report progress towards objectives, including progress towards Unions' climate-neutrality objective.

In its presentation, the European Commission gave an update on the status quo of the Implementing Act on the preparation of the NECPR and accompanying reporting guidelines (including how the most recent energy crisis is reflected by the act and the guidelines). An updated draft of the Implementing Act, which was discussed in the Energy Union Committee, received positive response by the Member States. It was announced that the final Implementing Act will be made available within a week with only minor changes to the draft. The accompanying reporting guidelines, which will be made available in December 2022 or January 2023 will give more explanation on what is expected in the reporting tables, also showing examples of data inputs. Furthermore, the Commission announced that the E-platform will be available by the end of the year.

The European Commission invited Member States to already reflect on newly agreed goals in the NECPR. However, the Commission emphasized that its assessment of Member States' progress will only be made towards the ambition levels set out in the first NECPs.

In their short interventions, Member State representatives reported on their current state of preparation of the NECPR and emphasized the view that the first NECPR and the updating of the NECP should not be mixed but regarded as separate processes.

In subsequent break-out sessions, participants discussed on the extent to which the current energy crisis impacts the envisaged progress reporting and the extent to which Member States consider upcoming policy changes in their progress reporting (e.g. increased RES target, hydrogen use in industry, etc.).

Member State participants unisono stated clear preference for including upcoming changes in targets and policies in light of the current crisis in the NECP update rather than in the NECP progress reports. In addition, participants emphasized the urgency of guidance by the Commission and the provision of the e-platform, considering the timeline for the progress reports.

Session 14: Regional Cooperation: NECP updates according to Article 14 of the Governance Regulation

Focus of this session was on the update of the NECP that is due on 30 June 2023 and how current policy changes (FF55 package, REPowerEU, etc.) should be incorporated in the update.

The session started with a presentation by Guidehouse introducing the topic and the challenges at hand, given the ongoing negotiations on significant increases in overall ambitions and the limited time to achieve updated targets until 2030. This was followed by a presentation of the European Commission (DG ENER), short inputs by some Member States, break out discussions in groups and reporting back to the plenary.

As presented by Guidehouse, major changes have occurred in the energy landscape, creating a need for higher ambitions towards 2030, as is currently discussed and negotiated between Member States, the Commission and the European Parliament (FF55 package, REPowerEU). The timeline up to 2030 is very tight. Upcoming cornerstones of the reporting cycle are the updating of NECPs until 30 June 2024 and reporting on progress towards the second reference point in (reaching 43% of the total RE increase by 2025) in the second progress report until March 2025. It is likely that national contributions for the year 2025 are collectively too low to achieve the reference point towards the EU-level target. The question therefore arises how to deal with a potential collective underachievement of the 2025 reference point and how to maintain a strong and robust governance system.

In its presentation, the European Commission announced that guidance on the updates of the NECP will be published soon and will be discussed with Member States in the WG 2 of the Energy Union Committee. In addition to the guidance, technical assistance will be available to support Member States also in their modelling efforts. Despite the deep changes to the 2030 energy framework which are currently discussed as well as a list of new strategies at EU level (Offshore Strategy, Hydrogen Strategy, EU Solar Energy Strategy, etc.) the basic structure of the NECP will remain unchanged. Also, a review of the governance system itself is not on the table at the moment.

In their short interventions, Member State representatives reported on their current state of preparation of the draft update NECP and emphasized the view that there is no need to make the current governance system more dynamic. Also, Member State representatives stated difficulties in anticipating the impact of FF55 & RePowerEU in the draft update NECP since negotiations are still ongoing. Furthermore, Member State representatives called for a stronger focus on regional cooperation in light of the challenges ahead. This entails for example a stronger focus on regional consultation of updated NECPs but also making the new EU Renewable Energy Financing Mechanism more attractive for hosting Member States.

In subsequent break-out sessions, participants discussed the impacts of the ongoing energy crisis and of the EU-level initiatives in response to the crisis (REPowerEU, etc.). Some participants emphasized that high electricity prices and the high volatility of prices have a negative impact on electrification solutions and support schemes. As a result, investment decisions may be held back at the moment. Also, the long lead times from implementation of policies to realization of projects are a challenge for the achievement of updated targets.