

Briefing Note 02: Articulating national climate governance in line with the EU Governance Regulation

March 2019

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Key Messages

- With the adoption of the regulation on the Governance of the Energy Union and Climate Action (the Governance Regulation), Member States have to review their national climate governance frameworks, previously geared towards the 2020 climate and energy targets, to correspond to the medium- and long-term perspective of the next set of EU targets and the Paris Agreement.
- For the first time, Member States have to submit two economy-wide planning instruments: integrated National Energy and Climate Plans (NECPs) with a focus on 2030 and long-term climate strategies (LTS) – which need to be mutually coherent.
- Enhanced coordination at national level, as well as between national and EU levels is essential, also to overcome existing silos between climate and energy policy development processes. This need for cooperation is opening up new challenges as well as opportunities.
- Additional key challenges include difficulties in developing a compelling narrative for the long-term climate transformation; and challenges related to creating an inclusive stakeholder consultation process and incorporating its results in strategies in an appropriate manner.
- Opportunities opened up by the legislation include improved coherence between national and European governance. Moreover, the requirement to conduct stakeholder consultation processes is a chance to conduct a national debate on climate and energy futures – in many countries this would happen for the first time.

This Briefing Note presents insights from the second Policymaker Platform of Climate Recon 2050 – a project aiming to facilitate intra-EU exchange and foster the creation of know-how and networks essential to develop effective and ambitious national long-term climate strategies as a tool to guide a successful transition to a low-carbon economy. The Briefing Note brings together insights from the project's activities – including a day of discussions on long-term climate planning held in October 2018 among policymakers and government-related research institutions from 16 EU Member States as well as the European Commission.

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Context: the new Governance Regulation on the Energy Union

The Regulation on Governance of the Energy Union and Climate Action (the Governance Regulation (EU(2018)1999)) entered into force on 24th of December 2018 following almost two years of intense negotiations between European Union (EU) institutions.¹ The objectives of the new regulation are to ensure delivery of the five dimensions of the Energy Union, stimulate cooperation between the Member States (MS), implement the EU 2030 climate objectives and ensure EU's long-term greenhouse gas emissions commitments are consistent with the Paris Agreement.² Moreover, the regulation attempts to reduce and streamline bureaucracy of existing national policy planning, reporting and monitoring mandates and ensure consistent reporting by the EU and its MS to the United Nations Framework Convention on Climate Change (UNFCCC).³

Against these objectives the Governance Regulation sets out new standards for climate governance frameworks at both MS and EU level.

A. National climate governance

With regards to national climate governance, two central governance instruments are introduced. For the medium-term the regulation introduces integrated national energy and climate plans (NECPs) covering ten-year periods starting from 2021-2030. For the long term, countries are obliged to prepare national long-term strategies (LTS) with a perspective of at least 30 years, starting in 2020. The final NECPs and LTS have to be submitted to the Commission almost at the same time (31 December 2019 and 1 January 2020, respectively). Although the regulation aimed to streamline the existing national policy planning, the requirements for those two national governance instruments do not fully ensure consistency between them: whereas for the NECPs the Governance Regulation requires the Member States to follow a detailed template,⁴ for LTS there is only an optional, broad template, outlining which elements should be included in the strategies. The European Commission foresees different oversight rules for both documents: not only is the use of the template mandatory for NECPs, the short-term plans are also subject to a detailed review and monitoring process by the Commission taking place every five years, upon each delivery and update. In contrast, for LTS, using the template is voluntary and there is little specification on how will the European Commission assess the content of the Member States strategies nor are there specific follow-up mechanisms foreseen in the regulation.

The Governance Mechanism mandates MS to create an official platform to discuss the national climate and energy policies with relevant stakeholders. MS are required to set up a so-called Multi-Level Climate and Energy Dialogue to facilitate stakeholder interaction.⁵ Countries such as Germany, France or Portugal, who already conduct extensive stakeholder consultations to discuss national climate aspirations, can use existing structures to engage local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public.

¹ See Council of the Energy Union (2018).

² See Council of the Energy Union (2018).

³ See Vandendriessche, M. et al. (2017).

⁴ The dimensions refer to security of supply, energy efficiency, a fully integrated internal energy market, decarbonisation and research and innovation combining energy and climate targets into one concept.

⁵ For more information see Voss-Stemping (2018).

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Against these new requirements, MS have to adjust existing national governance systems, in most cases still geared to the 2020 climate objectives. Under the 2020 framework, Member States provide national action plans under the Renewable Energy Directive of 2009 and Energy Efficiency Directive of 2012. They were further obliged to develop a long-term climate strategy under the Greenhouse Gas Monitoring Mechanism Regulation (MMR) of 2013. Without a concrete deadline or detailed guidance on the process and content⁶, the scope and status of the LTS published to date vary substantially. Yet with the obligations and deadlines set by the new Governance Regulation (compare table 1), preparation to submit final NECPs and LTS are now in full swing and in many cases may result in re-calibration of Member State's existing climate governance frameworks.

Table 1: Comparison of national climate instruments under the Governance regulation (2018) and under MMR (2013)

| | Regulation on Governance of the Energy Union and Climate Action (2018) | | Monitoring Mechanism Regulation (MMR 2013) |
|---------------------------------------|---|---|---|
| | NECP | LTS | LTS |
| <i>Timeframe</i> | 2030 (2040/2050) | > 30 years (2050+) | Not mentioned (implicitly 2050) |
| <i>Submission</i> | Draft: 31/12/2018 Final: 31/12/2019 | 01/01/2020 | No deadline |
| <i>Content</i> | Five dimensions of the Energy Union | Detail on all sectors + all GHG emissions and sinks | No specification besides being in line with reporting provisions under UNFCCC |
| <i>Frequency</i> | Update every five years | Update every five years | Not mentioned |
| <i>Relationship</i> | Requirement of consistency between LTS and NECP (Article 15.6) | | Not mentioned |
| <i>Consultation with stakeholders</i> | Multi-Level Climate and Energy Dialogue (for those not having similar structures) | | Not mentioned |

Source: Duwe, Matthias – presentation at Climate Recon 2050 PMP2 in Warsaw (modified)

By the end of February 2019, all EU Member States submitted their first NECPs.⁷ As of mid-2019, 12 out of the 28 Member States had officially published long-term climate strategies with a perspective of 2050 and 4 more had published draft versions⁸. Analysis of the existing strategies shows that they differ widely in many respects.

It is worth noting that countries which more recently adopted a national long-term climate strategy under the outdated mandate of the MMR, are likely not to submit an updated version, taking into account the much more comprehensive standards of the new Governance Regulation. This can affect the degree of consistency between the medium- and long-term climate plans in some MS under the first cycle of the Governance Regulation.

⁶ See European Parliament and Council of the European Union (2013).

⁷ See euractiv (2019a)

⁸ See Iwaszuk (2018).

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B. EU climate governance

Regarding the strategic climate governance at EU level, a first LTS (Roadmap for Moving to a Competitive Low Carbon Economy in 2050) was published in 2011⁹, although it has never been formally adopted. In light of the strengthened objectives of the Paris Agreement, the strategy is currently being updated. According to the Governance Regulation, the EU's LTS has to take into account national NECPs with the aim of strengthening coherence between EU and MS climate objectives and policies (see Article 13). A first draft of the EU's LTS was communicated ahead of COP24 in Katowice at the end of November 2018. EU leaders have agreed in principle to submit a proper strategy to the UNFCCC in early 2020.¹⁰

In addition, the EU has to submit its formal contribution to the Paris Agreement (a Nationally Determined Contribution, NDC). The NDC is not a new instrument but represents the aggregation of national climate commitments of EU Member States. Whether the EU will enhance its current 40% emissions reduction target by 2030 compared to 1990 to at least 45% is under discussion at the time of writing (March 2019).¹¹

National climate governance and linkages to EU processes

The simultaneous development and adoption of NECPs and national LTS comes with a number of challenges and opportunities as identified by the Member States participating in the Climate Recon 2050 Policymaker Platform. These relate to the more comprehensive reporting requirements related to the five dimensions of the Energy Union as well as the implications for (parallel but not necessarily connected) national processes such as the modelling of mitigation pathways and conducting of stakeholder consultations. Another issue relates to the tight timeline for the submission of the new climate governance instruments.

National NECPs and LTS: challenges and opportunities

First of all, Member States identified the development of a compelling **narrative for the long-term climate transformation** to be a major challenge. A narrative for a country's long-term decarbonisation path should create an engaging vision for national socio-economic development, taking into account and responding to potential constraints to the transition. This narrative or storyline serves as a basis to guide stakeholder discussions and frame long- and short-term policy planning into context. Countries find the task of **developing feasible 2050 pathways**, including sector specific challenges for example in agriculture and transport, challenging. A repository of assumptions adjustable to national circumstances and supporting the formalisation (quantification) of national narratives including storylines for individual sectors, ideally provided by the European Commission (EC) could be an instrument to respond to that challenge. This repository could include assumptions on cross-sectoral decarbonisation challenges (e.g. aiming for 2050 carbon neutrality) as well as sector-specific guidance, for instance for international maritime transport,

⁹ Despite being a first articulation of long-term European climate ambition at that time, it, however received much criticism. These regard insufficient transparency and accuracy of modelling assumptions resulting into policy choices that were perceived to be disconnected from national capabilities and circumstances. In addition, due to opposition from some Member States the strategy could never be adopted which well illustrates the need for a revised approach closely linking EU and national climate governance in the new EU LTS.

¹⁰ Council conclusions 22 March 2019

¹¹ See euractiv (2019b), see Sartor et al. (2019)

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often not embraced in national mitigation consideration. Cross-sectoral domains discussed by the policy-makers include the operationalisation challenge of 'just transition' for affected workforce and regions of former carbon-intensive industries or coal production (e.g. compensation schemes for stranded assets).

In this regard, Member States also demand **more interaction between EU and Member States** in particular with regard to the challenges in developing plans for carbon neutral economies by 2050. Some of the areas discussed refer to possible cooperation on carbon pricing, renewable energy schemes and behavioural changes. As a starting point, it was suggested to set up more technical groups for particular sectors or industries that could benefit from cross-country cooperation (e.g. to explore decarbonisation pathways for the automotive industry).

Second, some countries perceived the **enhanced coordination needs** for the internal development of their national climate instruments as challenging. In most countries, climate and energy objectives fall under the auspices of different ministries and departments necessitating more horizontal coordination and communication. In addition, close cooperation with subordinated policy and research institutions, e.g. those responsible for national modelling, become more important under the new requirements. Some countries highlighted that it is those additional coordination processes which impede the timely development of policies and measures.

Another topic of interest is the challenge of comprehensive and inclusive **stakeholder consultation** with the aim of achieving buy-in and ownership for national decarbonisation pathways. Challenges identified by countries that conducted comprehensive national stakeholder consultation processes relate to balancing the openness and inclusivity of the processes, with the fact that some actors, e.g. lobby groups may attempt to derail consultation process instead of discussing a common decarbonisation agenda. Some countries having fewer experiences with stakeholder interactions also mentioned challenges regarding the establishment of a sound process and saw themselves burdened with financial and administrative expenses.

On the other hand, a number of countries reported positive experiences when combining different forms of consultations e.g. written or online participation. In a small Member State outreach to key stakeholders was facilitated by the smaller number of relevant actors. Despite the resource-intensive processes, many countries acknowledged high participation rates and interest of stakeholder groups. To seize the opportunities for buy-in and ultimately ownership of the national decarbonisation objectives, countries identified continuous information on the progress and managing of expectations on stakeholder's impact on the outcome as key success factors.

Furthermore, **embedding the national LTS into legal frameworks** for example in the form of climate law was discussed. While some countries pointed to the obvious challenges of preparing a binding national climate framework, some countries highlighted climate laws as being a strong signal for the national government and thus a means to overcome internal administrative hurdles.

Another topic raised is the impact of **national elections as well as high fluctuations** in relevant ministers and their personnel. This implied that frequently updated political agendas and modified or new organisation of ministries may negatively affect the preparation process. For instance, dealing with internal political changes, Spain was the last country to submit its NECP.¹² On the other hand, elections can also lead to increased ambition, to the credit of NGOs calling for strengthened ambition during election campaign or

¹² See euractiv (2019c).

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new ministers overhauling existing targets such as in Spain. With new national government including the appointment of a new environment minister (Teresa Ribera), the government struck a landmark agreement with its unions to shut down many of its coal mines in just a couple of months, compensating affected workforce and regions.¹³ Thus, despite, the obvious effects of changes within the government on delaying the development of national climate instruments, there can also be opportunities for more ambitious climate policy.

Communication of modelling results to stakeholders

The communication of modelling results to stakeholders, including policymakers, plays a key role in the development process of the national climate instruments. At the Climate Recon 2050 Policymaker Platform, the approach developed under the Deep Decarbonisation Pathways Project (DDPP) was discussed as one example of operationalising this task.¹⁴

According to the **DDPP approach**, the design process of a long-term decarbonisation strategy follows an **process of three steps**. At the beginning, countries set up a **storyline** that is a draft vision of how their country develops and decarbonizes, taking into account their national social and economic objectives. This storyline is translated into a **quantitative scenario** done with the help of national modelling institutions and external expertise for example from think tanks, including individual experts. In a third step, each decarbonisation scenario is illustrated in a **common template** that lists respective variables broken down to temporal milestones (a “dashboard”). Using this illustrative and user-friendly set-up facilitates information sharing and allows stakeholders to be updated on the national decarbonisation pathways. Even more so, it allows for cross-country comparisons and learning once applied at a regional scale. This process is iterative – as national scenarios need to be able to be dynamically adjusted for example to more ambitious international climate goals. The active involvement of stakeholders is a key ingredient in this process.

Regarding communication with national ministries involved in the preparation of the climate instruments, challenges identified related to diverging mandates and interests between policy makers and representatives of national modelling groups. Examples included policymakers who have to engage the public with the national strategy, as well as modellers, who have to present information on how the decarbonisation process evolves and secure backing for its implications. Measures discussed to address these communication challenges included the importance of enabling a mutual understanding on the topic. Examples referred to the design of a glossary of scientific terms used by the modelling institutions. Participants furthermore discussed the need to adjust communication in a way that it responds to the key interests of policymakers such as impacts on jobs, the economy and the environment. Finally, to ensure effective and efficient communication, regular exchanges and using formalized information templates adjusted to policy maker's interests were discussed (cp. DDPP approach).

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¹³ See europapress (2019).

¹⁴ See Waisman et al. (2019).

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