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## FIVE THINGS YOU SHOULD KNOW ABOUT ENERGY UNION GOVERNANCE

The governance regulation brings together climate and energy policies, climate change mitigation and adaptation and aims at managing the low-carbon transition as a whole. Here are five things to know about the regulation. Spoiler: the text still needs to be strengthened for it to become the transition framework it has the potential to be.

### ‘Same old, but different new’

After 2020, current climate and energy policy planning, reporting and monitoring will be merged together into one single new instrument: the Governance Regulation. This centralisation is the opportunity to support increased climate ambition and a faster energy transition in Europe – if the legislation is done right. This framework can significantly contribute to:

- > implementing the Paris Agreement and reaching its long-term goals of pursuing efforts to keep global temperature rise to 1.5 degrees C and reaching net zero emissions by the second half of this century by **including provisions to allow for ambition to be raised over time and a long-term decarbonisation goal**
- > anticipating and managing the socio-economic impacts of the transition for the most vulnerable by **including policies for a just transition and an orderly phase-out of fossil fuels.**
- > unlocking investor confidence which in turn reduces transition costs by **providing confidence that targets will be met and transparency about policies and measures.**
- > reducing the risks of stranded assets by **adopting a fully integrated approach to infrastructure planning based on the long-term decarbonisation goal.**
- > supporting Member States in building a national consensus about the pathways for the transition by **fully taking into account public participation** – which helps to build public support and legitimacy for policy choices.

### The transition’s game plan

**Off to a good start....:** Every ten years, Member States will produce a National Energy and Climate Plan, NECP, covering planning, reporting and monitoring of all-things climate and energy: energy efficiency, renewable energy, energy infrastructure, greenhouse gas emissions reductions outside the Emissions Trading Scheme, emissions from land-use, land-use change and forestry, and climate change adaptation. The aim of producing one single plan is to provide a comprehensive overview of the low-carbon transition. The first draft of the first plan, for 2021-2030, should reach the Commission by 1 January 2018 and a final draft by 1 January 2019. Each iteration of the plan has to be more ambitious than the previous one.

**...but much to be fixed still:** The text tackles the right issues but **does not go far enough.** The impact of one policy on others has to be taken into account but there is a case for energy efficiency to be better integrated throughout the five dimensions to avoid stranded assets. The plan should include policies and measures supporting the smart retirement of polluting power stations and policies and measures to phase-out fossil fuel subsidies. Finally, it should be made clear that the ambition of the plan should be regularly adjusted as a result of EU’s commitment under the Paris Agreement.



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## Leaping the credibility gap

**Off to a good start....:** In the current absence of national binding targets for renewable energy and energy efficiency, there are mechanisms to be triggered to avoid free riding and support more ambition. At the plan-making stage, Member States are invited to pledge the country's contribution to the EU-wide targets. The Commission will issue recommendations if the pledges put forward by Member States do not add up to EU-level targets as defined in legislation. Additional measures at European level are foreseen in case the whole EU, or a single Member State, is not on track to delivering the targets.

**...but much to be fixed still:** Member States should favour nationally binding targets in order to avoid the uncertainty that would derive from national pledges that do not add up to EU-wide targets. In any case, the language of how to ensure that countries live up to their pledges and contribute to the EU targets must be much strengthened in the Governance text.

## 2050: something to look forward to

**Off to a good start....:** Member States will also develop every decade a long-term low emissions strategy covering a 50-year period. It is a direct consequence of the Paris Agreement that requires countries to develop long-term low greenhouse gas emission development strategies. This strategy should be consistent with the 10-years plan.

**...but much to be fixed still:** The requirement to develop the long-term strategies can be better integrated in the governance framework. Indeed, in order to provide transparency to investors about the direction of travel and the pace of the transition, this strategy should be fully integrated in the national plan. The regulation should also set a 2050 target in line with the Paris Agreement and provide meaningful guidance about what this strategy should include or how it should be drafted.

## The journey is as important as the destination

**Off to a good start....:** The regulation requires the plans to be supported by a robust process. Stakeholders and the public will be consulted during the making of the plan, hopefully opening a nation-wide debate about decarbonisation pathways. Each country's plan also has to be discussed with neighbouring countries as we are moving towards an increasingly more integrated energy market. The Commission will be able to produce recommendations on the draft plan submitted by Member States, ensuring their quality and consistency.

Once the final plan submitted, each member state will produce 2-yearly progress reports on the implementation of their NECP. The proposal also requires Member States to give annual updates in specific areas including greenhouse gases emissions and the use of revenues from the EU Emission Trading Scheme. The Commission will assess progress annually in the State of the Energy Union.

**...but much to be fixed still:** The reporting should be based on a binding template to help ensure transparency and comparability among Member States in implementing their plans. Public participation is an essential part of the transition and yet there is little detail about how stakeholders will participate. Cities, regions, investors, businesses and project developers are the ones delivering the transition. Their contribution should be recognised as such in the plans and their voice heard during plan-making.

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**The regulation on the governance of the Energy Union is available [here](#).**

**Caroline Westblom**, CAN Europe EU Climate and Energy Policy Coordinator,  
[caroline@can europe.org](mailto:caroline@can europe.org), +32 2 894 46 74

**Quentin Genard**, E3G Policy advisor, [quentin.genard@e3g.org](mailto:quentin.genard@e3g.org), +32 484 96 35 28

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