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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	State of play of Member States Progress towards 2030 Climate Objectives - Information from the Commission

Delegations will find in the Annex an information note from the Commission on the above subject, to be dealt with under ‘Any other business’ at the Council (Environment) meeting on 25 March 2024.

State Of Play Of Member States Progress Towards 2030 Climate Objectives**- Information from the Commission -****Delivering on increased 2030 climate objectives**

Over the last five years, the European Union has reached key political agreements to significantly increase climate and energy ambitions for 2030 under the European Green Deal and the Fit for 55 Package while integrating the new impetus for energy security and affordability from the REPowerEU plan.

The Fit for 55 package revised and updated EU legislation and put in place new initiatives with the aim of ensuring that EU policies are aligned with our climate goals. To reach the economy-wide 2030 target of a net domestic reduction of GHG emissions of at least 55% at EU level, in addition to significant investments in the energy and industry sectors, Member States must reach their revised national targets in the Effort Sharing sectors (domestic transport excluding aviation, buildings, agriculture, small industry and waste) as well as their targets to enhance the carbon sink in the land sector.

With 2030 less than six years away, the European Union must be fully engaged to deliver on the ground and mobilise the massive investments needed to achieve the collective ambition of climate neutrality, strengthen innovation and competitiveness, and ensure a fair and just transition.

Reaching the 2030 objectives is a stepping-stone to reaching the 2040 target and climate neutrality by 2050. Against this background, ambitious and credible updated National Energy and Climate Plans are crucial to provide the medium and long-term predictability that are key to trigger the necessary investments.

Seizing the opportunity of the updated National Energy and Climate Plans towards 2030

Regulation (EU) 2018/1999 on Governance of the Energy Union and Climate Action (Governance Regulation) provides a strong governance architecture based on an iterative process between the Member States and the European Commission to deliver on the 2030 and long-term climate and energy objectives and targets of the Energy Union.

The main strategic planning tool in the Governance Regulation are the National Energy and Climate Plans (NECPs), outlining how Member States intend to address the five dimensions of the Energy Union (*decarbonisation, energy efficiency, internal energy market, energy security, and research, competitiveness & innovation*) with a ten-year horizon.

Member States submitted their first NECPs in 2019 for the period 2021-2030. Pursuant to Article 14 of the Governance Regulation, Member States had to submit draft updated NECPs for the period 2021-2030 by 30 June 2023 and are required to submit final updated NECPs by 30 June 2024 at the latest.

For climate action, the NECPs are the main instrument for robust and holistic planning, whereby Member States should outline their national contributions and measures to ensure the achievement of the legally binding 2030 EU target to reduce net greenhouse gas emissions by 2030 by at least -55% compared to 1990, including the increased national targets under the Effort Sharing Regulation (ESR) and the Land Use, Land Use Change and Forestry Regulation (LULUCF). The NECPs are also a key opportunity for Member States to set out adaptation goals in line with the EU Adaptation Strategy. These targets, contributions and goals need to be accompanied by clear policies and measures and concrete investment plans.

Therefore, the ongoing process of updating the National Energy and Climate Plans represents a unique opportunity to swiftly implement the Fit for 55 Package and deliver on the collective ambitions for 2030. By tabling clear national visions on how to achieve the Union's ambitious objectives, the updated NECPs will also provide the necessary regulatory certainty to trigger investments, and ultimately reinforce the EU's competitiveness.

By 12 March 2024, 26 Member States had formally submitted their draft updated NECPs to the Commission. The Commission urges¹ the remaining Member State (AT) that has not done so yet to submit the draft updated NECP as soon as possible.

¹ On 21 December, Austria, Bulgaria and Poland received a Letter of Formal Notice for not having submitted their draft updated NECPs. Bulgaria submitted its draft updated NECP on 20 February 2024. Poland submitted its draft updated NECP on 1 March 2024.

Assessment of the draft updated National Energy and Climate Plans: a step towards 2030 ambitions

On 18 December 2023, the Commission published a package assessing the draft updated NECPs including specific recommendations and a detailed ‘Staff Working Document’ for the 21 Member States that submitted by mid-November, and an EU wide Communication assessing collective Union progress towards 2030 targets and objectives.

This assessment confirms that the draft updated NECPs put the EU in the right direction to meet the 2030 targets and to implement recently agreed legislation. However, regarding the national contributions submitted, the Commission identified ambition gaps in multiple areas. The draft NECPs are not yet sufficient to reduce greenhouse gas emissions by at least 55% by 2030 with planned measures leading to a reduction of 51%. Projections show that emissions from the effort sharing sectors (domestic transport, buildings, agriculture, small industry and waste) would decrease by 34% by 2030 compared to 2005 levels, which is 6 percentage points short of the EU’s 40% ESR reduction target. There is also a gap of around -40 to -50 MtCO₂eq compared to the -310 MtCO₂eq target under the LULUCF Regulation, showing that further measures to enhance the carbon sink are necessary.

While the NECPs represent a key asset to enhance short, medium and long term investment predictability, and ultimately mobilise the massive investments needed to achieve our collective objectives, the Commission’s assessment highlighted that most of the draft NECPs lack a robust assessment of investment needs and concrete measures to attract private finance. Regarding support for the just transition, the draft NECPs only provided a partial assessment of the socio-economic impacts of the climate and energy transition on individuals, households and companies, and the related policies and measures often lack a strategic and forward-looking vision. On fossil fuel phaseout, the Commission’s assessment found that while all Member States have started to phase out fossil fuels for energy generation, only a few are already coal free and not all plan to be so before 2030. A collective effort by Member States is also necessary to set a clear and credible timeline for the phase out of fossil fuel subsidies. Finally, resilience to physical climate impacts was also assessed by the Commission and more needs to be done in the final NECPs to analyse climate vulnerabilities and risks, to include adaptation goals and to match these with solid policies and measures.

On 23 February 2024, the Commission complemented this package with the assessment and corresponding country specific recommendations on the draft updated NECPs of Belgium, Latvia and Ireland. The Commission is currently assessing Bulgaria’s draft updated NECP submitted on 20 February 2024 and Poland’s draft updated NECP submitted on 1 March.

Next steps towards 2030: submission of the final updated NECP by 30 June 2024

According to the Governance Regulation, all Member States are due to submit their final updated NECPs by 30 June 2024 taking into account the Commission’s recommendations on the draft updated NECPs. The Commission will then assess the final updated NECPs as provided in the Governance Regulation.

The Commission calls on Member States to step up efforts in the coming months to finalise their updated plans and put forward the necessary measures to fill the gaps identified in the draft plans. Timely, robust and comprehensive plans will be absolutely decisive to deliver on the agreed targets under the Fit for 55 package and the EU’s contribution to the Paris Agreement. To this end, the Commission invites the Council to exchange around the main priorities identified by the Commission’s EU wide Communication and the country-specific assessment and recommendations.

The Commission is actively supporting Member States in finalising their updated NECPs by the end of June 2024, building on the constructive and cooperative process to date. To support the finalisation of the plans and their effective implementation, the Commission is engaging in bilateral meetings with the Member States and using relevant fora, such as joint meetings of Working Group 2 of the Energy Union Committee and Ad-hoc Working Group of Climate Change Committee and the meetings of the Directors-Generals for Energy and Climate, to allow for exchanges of best practices. In-depth discussion with authorities in the Member States are also envisaged.