



BRIEFING

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Planning for success in the future zero carbon economy: How to build strong National Energy and Climate Plans.

As the recent IPCC special report makes clear, dramatic reductions in emissions are needed urgently if we are to keep global warming to 1.5°C and so avoid the potentially catastrophic impacts of letting temperatures rise towards 2°C. Not only do net GHG emissions need to reach zero by around mid-century (or, in the EU, [by 2040](#)) but the majority of the reduction needs to happen by 2030. To achieve this goal – and to reap the many benefits of the shift to a zero carbon economy – EU Member States need to develop good plans, and give citizens, businesses and investors a clear sense of direction.

The Climate and Energy Package, specifically the [Governance Regulation](#) (GR), has introduced a 10 year national planning cycle to deliver on the objectives of the Energy Union, including on 2030 targets for energy efficiency, renewable energy and greenhouse gas emission reductions. One of the key tools in this regard is the Integrated National Energy and Climate Plan (NECP) that will be finalised on the basis of an iterative process between Member States, stakeholders and the European Commission. This planning exercise must be seen as a once in a decade opportunity to rethink and improve national policies and put every country on a path towards an energy transition in line with the temperature goals of the Paris Agreement. To do so, WWF recommends paying specific attention to the following overarching principles that should be the backbone of an effective NECP, one that matches the urgency of the evidence provided by the IPCC 1.5°C Report.

1) PLAN TO 2030 BUT WITH AN EYE TO THE LONGER TERM

Any climate and energy plan with a 2030 horizon should be developed with a clear picture of the longer-term decarbonisation objective. Otherwise, short term policy measures risk locking-in high carbon energy and infrastructure choices, creating stranded assets and ultimately requiring more stringent, faster and costly action at a later stage. Proper NECP development therefore needs a clear long term vision as a first step, followed by 'back-casting' to ensure 2030 targets and measures aligned with that goal.

Alignment between NECPs and the 2050 strategies is indeed required by the GR. For example, NECP must cover the period of 2021-2030 "bearing in mind the longer term perspective" (Article 3 of the GR) and, more concretely, must be consistent both with the national Long-term strategy and the EU long-term strategy (Article 14 GR). Given that the national long-term strategies and NECPs prescribed under the GR need to be submitted in final form at essentially the same moment (by 31 December 2019 for the NECPs and by the following day, 1st January 2020, for the long-term strategies), Member States should develop the two planning tools in parallel, to ensure that a cost-effective national pathway towards zero net emissions is put in place from the outset.

2) ENSURE PARIS COMPATIBLE 2030 TARGETS

The EU has agreed on an at least 32.5% energy efficiency target, 32% renewable energy target and 40% GHG emissions target. Those targets are clearly outdated as they are rooted in pre-Paris political thinking (notably the EU Council conclusions from October 2014) and not in line with the urgency of acting to limit warming to 1.5°C. As Member States must define in their NECPs their national contributions to meet the efficiency and renewables targets, these should be calibrated towards achieving substantially higher EU targets, rather than locking-in a level of ambition that will slow down progress over the next decade, and fail to act as the needed catalyst.

Similarly, the national targets agreed under the Climate Action Regulation ([CAR](#), formerly the Effort Sharing Regulation) are also clearly inadequate as based on EU 40% greenhouse gas emission target, where the Commission has estimated that the agreed 2030 efficiency and renewables targets already deliver a reduction of [45% GHG emissions](#). Furthermore, Member State should not diminish their own CAR target by using loopholes such as counting credits from the land-use and forestry sector, as well as allowances from the EU ETS towards their national targets.

3) PLAN TO EXCEED THE TARGETS

In addition to the national contributions to meet the targets, Member States have to detail in the NECPs the policies and measures they are planning to put in place in the next decade. The policies and measures listed need to be credible and based on robust and transparent analysis, with a clear timeline for their implementation and the resources dedicated to them. They should also be accompanied by a quantified

assessment of the expected outcome and an in-built possibility to monitor and assess progress. Last but not least, and as described above, the measures in the NECPs should be designed to put a country on a pathway to achieve zero net emissions in the longer term, not just to achieve the 2030 targets.

Some of the measures that MSs should commit to adopting in their NECPs include:

- ü Cancelling emission allowances if national GHG targets are overachieved: the EU emission reduction targets (i.e. both the EU ETS and CAR targets) are tradable in the form of emission allowance transfers between countries. This means that any overachievement of the national targets does not necessarily lead to steeper EU wide emission reductions. For this reason, if there is overachievement, Member States must cancel the corresponding quantity of emission allowances.
- ü A phase out plan for lignite and/or coal fired power plants, combined with an equivalent cancellation of EU ETS allowances.
- ü Strict sustainability criteria for bioenergy and hydropower: Given that the new Renewable Energy Directive contains no meaningful restrictions on the use of forest biomass for energy, there is a serious risk that Member States could seek to convert coal-fired heat or power plants to burn wood, something that could increase emissions for decades or even centuries and so be completely counterproductive in climate terms. Similarly, the NECP should not foresee the use of purpose grown biofuel or energy crops, which will also typically increase emissions compared to fossil fuels. As regards hydropower, WWF does not consider hydropower a “green” source of energy and believes that no additional/new hydropower in Europe is needed or justified given the availability of more sustainable alternatives.
- ü Long-term renovation strategy for buildings: Member States must develop a fully-fledged long term renovation strategy to achieve a highly energy efficient and decarbonised building stock by 2050 and integrate it into the NECPs. Decarbonisation should be spelled-out by explicitly referring to i) a drastic reduction of energy consumption in the building sector through efficiency measures, ii) the use of renewable energy to cover the remaining energy needs of the building stock and iii) the integration of the building sector into a flexible and renewables based energy system.

4) FOLLOW A HOLISTIC INTEGRATED APPROACH

The energy and industrial system is more and more integrated and policies in one area have impacts and spill over effects in other domains. Therefore, the GR conceives NECPs as integrated documents that streamline planning obligations as regards greenhouse gas emission reductions, renewable energy and energy efficiency. To achieve full integration, MSs should take a holistic planning approach by exploiting the interactions and synergies between sectors and avoid policies that have negative spill-over effects into other areas. An example in this regard is the correct integration of the energy efficiency first principle. Reduction of energy use through energy efficiency measures needs to be properly factored in from the start, and should be guiding the decision making when planning for any new supply options and new energy infrastructure.

Reinforced cooperation between different government departments and agencies is also crucial to ensuring a coherent plan.

5) MOBILIZE FINANCING TO ENSURE DELIVERY

Any policy strategy must be complemented by a clear overview of the financing needs and the resources available to put it into practice. The GR requires that NECPs include an “overview of the investment needed” to meet the climate and energy objectives as well as an assessment of the source of those investments. WWF recommends that when complying with this obligation, Member States list the full range of potential sources of finance and investment both public, including EU, and private sources. Revenues from ETS allowances should also be clearly earmarked and used to support the transition to zero net emissions. When the resources available are clearly described, this will provide market players with the certainty and predictable regulatory and economic frameworks they need to be confident to invest.

Particularly important is that the NECP include a commitment with a timeline to phase –out fossil fuel subsidies and ensure that the freed-up resources are redirected to sustainable long-term climate compatible investment. In line with the requirement of the Paris Agreement to make finance flows consistent with climate goals and of the G7 commitments¹ to phase out fossil fuels, Member States must design, and implement, a roadmap for their phasing-out in the NECPs.

6) INVOLVE THE PUBLIC TO ENSURE BUY-IN

Citizen and stakeholder involvement is crucial to promoting general awareness and building a sense of shared ownership of climate and energy policies. A timely public consultation on the draft NECP and on the pre-final version is therefore the opportunity to conduct a wide participative process through which stakeholders contribute to the development of the plan and develop a detailed understanding of the country’s energy choices for the next 10 years.

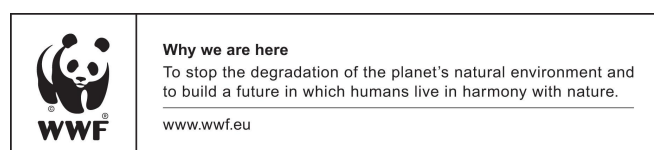
While the GR already requires that a public consultation be carried out well before the finalisation of the plan, WWF believe this should not be a single exercise, but rather an ongoing process – something that is repeated a number of times with the outcomes of each consultation being incorporated into each new iteration. For example, the multi-level climate and energy dialogue (Article 10a of the GR) that has to be put in place nationally to consult different stakeholders, local authorities and businesses should also be the venue to discuss the NECPs.

¹ See G7 Ise-Shima Leaders’ Declaration, G7 Ise-Shima Summit, 26-27 May 2016 at <https://www.mofa.go.jp/files/000160266.pdf>

7) CONSULT YOUR NEIGHBOURS

The integration of energy systems is already becoming a reality across Member States. For that reason, NECPs have to be the subject of consultation with neighbouring countries well before their adoption, to foster cooperation on regional challenges and ensure that common objectives are met collectively.

This process should be transparent with a clear overview of when the neighbouring Member States will be consulted and how.



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