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COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of Estonia

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Council Implementing Decision (EU) (ST 12532/21 INIT; ST 12532/21 ADD 1) of 3 November 2021 on the approval of the assessment of the recovery and resilience plan for Estonia

{COM(2023) 265 final}

Table of contents

1. Executive summary 2
2. Objectives of the modification of the plan 3
3. Summary of the assessment of the plan 9
3.1. Comprehensive and adequately balanced response to the economic and social situation 9
3.2. Link with country-specific recommendations and the European Semester 11
3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence 13
3.4. The principle of 'do no significant harm' 13
3.5. Green transition 14
3.6. Digital transition 16
3.7. Lasting impact of the plan 16
3.8. Milestones, targets, monitoring and implementation 17
3.9. Costing 17
3.10. Controls and audit 19
3.11. Coherence 20
3.12. REPowerEU 20
3.13. Cross-border or multi-country dimension or effect 22
ANNEX: Climate tracking and digital tagging 23

1. EXECUTIVE SUMMARY

In 2022 Estonia's economy was strongly hit by the rise of energy prices, negative effects from the war in Ukraine and supply disruptions, while the labour market remained strong. In light of the socio-economic challenges that Estonia has been facing since the beginning of 2022, the country submitted a modified Recovery and Resilience Plan (RRP) along with a REPowerEU chapter on 9 March 2023. Estonia proposed modifications to its RRP pursuant to three legal bases. Firstly, in accordance with Article 18(2) of Regulation (EU) 2021/241, Estonia updated its RRP to take into account the updated maximum financial contribution published on 30 June 2022. Secondly, in accordance with Article 21(1) of Regulation (EU) 2021/241, Estonia considered the RRP to be partially no longer achievable due to objective circumstances and made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision. Finally, in accordance with Article 21c of Regulation (EU) 2021/241, Estonia included a REPowerEU chapter in its national RRP.

The modifications submitted by Estonia under Article 18(2) and Article 21(1) of Regulation (EU) 2021/241 affect 22 measures of the initial plan. In addition to the modifications of these 22 measures, the modified RRP submitted by Estonia rectifies clerical errors in one measure. Four investments have been removed from the initial RRP, in particular the construction of a section of the westbound Tallinn-Rohuküla railway, the Rail Baltic multimodal joint terminal Ülemiste in Tallinn, the Northern Estonia Medical Campus, and the multipurpose medical helicopters. Estonia has also requested amending 13 existing measures. The amendments include increasing the budget, postponing deadlines and in some instances decreasing the targets. Estonia has also added five new measures to its plan: a new general hospital and a primary health care centre ("TERVIKUM"), replacing a radar system to remove barriers to deploying offshore wind energy, the construction of Rail Baltic viaducts, investments to support companies in switching energy sources from fossil to renewable, and a multifunctional vessel to increase the capacity to carry out environmental studies.

The REPowerEU chapter contains measures to help address the key energy challenges that Estonia is currently facing. The proposed measures contain an investment to increase the capacity of the electricity distribution network, to accommodate new renewable energy production (investment 8.2); a reform of the permitting, planning and environmental impact assessment processes for wind energy and strengthening local authorities (reform 8.1) and an investment in the production of sustainable biomethane (investment 8.3). The three measures contribute to the REPowerEU objective of increasing the share and accelerating the deployment of renewable energy, while one measure contributes to strengthening the domestic electricity grid. By increasing the share of renewable energy sources, the implementation of the envisaged measures is expected to contribute to reducing dependency on fossil fuels in line with the country-specific recommendation on energy (CSR 4 in 2022). All the new measures in the REPowerEU chapter have a cross-country dimension that is further described in the next part of this analysis.

Based on the assessment of the submitted modification and the REPowerEU chapter, the Estonian modified plan receives an A-rating on all criteria, except for costing and

coherence, where the plan receives a B-rating (unchanged from the original plan assessment).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Climate target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU objectives	(13) Crossborder/ Multicountry
A	A	A	A	A (59%)	A (24.1 %)	A	A	B	A	B	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

The Estonian modified recovery and resilience plan adds a REPowerEU chapter to the original plan pursuant to Article 21(c) of the RRF Regulation and is a strong response to the geopolitical and energy challenges that the European Union has faced since the end of 2021 and beginning of 2022. The amendment of the RRF Regulation provides for additional support for reforms and investments helping to phase out imports of Russian fossil fuels and providing clean, affordable and secure energy to households and businesses across Europe. The modifications proposed under the plan and the newly integrated REPowerEU chapter are aimed at addressing the country specific recommendations for Estonia presented in the context of European Semester 2022 cycle.

Pursuant to Article 18(2) of the RRF Regulation, Estonia has justified a part of its modifications by the decrease of its maximum financial contribution. The maximum financial contribution for Estonia was updated on 30 June 2022 and decreased from EUR 969.5 million to EUR 863.49 million (before the deduction of support expenses). To take this update into account, Estonia proposes to remove three measures from its RRP: construction of a section of the westbound Tallinn-Rohuküla railway, construction of the Rail Baltic multimodal joint terminal in Tallinn and capacity building for multipurpose medical helicopters. These measures should be removed due to the decrease in the allocation.

Pursuant to Article 21(1) of the RRF Regulation, Estonia has justified the modification of 19 measures due to objective circumstances. In 2022, Estonia faced a considerable general price increase compared to 2021 and its economy was hit harder than other EU Member States due to the Russian unprovoked military aggression in Ukraine since 24 February 2022. According to Eurostat, in comparison to the other EU countries, the prices of energy, electricity and gas have increased considerably in 2022 in Estonia. The consumer price inflation peaked in August 2022 at 25,2 %, recording 19.4% on average in 2022, which was the highest level in the last 25 years. This inflation rate presented also the highest among the Eurozone countries, with the average rate of 2022. Estonia's economy was impacted by multiple factors such as the disrupted supply chains, high energy prices, acceleration of investment prices, higher construction prices and disruptions of construction materials. The rise in construction prices

made procurement of some of the initial projects under the RRP much more costly than expected and led to significant delays in some procurement processes. The cumulative effect of the above-mentioned socio-economic circumstances constitute objective circumstances which have rendered part of the plan non achievable, underpinning Estonia's reasoned request for modifications in the RRP.

The main elements of the amended RRP and REPowerEU chapter are listed below by component:

Component 1 (Digital transformation of enterprises), targeted modification:

Investment 1.2 Development of e-construction and investment 1.3 Development of digital waybills services: Estonia decreased the targets for two investments to support the development of e-construction and digital waybills services. The changes are justified under Article 21(1) of Regulation (EU) 2021/241, due to the increased inflation and increased wages in the IT sector.

Reform 1.4 Skills reform for the digital transformation of businesses: A target in the reform on skills for the digital transformation of businesses is postponed for one year and an operational detail (the IT platform for the registration of the training activities) is changed. The change is justified under Article 21(1) of Regulation (EU) 2021/241, as the need to integrate Ukrainian refugees into the education system took priority for the Estonian Ministry of Education and led to delays in other activities of the ministry, including the work on the target proposed for postponement.

Component 2 (Green transition of enterprises), targeted modification:

Investment 2.2 Green skills: An intermediary target for the investment on green skills is postponed by one year , following the need to integrate Ukrainian refugees into the Estonian education system, which caused delays in other activities of the responsible ministry, including the work on developing the upskilling and retraining modules for green skills. This change is justified under Article 21(1) of Regulation (EU) 2021/241.

Investment 2.5 Deployment of resource-efficient green technologies: This measure consists of two types of investments - promoting resource-efficient green technologies for industrial plants and valorisation of bio-resources. On the basis of Article 21(1) of Regulation (EU) 2021/241, Estonia has proposed to increase the estimated costs of the measure by EUR 5 million to the part of valorisation of bio-resources due to increased costs for construction and equipment in order to be able to achieve the agreed target of 10 projects. Additionally, Estonia has requested to increase by EUR 10 million the estimated costs of the part of resource-efficient green technologies which enables to implement 11 additional projects.

Investment 2.7 Creating opportunities for the uptake of renewables-based green hydrogen technologies: On the basis of Article 21(1) of Regulation (EU) 2021/241, Estonia has proposed to delay one milestone, namely the installation of technologies for the production of green hydrogen, to Q3 2025. Estonia had designed its call for proposals based on reasonable assumptions as regards the content of the amendment to the General Block Exemption

Regulation (GBER), then under preparation and subsequently endorsed by the Commission on 9 March 2023. Since the assumptions made by Estonia are not reflected in the amended GBER, Estonia has to change the design of the call for proposals and as a result, extend the deadline for submitting proposals.

Investment 2.8 Supply security investment support: The removal of several investments under Article 21(1) of Regulation (EU) 2021/241, enables Estonia to introduce new measures to the plan. In particular, the modified plan contains a new measure that aims to support the transition of companies from fossil energy to alternative energy sources. The supported energy sources are renewable energy sources, electrification, behind the meter storage applications and connection to efficient district heating systems. The investment will ensure security of energy supply for the companies and contributing to diversifying energy sources.

Component 3 (Digital State), targeted modification:

Investment 3.8 Construction of very high-capacity broadband networks: Under this measure, a modification has been proposed to delay the target of one investment, namely the roll-out of a very high-capacity broadband network to new sites, by December 2025. The delay is based on Article 21(1) of Regulation (EU) 2021/241 due to the unexpected problems encountered in the preparatory phase of the call for proposal.

Component 4 (Energy), targeted modification:

Investment 4.3 Support for the renovation of small residential buildings: Estonia has scaled up the measure by increasing the estimated costs by EUR 28.9 million and adding a new target of 900 dwellings to be renovated.

Investment 4.5 Programme to strengthen the electricity grid to increase renewable energy production capacity and adapt to climate change: Estonia has increased the estimated costs by EUR 6.2 million due to rising construction and equipment costs on the basis of Article 21(1) of Regulation (EU) 2021/241.

Investment 4.6 Programme to boost energy production in industrial areas: Following the increase in construction and equipment costs on the basis of Article 21(1) of Regulation (EU) 2021/241, the total estimated cost of the measure was increased by EUR 2.1 million. This investment aims to boost and incentivise renewable energy production in industrial areas through supporting connections to the electricity grid.

Investment 4.7 Pilot Energy Storage Programme: This measure is a pilot programme to support energy storage facilities. In accordance with Article 21(1) of Regulation (EU) 2021/241, and due to the increase in construction and equipment costs, the estimated cost was raised by EUR 1.6 million.

Investment 4.8 Boosting offshore wind farms development: The removal of several investments under Article 21(1) of Regulation (EU) 2021/241 enables Estonia to introduce new measures to the plan. In particular, Estonia added a new measure to replace a radar system, which was preventing the deployment of offshore wind farms. Estonia will remove the height

restrictions on wind turbines in the Gulf of Riga and the Estonian islands of Hiiumaa, Saaremaa and Vormsi once the new radar system is operational.

Component 5 (Sustainable mobility), substantial modification:

Investment 5.2 Construction of a section of the westbound Tallinn-Rohuküla railway: The downwards update of the maximum financial contribution for Estonia implies that a smaller number of electrified railway kilometres (15 km in place of 55 km) can be financed. In accordance with Article 18(2) of Regulation (EU) 2021/241, Estonia requested to remove this investment from the modified RRP.

Investment 5.2.a Multifunctional work vessel: The removal of several investments under Article 21(1) of Regulation (EU) 2021/241 enables Estonia to introduce new measures to the plan. In particular, the modified plan includes a new measure, which enables sea patrol and anti-pollution operations to be carried out as well as increases research capacity for environmental studies. In addition, the vessel aims at ensuring the safety and condition of the waterways necessary for the operation of maritime transport. For these purposes, a low-emission vessel with research capability, buoy installation capability and pollution control capability will be procured.

Investment 5.3 Construction of the Rail Baltic multimodal joint terminal: Due to the downwards update of the maximum financial contribution for Estonia in line with Article 18 (2) of the RRP Regulation and due to the objective circumstances in line with Article 21(1) of Regulation (EU) 2021/241, Estonia asked to remove the investment and the corresponding milestones. The objective circumstances relate to the impact of Russian military aggression in Ukraine on construction prices in Estonia. In addition, the timeframe of construction of the completion of Rail Baltic construction in 2026 has become unrealistic, due to general delays in the procurement phase.

Investment 5.3.a Construction of the Rail Baltic viaducts: The removal of several investments under Article 21(1) of Regulation (EU) 2021/241 enables Estonia to introduce new measures to the plan. In particular, Estonia added a new investment which aims to increase the share of sustainable mobility in Estonia by contributing to the Rail Baltic project, which connects the three Baltic States and improves regional connectivity. The investment consists of the construction of five viaducts in Kangru junction near Tallinn.

Investment 5.4 Construction of the Tallinn Old Port tram line: The initial cost of the investment became more expensive than initially estimated due to changed socio-economic situation, unexpected significant increases in construction costs and delays in construction works. The continuous health crisis as well as global lack of materials together with important supply chain disruptions due to the war in Ukraine and lack of labour force (as many Ukrainian workers have left to protect their homeland) have had a significant influence on construction prices and delays. In accordance with Article 21(1) of Regulation (EU) 2021/241, Estonia proposed to delay the completion of the target on new tramway line in operation by one and a

half years from Q2 2024 to Q4 2025. Estonia also requested to use the resources freed up by the removal of other measures to increase the estimated cost of the investment by EUR 10.5 million.

Component 6 (Healthcare and social protection), substantial modification:

Investment 6.2 Establishment of the Northern Estonia Medical Campus: The Northern Estonian Medical Campus investment would be removed based on Article 21(1) of Regulation (EU) 2021/241. Estonia proposes to remove the Northern Estonia Medical Campus because the Russian aggression towards Ukraine has created the need to add a bunker (underground floor) to the hospital which would increase the costs and delay the construction works beyond 2026, the RRF timeline.

Reform 6.1 A comprehensive change in the organization of health care in Estonia: In line with Article 21(1) of Regulation (EU) 2021/241, the establishment of the reimbursement system for nurses has been postponed to Q2 2024. Estonia has explained that not all the elements of the measure can be achieved within the indicative timeline. The delay is due to the necessity to give priority to the legislative work and issuing guidance to nurses who provided support to refugees from Ukraine and only concerns the establishment of a new reimbursement system for nurses. The amendments to the reimbursement system for doctors and pharmacists are not affected by this delay.

Investment 6.2.a Construction of "TERVIKUM" in Viljandi: The removal of several investments under Article 21(1) of Regulation (EU) 2021/241 enables Estonia to introduce new measures to the plan. In particular, the Estonian modified recovery and resilience plan includes a new investment in the hospital and a primary health care center in Viljandi "TERVIKUM", which aims to improve access to health care and the provision of health and social care in an integrated way in Estonia. The investment will contribute to providing high quality integrated care for the inhabitants of the Viljandi county as well as for those living in the neighboring counties.

Investment 6.5 Capacity building for multipurpose medical helicopters: The measure on capacity building for multipurpose helicopters was removed from the plan based on Article 18(2).

Component 8 (REPowerEU chapter):

Under the REPowerEU chapter and based on Article 21c of Regulation (EU) 2021/241, Estonia has proposed measures for two new investments and one scaled-up reform:

Reform 8.1 facilitating the deployment of renewable energy sources: The activities under the reform, which builds on reform 4.4, focus on increasing the roll out of wind projects in Estonia by reducing legislative hurdles for wind energy developers and creating the necessary framework for speedier development. In addition, the reform will strengthen the capacity of local authorities in those administrative procedures necessary for wind energy development.

Investment 8.2 programme to increase the access of renewable energy production to the electricity distribution system: The measure will improve the capacity of distribution networks by an additional 160 MW, thereby ensuring greater access for producers of electricity from

renewable energy sources as well as resistance to climate change (storm resistance). As the free capacity of the grid decreases with each new connection. In order to ensure the ability of connections, it is essential to continuously invest in the grid.

Investment 8.3 to increase the production and uptake of sustainable biomethane: The measure will help to make cross-sector mapping and analysis across the entire biogas chain to identify possible bottlenecks and opportunities for increasing both production and deployment, and also foresee scenarios and activities for directing the use of sustainable biogas/methane based on the latest trends. The goal is to support projects to rapidly increase sustainable biomethane production capacity to reduce dependence on Russian fossil fuel imports and accelerate the transformation of the energy system.

The measures presented under the REPowerEU chapter are broadly consistent to address the main challenges set out by the REPowerEU plan according to the Regulation (EU) 2023/435. The implementation of the measures included in the REPowerEU chapter are expected to contribute notably to supporting the objectives in Article 21c(3), points (b) and (e) of Regulation (EU) 2021/241. The newly presented measures were elaborated on the basis of extensive work that Estonia used under a Technical Support Instrument (hereinafter *TSI*) to help identify the most suitable reforms and investments under the report "Support to REPowerEU Revised Country Note Estonia"[1]. In addition, an audit on acceleration of development of renewable energy[2] was carried on by the Estonian Government to identify the best suitable measures in Estonian energy sector. The reform of permitting procedures is particularly ambitious, aims at identifying suitable areas for wind power, simplifying permitting and building capacity at the permitting authorities and thus facilitating the deployment of renewable energy sources. The measure on sustainable biogas and sustainable biomethane will create an updated and comprehensive vision on its deployment and it will support projects to increase the uptake of sustainable biogas and sustainable biomethane.

The previous description of the implementation and monitoring aspects of the plan as well as gender equality, as reflected in the Staff Working Document (2021) 285[3] final remains valid.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channeled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block

[1] The report in finalisation stage.
[2] Audit report: Taastuvenergia arendamise kiirendamine | Eesti Vabariigi Valitsus
[3] COMMISSION STAFF WORKING DOCUMENT Analysis of the recovery and resilience plan of Estonia Accompanying the document Proposal for a COUNCIL IMPLEMENTING DECISION on the approval of the assessment of the recovery and resilience plan for Estonia

Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[4]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid self-assessment carried out by Estonia in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Estonia considers that a specific measure contained in the recovery and resilience plan entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Estonia to ensure full compliance with the applicable rules.

Table of new and modified components and associated estimated costs.

Component	Status	Costs (EUR million)
Digital transformation of enterprises	Modified	116.2
Accelerating the green transition in enterprises	Modified	255.2
Digital state	Unchanged	121.7
Energy and energy efficiency	Modified	197.7
Sustainable transport	Modified	90.6
Healthcare and social protection	Modified	82.0
REPowerEU	New	90.0

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

Estonia's modified plan along with the REPowerEU chapter includes a balanced set of reforms and investments contributing to the Union's economic, social and territorial cohesion by referring to the six pillars of Article 3 of the Regulation (EU) 2021/241. The modification of the plan along with the REPowerEU chapter only impacts the assessment of the contribution of the plan to pillar 1 on the green transition. For the other pillars, the nature and extent of the proposed modifications to the RRP do not have an impact on the previous assessment of the plan's comprehensive and adequately balanced response to the economic and social situation, and on its appropriate contribution to all six pillars referred to in Article 3 of the RRF Regulation, as reflected in Staff Working Document SWD(2021) 285 final. Regarding the

[4] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

green transition pillar, Estonia's modified RRP along with the REPowerEU chapter addresses green challenges in particular under Component 2 (Green transition of enterprises), Component 4 (Energy efficiency), Component 5 (Sustainable transport) and Component 8 (REPowerEU chapter).

Green transition challenges are addressed under a new Investment 2.8 in Component 2 that aims to support the transition of companies from fossil energy to alternative energy sources. The aim is to support the transition of companies from existing and unreasonably expensive energy sources to alternative competitive energy sources, which will have a positive effect in the context of climate change mitigation and energy security. The supported energy supply sources will be renewable energy sources, electrification and connection to efficient district heating systems.

An important effort is made by the measure aiming at boosting offshore wind farms development under Component 4 that helps to develop renewable energy resources and thereby increase the share of renewable energy in Estonian energy mix. Onshore and offshore wind farms hold a great production potential and represent the most cost-effective way to increase renewable energy production, and electricity production in general. The construction of new renewable energy production installations will help to switch to climate-neutral energy production and decrease dependence on fossil fuels.

The newly added sustainable transport measures under Component 5 help to develop greener transport modes and contribute to the increase of share of the climate-friendly transport modes, mainly with the help of rail and maritime transport. The construction of five Rail Baltic viaducts will contribute to the development of a new electrified railway connection, while a new low-emission multifunctional vessel will, among other uses, contribute to protection of biodiversity. These investments will help Estonia to foster a shift to more climate-friendly transport modes and contribute to long-term emission reduction in the transport sector.

The measures in the REPowerEU chapter contribute to the attainment of the Union's 2030 climate targets and the objective of EU climate neutrality by 2050 as they aim to incentivise the uptake of renewable energy. More precisely, under Component 8 Estonia has foreseen measures that will facilitate the deployment of renewable energy sources and prepare the decarbonisation of selected economic sectors, increase the access of renewable energy production to the electricity distribution system and increase the production and uptake of sustainable biomethane.

Coverage of the six pillars of the Facility by the modified Estonian RRP components

● = investments and reforms of the component significantly contribute to the pillar; ○ = the component partially contributes to the pillar

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation

Digital transformation of enterprises	○	●	●	○	○	○
Accelerating the green transition in enterprises	●	○	●		○	○
Digital State		●		○	●	
Energy and energy efficiency	●		○	○		
Sustainable transport	●		○	○		
Healthcare and social protection		○	○	●	●	●
REPowerEU chapter	●		o			

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Taking into consideration all reforms and investments envisaged by Estonia, its modified RRP continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Estonia into account. This would warrant a rating of A under the assessment criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

Overall, Estonia's modified RRP represents a comprehensive and adequate response to the economic and social challenges faced by Estonia. Although the modified plan removes some measures, it also introduces new reforms and investments that help to maintain the coverage of a significant subset of the challenges identified in the country-specific recommendations (CSRs).

In the latest CSRs, Estonia was recommended to take action in 2022 and 2023 in four main policy areas. To begin with, in 2023, Estonia should ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. In this regard, the country needed to stand ready to adjust current spending to the evolving situation and expand public investment for the green and digital transition and for energy security (CSR 1, 2022). The second recommendation consisted in proceeding with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 29 October 2021. (CSR 2, 2022) The third recommendation consists in strengthening social protection, including by extending the coverage of unemployment benefits and improving the affordability and quality of long-term care (CSR 3, 2022). Finally, Estonia should reduce overall reliance on fossil fuels and increase energy efficiency, including increasing incentives to encourage sustainable and less polluting transport (CSR 4, 2022).

A new measure of the Estonian plan, including its REPowerEU chapter, expand public investment for the green transition and for energy security (CSR 1, 2022). Under Component

2 on the green transition of enterprises, the country has foreseen measures on green skills and deployment of resource-efficient green technologies. The measure on supply security investment support will ensure security of energy supply for the companies and contributing to diversifying energy sources.

A new measure in the recovery and resilience plan contributes to improving the provision of health and social services in an integrated way (CSR 3, 2022). The investment in the construction of TERVIKUM medical center in Viljandi consists of building a general hospital and a primary health care centre, in order to make health more accessible to the citizens living in the Viljandi area. However, further efforts have been identified as necessary in area of strengthening social protection, including by extending the coverage of unemployment benefits, in particular to those with short work spells and in non-standard forms of work (CSR 3, 2022)

Various new measures of the REPowerEU chapter aim at reducing overall reliance on, and consumption of fossil fuels by accelerating the deployment of renewables, including through further streamlining of permitting procedures, and strengthening the domestic electricity grid (CSR 4, 2022). The reform of permitting procedures aims at identifying suitable areas for wind power, simplifying permitting and building capacity at the permitting authorities and thus developing the deployment of renewable energy sources. The investment on sustainable biogas/biomethane will boost uptake of sustainable biomethane and accelerate the integration of renewable energy sources. The measure consists of an independent study identifying the necessary regulatory, organisational and financial interventions and of the uptake of the production and deployment of sustainable biogas and sustainable biomethane, which will help to accelerate the integration of renewable energy sources. Also, a new measure under Component 4 on boosting offshore wind farms will help Estonia to increase the share of renewable energy sources.

A set of added measures aim at intensifying efforts to improve the sustainability of the transport system on decarbonising the transport sector to reduce emissions in line with the Country Report. Although some of the sustainable transport recommendations were covered by the deleted measures on Rail Baltic Ülemiste terminal and electrification of Rohuküla railway, the newly added measures still contribute to the goal of intensifying efforts to improve the sustainability of the transport system (CSR 4, 2022). In this regard, the newly added investment on a multifunctional vessel is related to the challenge to address the need for less polluting transport, similarly to the investment on constructing Rail Baltica viaducts. However, Estonia's modified plan does not address the challenge of including the renewal of the road vehicle stock. Also, a measure addressing the electrification of rail was removed from the plan and the new measures do not address this recommendation anymore.

The modifications of Estonia's RRP help also to increase the ambition in achieving higher targets in renovation of small residential buildings and in deploying resource-efficient green technologies in line with the country-specific recommendation of 2022.

One country-specific recommendation falls outside the scope of Estonia's RRP. This is the recommendation related to ensuring that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and

targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. However, it is worth mentioning that Estonia is projected to continue using the non-repayable support from the Recovery and Resilience Facility in 2023 to finance additional investment in support of the recovery.

Estonia's modified RRP continues to address the country specific recommendations (CSRs). The priorities of the plan are coherent with progress on the relevant country-specific recommendations. As a result of the proposed reforms and investments addressing the most imminent challenges to the Estonian economy and society, the priorities of the plan focus on the relevant issues and are expected to contribute effectively to the resolution of these challenges.

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Taking into consideration the reforms and investments envisaged by Estonia, its modified RRP is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester. The modified RRP represents an adequate response to the economic and social situation of Estonia. This would warrant a rating of A under the assessment criterion 2.2 in Annex V to the RRF Regulation.

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

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The nature and extent of the proposed modifications to Estonian recovery and resilience plan do not have an impact on the previous assessment (Rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in SWD (2021) 285 final.

3.4. The principle of 'do no significant harm'

The modified Estonian recovery and resilience plan including the REPowerEU chapter is expected to continue to ensure that no measure included in the plan does significant harm to environmental objectives, within the meaning of Article 17 of the Taxonomy Regulation.

The modified plan assesses compliance with the 'do no significant harm' (DNSH) principle following the methodology set out in the Commission's technical guidance on the application of 'do no significant harm' under the Recovery and Resilience Facility Regulation (2021/C58/01). The assessment is done systematically for each modified reform and investment following the

two-step approach. The assessment concludes that for all modified measures, there is either no risk of significant harm or, where a risk is identified, a more detailed assessment is performed demonstrating the absence of significant harm.

For the new measures, the assessment provides assurance for instance that TERVIKUM, the new hospital and primary health care centre in Viljandi, will be equipped with solar panels reducing emissions for heating of the complex, the rest will be district heating. The assessment pays particular attention on construction waste treatment. Waste will be sorted and reused, where possible.

The selection criteria for the multifunctional work vessel include among others that the vessel would use either electricity, sustainable biomethane or green hydrogen as fuel, and that these would meet the conditions set out in the Renewable Energy Directive (RED II).

The replacement of an existing radar in West-Estonia is undertaken to enable large-scale wind energy installation in the area. As the radar is installed onshore, there is no impact on sea eco-systems.

The support to companies' energy supply security is promoting companies to replace the use of fossil fuels for notably renewable energy sources and electrification. Fossil fuels are not eligible for support, that is, the DNSH exclusion list applies.

The Rail Baltic viaducts are not planned to be constructed in a Natura 2000 or protection area, but a dedicated assessment will be done for each viaduct. Measures alleviating impact on ecosystems will be used during construction. The assessment pays particular attention on construction waste treatment. Waste will be sorted and reused, where possible.

As regards the REPowerEU measures, the reform accelerating the decarbonisation of the energy system by speeding up the implementation of renewable energy projects aims to untap at least 1,000 MW of wind energy. The DNSH assessment focuses on the impact of wind energy developments and assures that climate proofing of investments will be integrated into the process of selecting suitable areas. The assessment also includes a list of mitigating measures to limit impact on biodiversity. For the programme to increase access of renewable energy to the electricity distribution system, it is clarified that impact on biodiversity is not expected as the measure targets micro-producers, so land use will not be affected significantly. The investment incentivising the production of sustainable biomethane will target local waste and residues, thereby supporting the circular economy. It is specified that when determining waste input, the waste hierarchy should be respected to encourage reuse and recycling. Waste and residues should be collected locally and regionally. The biogas production process leaves digestate which contains plant nutrients and should be returned into the soil as a valuable soil improver and organic fertilizer. Energy production from biomass will only be allowed from waste and residues, not energy or feed crops.

Where needed, the requirements of the DNSH assessment are enshrined in the design of a measure and specified in a milestone or target of this measure. This ensures that any disbursement for the respective measures can only be made once compliance with the DNSH

principle is ensured. For instance, for some measures where calls for projects or calls for interest are necessary to select specific projects, such as security investment support to companies, the DNSH principle is complied with by ensuring that the terms of reference and other documentation prevent activities that could do significant harm to environmental objectives from being selected. This is also integrated in the milestones of the measure.

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Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Estonia's modified recovery and resilience plan, including its REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a rating of A under the assessment criterion 2.4 of Annex V to the RRF Regulation.

3.5. Green transition

Four out of the five new measures in the modified plan and all three measures in the REPowerEU chapter, are expected to significantly contribute to the green transition, including biodiversity, or to addressing the challenges resulting therefrom, as well as to the achievement of the Union 2030 climate targets and of EU climate neutrality by 2050.

Support will be given to 70 companies to shift from fossil sources to renewable energy sources, electrification and connection to efficient district heating systems by 2026. The measure addresses the economic challenge of security of supply resulting from the green transition. Estonia will replace a radar system in order to alleviate restrictions to develop offshore wind parks in Western Estonia. Estonia will also invest in a multipurpose work vessel, which will enable anti-pollution operations to be carried out and increase research capacity for environmental studies and facilitate the operation of maritime transport. The construction of five viaducts on the Rail Baltic track will speed up the crucial cross-border sustainable transport project in the region. On top of the new measures, the budget will be increased for several measures important for the green transition to reach higher targets, such as upscaling the renovation of small residential buildings to reach 900 renovated houses instead of 80 in the original plan and supporting resource-efficient green technologies to reach 36 supported projects instead of 25.

Under the REPowerEU chapter, one reform and two investments are added facilitating the deployment of renewable energy sources and sustainable biomethane. In particular, one reform will identify suitable areas for deploying wind energy, streamline the permitting framework for renewable energy projects and build up capacity in permitting authorities. The related investment aims at increasing the capacity of the distribution electricity network by 160 MW to facilitate the access of renewable energy production facilities to the grid. One investment aims at creating the necessary regulatory, organisational and financial conditions to increase the production and use of sustainable biogas and sustainable biomethane increasing the production and uptake of sustainable biomethane by 4 million Nm3. The REPowerEU measures address the crucial need

to speed up renewable energy planning and installations to ensure security supply, reduce energy costs and use local resources.

All the new or modified measures are expected to have a long-term impact.

Climate target

On the basis of the assessment guidelines provided for in sub-criterion 5b, the measures in the modified RRP (including the REPowerEU chapter) supporting climate change objectives account for 59,4% of the plan's maximum financial contribution (i.e. above the 37% required), based on the methodology for climate tracking set out in Annex VI to the RRF Regulation. The most important contributions to this target are the investment in boosting offshore wind development, the construction of the Rail Baltic viaducts, and the scaled-up energy efficient renovations measures.

Additionally, the proposed measures within the REPowerEU chapter supporting climate change objectives account for 77,6% of the chapter's total estimated costs , based on the methodology for climate tracking set out in Annex VI to the RRF Regulation. The most important contributions to this target are the reform facilitating the deployment of renewable energy sources and the investment programme to increase the access of renewable energy production to the electricity distribution system.

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Taking into consideration the assessment of all the measures envisaged, the modified recovery and resilience plan, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its maximum financial contribution *contribute to the climate target. At least 37% of the total estimated costs of the REPowerEU contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.*

3.6. Digital transition

The modified recovery and resilience plan entails small modifications to four measures regarding the digital transition and does not include new measures that contribute to the digital transition. The modifications related to lowering of three targets for digital measures in component 1 do not include change of the cost estimates and have therefore no impact on the allocation dedicated to digital objectives (i.e more than the 20% required). The same applies for the other modifications, related to shifting the deadline for completion of an investment in component 3 and a reform in component 1. All other milestones and targets contributing to the digital transition remain unaltered in the modified RRP. Therefore, based on the methodology set out in Annex VII to the RRF Regulation, the contribution to digital objectives accounts for 24.1% of the modified plan's maximum financial contribution (excluding the REPowerEU), an increase of 2.6 percentage points due to a decrease in the modified plan's maximum financial contribution. The contribution to the digital transition continues to come from four out of the six components of the plan, with 13 measures addressing digital priorities (out of a total of 49 for the whole plan).

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The nature and extent of the proposed modifications to Estonia's recovery and resilience plan do not have an impact on the previous assessment (Rating of A) of the plan's contribution to the digital transition or to address the challenges resulting from it and ensures that at least 20% of its total allocation (excluding the measures in the REPowerEU chapter) contribute to support digital objectives, as reflected in SWD (2021) 285.

3.7. Lasting impact of the plan

The modified recovery and resilience plan includes new measures that, in addition to the existing measures, are expected to have lasting positive effects on the Estonian economy and boost its green transition. The REPowerEU measures are expected to contribute to the green transition by facilitating sustainable biomethane production and reducing the obstacles to renewable energy development. The newly added measure for a hospital and health centre in Viljandi is expected to have a lasting impact on cohesion and inclusiveness, in a similar way to the withdrawn measure on the construction of Northern Estonia Medical Campus hospital in the original plan was expected to do. The reform and investments in the REPowerEU chapter will contribute to social and territorial cohesion by reducing the obstacles to renewable energy development and improving the distribution of renewable energy through facilitating access of additional renewable energy production capacities to the distribution networks. The new investment boosting offshore wind development will bring structural changes to energy policy by removing the barriers currently interfering the development of considerable wind power production capacities in the sea area.

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The nature and extent of the proposed modifications to Estonian recovery and resilience plan do not have an impact on the previous assessment (rating of A) of the lasting impact of the plan, as reflected in SWD (2021) 285.

3.8. Milestones, targets, monitoring and implementation

The nature and extent of the proposed modifications to Estonia's recovery and resilience plan do not have an impact on the previous assessment of the effective monitoring and implementation of the recovery and resilience plan, as reflected in SWD (2021) 285.

The milestones and targets of the modified Estonian recovery and resilience plan enable an adequate monitoring of the plan's implementation. Each measure has on average one milestone and one target. The first indicator is usually a milestone that tracks the initiation of implementation, often the publication of the relevant call for tender. The second indicator is, wherever appropriate, a target tracking the accomplishment of a tangible objective, such as the outcome of a certain number of projects. The milestones and targets contain the key elements of the measures and thus are relevant for the implementation of the proposed changes. The monitoring milestones and targets appear comprehensive and clear to ensure that their

completion can be traced and verified. Estonia's modified plan still corresponds to the original plan in terms of the overall level of ambition. In addition, Estonia has sufficiently described the relevant verification mechanisms, data collection systems and responsibilities that also can be qualified as clear, robust and effective to ensure effective completion of milestones and targets.

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The arrangements proposed by Estonia in its modified recovery and resilience plan are expected to be adequate to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V to the RRF Regulation.

3.9. Costing

Estonia has provided individual estimated costs for all the new measures that entail a cost in the recovery and resilience plan, including the REPowerEU chapter. Estonia has also provided individual justifications for all the measures whose modifications entailed a change in the cost estimates or related target including on the proportionality of the relevant amendments.

The cost information provided by Estonia is generally detailed and well substantiated. Estonia provided detailed estimates and assumptions on costs using the standard template table, which was intended to summarise the key information and evidence on costing. Moreover, Estonia submitted separate documents including more elaborate descriptions of the methodology underlying the cost calculations. Lastly, Estonia submitted a dedicated file outlining the key drivers and changes in the costs of the amended measures and their proportionality.

The assessment of the cost estimates and inherent supporting documents shows that the majority of the costs of the new measures are well justified, reasonable, plausible and do not include costs covered by existing or planned EU financing and are commensurate to the expected economic and social impact of the envisaged measures. Moreover, the changes in the costs estimates of the amended measures are justified and proportional.

Reasonable costs

Overall, the assumptions used by Estonia to estimate the costs of the new measures, including those in the REPowerEU chapter, provide a reasonable explanation of the key cost drivers of the measures. The calculations are generally clearly spelled out allowing to identify the methodology used, even if for a limited number of measures the information provided is more limited or less clear. Nevertheless, there is no evidence that would allow doubting the costing estimates provided.

The new measures included in the Estonian recovery and resilience plan, including those in the REPowerEU chapter, comply with the eligibility criteria set out in the RRF Regulation. All costs are incurred for reforms and investments after February 2020 and after February 2022 for the

measures in the REPowerEU chapter. Value-added tax (VAT) is not included in any of the cost estimates. Some of the new or REPowerEU measures include temporary recurrent costs that are acceptable, as relevant justifications are provided showing that these costs are temporary and in line with the objective of the measures.

The cost estimates have been validated by an internal government body (Grant Management Unit of the Support Development Department of the State Shared Service Center).

The reasonability of the costs of the amended measures has not changed from the initial assessment of these measures, as the changes in the cost estimates for all of them are duly justified and proportional. In the case of measures being amended under Article 21(1) of Regulation (EU) 2021/241 for cost-related reasons, sufficient information has been provided to justify the objective circumstances and the proportionality of the changes in the cost estimates or related target. In this context, the reasonability of the cost estimates, taking into account the new measures, including those in the REPowerEU chapter, and the amended measures, has been established to a medium extent.

Plausible costs

The amount of the estimated costs of new measures, including those in the REPowerEU chapter, is in line with the nature and type of the envisaged reforms and investments. For most of these measures, Estonia provided supporting documents and links to online sources to substantiate the cost estimates, including explanations of how past projects relate to the cost estimates of the new measures. Nevertheless, in a limited number of instances the comparability of past projects to the ones proposed in the plan could not fully be established, partially due to the novelty of the measure.

The plausibility of the costs of the amended measures has not changed from the initial assessment of these measures, as the changes in the cost estimates for all of them are duly justified and proportional. Sufficient information has been provided to justify the objective circumstances and the proportionality of the changes in the cost estimates or related target.

Considering the limitations of an ex-ante assessment of cost estimates, the amounts proposed for financing were deemed appropriate and seen as establishing the plausibility of the cost estimates to a medium extent.

No double Union financing

Estonia has indicated for each individual new measure, including those in the REPowerEU chapter, that the costs to be financed by the RRF will not be funded at the same time by other Union funding sources. Furthermore, the set-up to prevent, detect and correct double funding has not been altered by the modification of the plan.

Commensurate and cost-efficient costs

The total cost of the modified Estonian recovery and resilience plan is commensurate to the expected social and economic impact of the envisaged measures. The plan is expected to effectively address a significant subset of challenges identified in the country-specific

recommendations (CSRs). The main objectives of the plan are to foster the twin transition, improve Estonia's growth potential, job creation and economic, social and institutional resilience, thereby reducing vulnerability to shocks. The plan contributes to strengthening social cohesion and social protection and to the implementation of the European Pillar of Social Rights. The plan enhances the economic, social and territorial cohesion and convergence within the Union. The economic and social impact of the plan in combination with the positive cost assessment, indicates that the cost is in line with the principle of cost-efficiency.

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The justification provided by Estonia on the amount of the estimated total costs of the modified recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact. Estonia provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under the assessment criterion 2.9 of Annex V to the RRF Regulation.

3.10. Controls and audit

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The nature and extent of the proposed modifications to Estonia's recovery and resilience plan do not have an impact on the previous assessment (Rating of A) of the adequacy of the control and audit arrangements proposed by Estonia, as reflected in SWD (2021) 285.

3.11. Coherence

The modifications to the RRP display coherence within each component and show thematic interlinkages and synergies between the different components, in particular those related to the green transition and the newly added REPowerEU chapter.

The measures in the REPowerEU chapter improved the coherence of the RRP by reinforcing the original measures on energy storage, strengthening the electricity grid and promoting renewable energy in industrial areas. In particular, the REPowerEU measures consist of investments that aim to increase the production and integration of renewable energy sources. In addition, the amendments and updates of the RRP do not weaken the coherence of the original RRP. The measure to support energy-efficient renovations in private residences has been extended significantly, increasing its importance in the component. The new investment to boost offshore wind development is closely linked to existing measures to increase the share of renewable energy and it should result in removing the height restrictions on wind turbines in the Gulf of Riga and three islands, and therefore untapping Estonia's offshore wind potential. The new investment in health infrastructure ensures that access to health care, as envisaged in the original RRP, is still ensured.

The modified recovery and resilience plan includes measures that are complementary with one another. This concerns the components related to green transition, sustainable transport and the new REPowerEU chapter. The modifications do not have contradictory aims or possible negative effects on one another.

At the same time, some of the limitations related to coherence of the original plan have not been addressed. Although the green elements have been strengthened, concrete actions to phase out oil shale are not included in the RRP and only expected to be set out in the National Development Plan of the Energy Sector at the end of 2025 and broader reforms, such as green taxation, have not been added. The social dimension of the plan has not been strengthened and the modified plan overall remains stronger on investments than on reforms.

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Taking into consideration the qualitative assessment of all components of Estonia's modified recovery and resilience plan, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to medium extent, represent coherent actions. This would warrant a rating of B under the assessment criterion 2.11 of Annex V to the RRF Regulation.

3.12. REPowerEU

The REPowerEU chapter measures directly contribute to the production and integration of renewable energy sources. As a result, they help reducing reliance on fossil fuels and contribute to increasing energy security and diversification of the Union's energy supply.

In the implementation of the modified plan including the REPowerEU chapter, the stakeholders are consulted for the adoption of the relevant implementing acts for each measure as well as regularly updated on the progress of the implementation of the plan in Estonia's annual event on the implementation of the Estonian RRP. To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified RRP including the REPowerEU chapter.

The activities under reform 8.1 (facilitating the deployment of renewable energy sources) aim to facilitate the rollout of renewable energy projects in Estonia with a focus on wind energy. In particular, the reform involves reviewing the permitting framework and providing assistance to local permitting authorities that should result in speedier permitting processes. Activities under reform 8.1 thus contribute to the REPowerEU objective of accelerating the deployment of renewable energy. Reform 8.1 will have a lasting impact as removed legislative hurdles are not expected to be reintroduced at a later date. Reform 8.1 is coherent with other efforts of the Member State. In particular, there is synergy with measures in component 4 and especially reform 4.4.

The investment in measure 8.2 (Programme to increase the access of renewable energy production to the electricity distribution system) contributes to the REPowerEU objectives of addressing internal electricity transmission distribution bottlenecks and, therefore, accelerating the integration of renewable energy. Measure 8.2 will improve the energy infrastructure by co-financing investments to increase the capacity of the electricity distribution network. The measure will benefit renewable energy producers including consumers that need to connect their facilities to the grid. Investments in grid infrastructure have a long-lasting impact as increasing shares of electricity from renewable energy require additional capacity in the network. Investments in measure 8.2 are coherent with other efforts of the Member State. In particular, there is synergy with measures in component 4.

Investment in measure 8.3 (Increasing production and uptake of sustainable biomethane) contributes to the REPowerEU objectives of increasing the production and uptake of sustainable biomethane and therefore increasing the share and accelerating the deployment of renewable energy. Estonia's actions consist of two sub-investments. Sub-investment one involves mapping and analysing the entire biogas chain to identify possible bottlenecks and opportunities for increasing both production and deployment. The survey will not look at the production and use of biogas in isolation but in comparison with other non-fossil alternatives in terms of both cost-effectiveness and market maturity. Estonia will also approve an action plan for the production and deployment of biogas and biomethane which will include a list of legislative changes and investments necessary for increasing the production and deployment of biogas and biomethane. Sub-investment two involves co-financing to companies interested in investing in the production and marketing of sustainable biomethane, including in the agriculture and energy sectors. The measure will also support local governments that generate large amounts of biowaste which could be used for sustainable biomethane production, wastewater treatment plants, as well as (industrial) companies with higher energy needs that could be covered by using sustainable biomethane. The measure will have a long-lasting impact as regards the production of sustainable biomethane in Estonia. Investments in measure 8.3 are coherent with other efforts of the Member State. In particular, there is a synergy with measures in component 4. Furthermore, the measure reinforces the existing sub-measure on valorisation of bioresources under the existing measure 2.5, which will therefore allow higher sustainable biomethane production targets. Additionally, the measure is complementary to existing Cohesion Policy measures that support sustainable biomethane production and, in the transport sector, also consumption.

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and energy efficient, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

All three measures in the REPowerEU chapter and therefore 100% of its estimated costs, have a cross-country or multi-country dimension or effect. As described in detail above, the measures in the REPowerEU chapter will directly contribute to the production and integration of renewable energy sources. As a result they contribute to reducing the dependency on fossil fuels and secure energy supply in the Union as a whole and can therefore be considered as having a positive cross-border effect as established in the Commission's guidance in the context of REPowerEU[5].

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border of multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V of the RRF Regulation.

REPowerEU measure	Costs (EUR million)	Contribution to the target in %
Facilitating the deployment of renewable energy sources	31,84	35
Program to increase the access of renewable energy production to the electricity distribution system	38	42
Increasing the production and uptake of sustainable biomethane	20, 2	22
TOTAL:	90,04	100%

ANNEX: CLIMATE TRACKING AND DIGITAL TAGGING

Measure/ Sub-Measure Name ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
1.1	Digital transformation in enterprises	58			010	100%
1.2	Development of e-construction	9			010	100%
1.3	Development of digital waybills services	6			010	100%

[5] Commission Notice Guidance on Recovery and Resilience Plans in the context of REPowerEU 2023/C 80/01, pages 21-22

Measure/ Sub-Measure Name ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
1.4	Skills reform for the digital transformation of businesses	10			108	100%
1.5.3	Global e-export impact groups and virtual stages	8,17			015	40%
2.2	Green skills to support the green transition of enterprises	15	01	100%		
2.3	Green technologies development programme	8,38	047	40%		
2.4	Modernisation of the business models in manufacturing companies	9	022	100%		
2.5	Deployment of resource-efficient green technologies	52,80	022	100%		
2.6	Green fund	100	027	100%		
2.7	Creating opportunities for the uptake of renewables-based green hydrogen technologies	50	032	100%		
2.8	Supply security investment support	20	034	40%	-	-
3.1	Creation and development of a centre of excellence for data management and open data	7,14			011	100%
3.2	Development of event services and proactive digital public services for individuals	12,28			011	100%
3.3	Development of event services and digital gateway for entrepreneurs	20,80			011	100%
3.4	#Bürokratt programme (national virtual assistant platform and ecosystem)	10,48			011	100%
3.5	Reconfiguration of basic digital services and safe transition to cloud infrastructure	42,83			011	100%
3.6	Establishing the strategic analysis of money laundering and terrorist financing in Estonia	0,40			011	100%
3.7	Information system for real-time strategic analysis of money laundering and terrorist financing	3,50			011	100%
3.8	Construction of very high capacity broadband networks	24,29			053	100%

Measure/ Sub-Measure Name ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
4.2	Support for the renovation of apartment buildings	44,67	025bis	100%		
4.3	Support for the renovation of small residential buildings	31,30	025	40%		
4.5	Programme to strengthen the electricity grid to increase renewable energy production capacity and adapt to climate change (such as protection against storms)	36,20	033	100%		
4.6	Programme to boost energy production in industrial areas	9,10	033	100%		
4.7	Pilot Energy Storage Programme	9,60	033	100%		
4.8	Boosting offshore wind parks development	66,80	028	100%	-	-
5.2.a	Multifunctional working vessel	18	050	40%		
5.3.a	Construction of the Rail Baltic viaducts	31,05	064	100%		
5.4	Construction of the Tallinn Old Port tram line	36,50	073	100%		
5.5	Municipalities' investments in bike-and walkways	5	075	100%		-
8.1	Facilitating the deployment of renewable energy sources and the decarbonization of selected economic sectors	31,84	028	100%	-	-
8.2	Programme to increase the access of renewable energy production to the electricity distribution system	38	029	100%	-	-
8.3	Increasing production and uptake of biomethane	20,2			-	-