

BACKGROUND DOCUMENT

INFORMAL MEETING OF ENERGY MINISTERS

PLENARY SESSION II – IMPLEMENTATION OF THE 2030 ENERGY POLICY FRAMEWORK AND THE ROLE OF THE NATIONAL ENERGY AND CLIMATE PLANS

15 - 16 JULY 2024, IN BUDAPEST

To limit global warming to 1.5°C, greenhouse gas emissions must peak before 2025 at the latest and decline substantially by 2030. The Paris Agreement is a landmark in the multilateral climate change process since, for the first time, a binding agreement brings all nations together to combat climate change and adapt to its effects. In line with the goals of the Paris Agreement the EU has recognized that accelerated action is required to limit global warming by setting and implementing ambitious climate and energy framework for 2030. The implementation of the agreed 2030 framework is a key foundation for further steps towards reaching the objective of climate neutrality by 2050. Our common goal is to reduce the atmospheric concentration of greenhouse gases. From an energy policy perspective this implies notably securing the supply of abundant, affordable and clean energy as well as increasing energy efficiency.

To progress with the fulfilment of the Paris Agreement and to limit global warming, the EU has set ambitious climate and energy targets for 2030 and requires Member States to implement sound policies and measures at national level. The implementation of the 2030 framework is key for staying on track and reaching the climate neutrality objective by 2050. Accelerating the deployment of renewable energies also locally, including hydropower, solar, wind, and, to an increasing extent, geothermal energy, increasing energy efficiency, and measures ringfencing a just energy transition will be key enablers for the Union's goals and international commitments.

In 2022, EU Heads of State and Governments in the Versailles declaration called on the Union to take further decisive steps towards strengthening energy sovereignty, reducing dependencies and designing a new growth and investment model for 2030¹. As a response, the European Commission published the REPowerEU plan², in May 2022, which outlines additional measures to diversify energy supplies, reduce energy consumption, increase energy efficiency, and accelerate the deployment of renewable energy also by enhancing the EU's energy security and strengthening strategic autonomy and at the same time accelerating the implementation of the 2030 objectives and the energy transition.

The Union's efforts to reach the climate policy objectives and its actions enhancing Europe's energy sovereignty and competitiveness, including the net zero technologies sector, are mutually reinforcing.

The Regulation on the Governance of the Energy Union and Climate Action (EU) 2018/1999 established the legal framework designed to ensure the collective achievement of the climate and energy targets and the policy objectives of the Energy Union and the long-term Union greenhouse gas emissions commitments pursuant to the Paris Agreement. National Energy and Climate Plans (NECPs) are at the core of long-term planning and provide investment certainty and predictability. The NECPs allow citizens and investors to position themselves and take timely decisions in accordance with the path pencilled at national and regional level towards 2030 energy and climate objectives.

The ongoing process to update the NECPs caters two functions: from an EU perspective, it guides the fulfilment of our common goals, and from a national perspective, it provides an opportunity to update the national policy framework in accordance with the revised legislative framework and to revisit the interlinkages between the five Energy Union dimensions, including energy security and competitiveness, and to take into account the new geopolitical context. Updating the NECPs in a sound and reliable way will require looking at the future policy and measures and cross-sectoral coordination.

¹ 20220311-versailles-declaration-en.pdf (europa.eu)
2COM(2022) 230 final.
content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN

In delivering on their updated NECPs, Member States need to reflect on and address a number of emerging trends:

- I. During the previous years, the social aspect gained significant importance and calls for adequate measures ensuring a just transition, including to remedy the possible negative economic and social impact of increasing volatile fossil fuel prices.
- II. By acting together over the past two years, the Union has almost delivered on all REPower EU plan objectives. The EU must however continue to pursue further energy diversification efforts and focus on strengthening economic competitiveness in key sectors.
- III. The implementation of Fit for 55 package requires significant investments, which, with a suitable industrial and service background, could be the source of one of the largest and most lasting economic developments of the future decades. This however requires that investments are effectively and efficiently used.
- IV. Although the Union is a leader in important manufacturing and service sectors, some countries outside the EU benefit a competitive advantage in sectors identified as strategic by the Net Zero Industry Act.

The next years ahead of us are particularly important for succeeding with the energy transition. In addition to the implementation of the Fit for 55 and new market design framework at national level, supporting the introduction of new business models, harnessing the potential of our collective economic weight, and shortening the time new innovative technologies and skilled workforce to be rolled out on the market are key.

As the energy transition affects all, Member States are in the driving seat to ensure that it is beneficial for all. This requires well-balanced social, economic and sustainable government actions, which also empower and protect the most vulnerable. As new technologies are key for delivering a successful transition, an enabling regulatory and financial environment is needed to spread market-led technologies. As climate related issues cannot be solved by each Member State individually, targeted collaboration is needed for designing common solutions.

Ministers are invited to share their views on the following questions:

1. What experiences can you share regarding the update of your NECP? What have been the most important change(s) regarding on your path towards 2030 compared to the draft plan? What is the biggest challenge you encounter for its implementation?
2. What additional actions could be considered to achieve the 2030 targets and the goals of the REPowerEU Plan?

Please limit your interventions to 3 minutes.

