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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the Review of the Regulation on the Governance of the Energy Union and Climate Action

{SWD(2024) 200 final}

1. EVALUATION OF THE GOVERNANCE OF THE ENERGY UNION AND CLIMATE ACTION: SETTING THE SCENE

The Regulation on the Governance of the Energy Union and Climate Action (the 'Governance Regulation', hereafter 'the Regulation') was adopted in December 2018[1]. The aim was to create a **robust governance mechanism to enable the EU to achieve its energy and climate objectives and meet the goals set by the 2015 Paris Agreement, while integrating and simplifying obligations under EU energy and climate legislation**. The Regulation covers the five dimensions of the Energy Union: energy security, the internal energy market, energy efficiency, decarbonisation, as well as research, innovation, and competitiveness.

The Regulation strengthens integrated national energy and climate policy planning by creating a coherent, efficient and transparent framework that streamlines, merges and simplifies a long list of scattered and partly overlapping monitoring obligations[2]. First, it supports strategic medium- and long-term energy and climate **planning** through integrated national energy and climate plans (NECPs) and national long-term strategies (LTSs). Second, it provides a framework for Member States to **report** on their progress in meeting the 2030 and the long-term energy and climate objectives and targets[3], both to the Commission and to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. Third, it enables the Commission to **assess and monitor the progress** made by the EU and by Member States, and to take measures when the level of ambition and/or progress are insufficient.

The Regulation aims to **reduce administrative burden**, **provide clear investment signals** to investors, and **improve transparency and accountability** by making energy and climate policy information more easily accessible to the public. It created a new cooperation mechanism between Member States and the EU. It also required Member States to set up multi-level stakeholder dialogues involving local and regional authorities, civil society organisations, business community, investors, other stakeholders, and the general public.

This report evaluates how the Regulation has functioned and been implemented since it entered into force in 2018 and it is underpinned by an accompanying staff working

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1 Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, Regulation - 2018/1999 - EN - EUR-Lex (europa.eu).

2 In total, the Commission's proposal for the Regulation integrated, streamlined or repealed over 50 individual planning, reporting and monitoring obligations under the EU's energy and climate *acquis* (integrating 31 and deleting 23) - see COM(2016) 759 final/2 2016/0375(COD), see: EUR-Lex - 52016PC0759R(01) - EN - EUR-Lex (europa.eu).

3 Importantly, the Regulation does not contain reporting obligations for companies.

document[4]**.** The evaluation is conducted in line with article 45 of the Regulation[5]. The report assesses the contribution of the Regulation to the governance of the Energy Union, the long-term goals of the Paris Agreement, progress on the 2030 energy objectives, the EU's 2050 climate-neutrality objective, as well as the other Energy Union objectives. The report also evaluates the extent to which the Regulation integrates and is coherent with relevant EU and international planning, reporting, and monitoring obligations.

Assessing the EU's energy and climate governance framework is timely and necessary. It is politically important given the evolving geopolitical context and the pressing climate, economic, competitiveness, social and environmental challenges. An evaluation is a useful basis to help shape and implement the EU's future energy and climate policies, particularly in view of our ambitions for 2040 and 2050[6].

This report also identifies areas for improvement, including the potential to simplify and streamline reporting obligations, in line with the Commission's overall commitment to reduce such obligations by 25%[7].

The evaluation draws on a wide range of sources and was underpinned by an external evaluation carried out by consultants[8]**.** The findings are partly based on consultations with national authorities, civil society organisations, industry, a stakeholder event[9], views of the public received via a call for evidence[10], desk research, the Commission's assessments of NECPs[11] and of NECP progress reporting[12], a screening of planning,

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4 SWD(2024) 200

5 The overall evaluation has been conducted in line with the Commission's better regulation guidelines and is based on five standard evaluation criteria: effectiveness, efficiency, coherence, EU added value and relevance.

6 Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') sets out a binding objective of climate neutrality in the EU by 2050 and, with a view to achieving this, requires setting an EU-wide climate target for 2040 (Regulation – 2021/1119 – EN – EUR-Lex (europa.eu)). To this effect, in February 2024 the Commission recommended reducing the EU's net GHG emissions by 90% by 2040 relative to 1990 (EUR-Lex – 52024DC0063 – EN – EUR-Lex (europa.eu)).

7 Delivering today and preparing for tomorrow: the 2024 Commission work programme, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4965.

8 Support study for the evaluation of Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action – final report (forthcoming)

9 See: https://energy.ec.europa.eu/events/workshop-evaluation-governance-energy-union-and-climate-action-regulation-2024-01-11_en.

10 See: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13799-Energy-Union-and-climate-action-Review-report-on-the-Governance-Regulation_en.

11 2019 Commission EU-wide assessment of 2019 draft NECPs (COM/2019/285), https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1565713062913&uri=CELEX:52019DC0285; 2020 Commission EU-wide assessment of the 2020 final NECPs https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1600339518571&uri=COM%3A2020%3A564%3AFIN; 2020 Commission EU-wide assessment of the 2020 final NECPs (COM(2020) 564 final), https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1600339518571&uri=COM%3A2020%3A564%3AFIN; 2023 Commission EU-wide assessment of the 2023 draft updated NECPs (COM/2023/796 final), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A796%3AFIN.

12 Assessment of progress towards the objectives of the Energy Union and Climate Action, SWD (2023) 646 final, https://eur-lex.europa.eu/legal-content/RO/TXT/?uri=CELEX:52023SC0646.

reporting, and monitoring obligations under EU energy and climate law, and case studies in different Member States.

2. The EU's Energy and Climate Governance in an evolving policy and geopolitical context

The European and international energy and climate landscape has evolved significantly since the Regulation was adopted. On the one hand, this is the result of increasing impacts from climate change that have triggered major EU and international policy responses, including the European Green Deal, the European Climate Law, the 'Fit for 55' package, the EU's policy on climate risks and adaptation, as well as progress in implementing the Paris Agreement. The European Green Deal has also become the EU's new growth strategy, decoupling economic growth from resource use. On the other hand, EU energy and climate policies have evolved in response to the unprecedented crises triggered by the COVID-19 pandemic and Russia's war of aggression against Ukraine.

EU legislative developments have had major effects on the Regulation. Adopted in 2021, the European Climate Law made targeted amendments to the Regulation to incorporate the EU's climate-neutrality objective. The legislative changes by the Fit for 55 package also brought in new planning and reporting obligations, some of which are yet to be fully incorporated in the Regulation. The Commission's 2022 guidance on updating NECPs[13] encouraged Member States to increase the ambition of their plans in line with the Climate Law, the Fit for 55 package and the REPowerEU initiative[14].

Since the Regulation entered into force, major policy developments have also happened at international level. These include decisions on how to implement the Paris Agreement, such as through an 'enhanced transparency framework'. At COP 28, parties to the Paris Agreement undertook the first 'global stocktake'. They concluded that, while they are putting in place increasingly effective climate policies, urgent and additional action is needed. Parties also agreed to triple global renewable energy capacity and double the rate of energy efficiency improvements by 2030, as well as transition away from fossil fuels in energy systems. In addition, they created a Framework for Global Climate Resilience and launched the Belém work programme to establish climate adaptation indicators. They also committed to accelerate action to phase out inefficient fossil fuel subsidies that do not tackle energy poverty or vulnerable groups[15].

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13 Commission Notice on the Guidance to Member States for the update of the 2021-2030 national energy and climate plans (2022/C 495/02), Guidance to MS for updated NECPs 2021-2030 - European Commission (europa.eu).

14 REPowerEU is the EU's response to the hardships and global energy market disruption caused by Russia's invasion of Ukraine. It aims to diversify the EU's energy supplies, save energy and further promote renewable energy and energy efficiency whilst reducing emissions, see COM/2022/230 final (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN&qid=1653033742483).

15 Decision of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement - 1/CMA.5

The COVID-19 pandemic led to the creation of a ground-breaking European economic recovery instrument which also offered an opportunity to accelerate the EU's green transition. The *Recovery and Resilience Facility (RRF*), which is at the heart of the *NextGenerationEU (NGEU)* instrument and accounts for up to EUR 800 billion, requires Member States to allocate at least 37% of their national recovery and resilience plan (RRP) funding to measures contributing to climate objectives.[16] The RRF Regulation was amended in 2022 to enable Member States to add *REPowerEU* chapters to their RRPs and access additional funding to help end dependence on Russian fossil fuels before 2030. *REPowerEU* and emergency legislative initiatives mitigated the effects of the energy crisis for households and businesses in a coordinated manner.

This boost in funding combined with raised ambitions has accelerated the implementation of the energy and climate policies and measures that Member States had presented in their original NECPs adopted in 2020. Relevant actions supported by the RRF must now be reflected in the final updated NECPs that were due by 30 June 2024. The reverse is also true: existing NECPs played an important role in identifying areas for reform as well as funding for investment under the RRF.

The return of war to the EU's borders and the ensuing biggest energy crisis since the 1970s were an acute test of the EU's resilience. These events shone a spotlight on the importance of energy security, the need for diversified access to energy supplies and the necessity to promote renewable energy and energy efficiency. They also underscored the role of energy security in the broader context of economic resilience, heightened global competition and the need to ensure competitive access to raw materials and components to achieve climate neutrality by 2050.

The Regulation's governance mechanism has proven to be an agile framework to respond to these events. It has, for instance, enabled Member States to reflect the changing policy and geopolitical circumstances when updating their NECPs for the period 2021-2030. In the assessment of draft updated NECPs[17] the Commission concluded that, compared to the original NECPs, the draft updated plans substantially increased the level of ambition of energy and climate goals for 2030.

However, in light of the updated regulatory framework the assessment also revealed an ambition gap in the actions planned to reduce greenhouse gas emissions and boost renewable energy and energy efficiency. To close this gap – and tackle other shortcomings in the draft plans – the Commission issued recommendations to each Member State[18] that were to be taken into account when finalising the updated NECPs. The Regulation thus continues to steer energy and climate planning at a crucial juncture.

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16 NGEU and the EU's multiannual financial framework 2021-2027 together must spend at least 30% of their combined allocation on climate action (about EUR 600 billion).

17 2023 Commission EU-wide assessment of the 2023 draft updated NECPs (COM/2023/796 final), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A796%3AFIN.

18 See: National energy and climate plans (europa.eu).

3. IMPACT OF THE GOVERNANCE REGULATION

Effectiveness: delivering results on the ground.

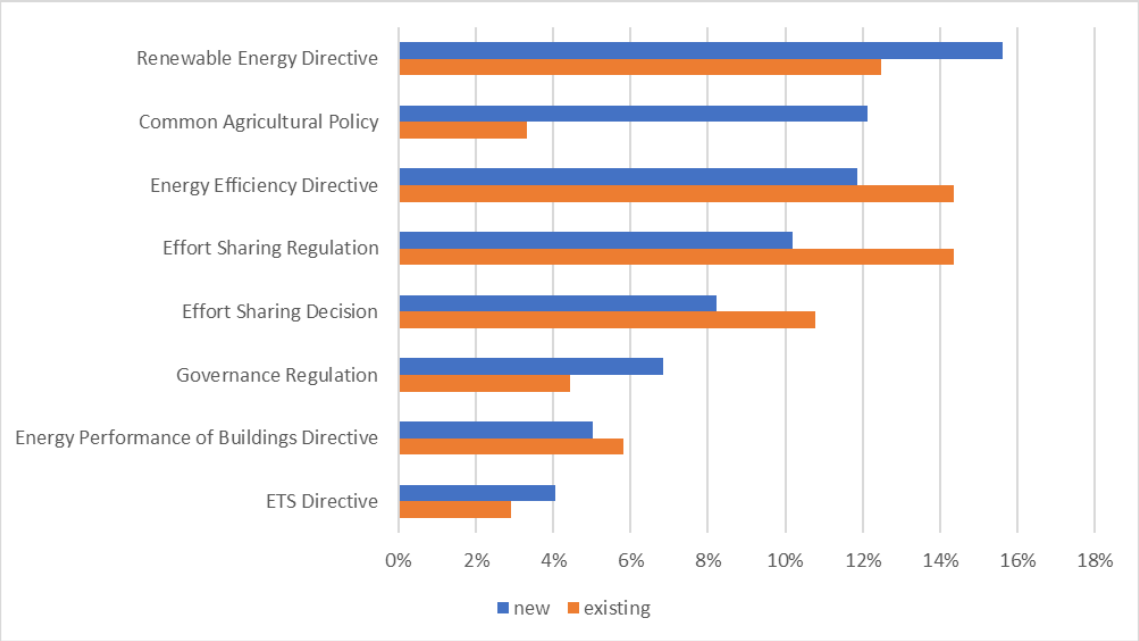
The Regulation has improved strategic planning, needed to achieve the EU's energy and climate 2030 targets and to pave the way to achieve climate neutrality by 2050. It merged multiple national sectoral action plans into one single, coherent NECP covering key sectors of the economy and guided by clear medium-term targets. In doing so, it has contributed to improving planning both within Member States - requiring ministries to step up cross-sectoral policy coordination - and between them by increasing cross-border regional cooperation, including on infrastructure projects.

Nonetheless, there are still considerable differences in the scope and quality of Member States' plans and strategies. There is also uneven political buy-in across Member States to the Regulation's NECP cycle. This is partly related to the continued use of different national planning frameworks, sometimes resulting in parallel planning procedures. Some stakeholders have argued that there is a misalignment in the sequencing for submitting LTSs and NECPs and have noted that the requirements to update LTSs after their adoption are less prescriptive than for NECPs.

Better planning and a more coherent policy framework have helped create a more predictable environment for investors, but issues remain. At the same time, the Commission's assessments of the draft (2019), final (2020) and draft updated NECPs (2023) all note the need for the NECPs to provide more detailed information and analysis on investment needs and funding sources. Likewise, to date many NECPs lack robust estimates of macro-economic impacts of planned policies and measures. Moreover, considering certain long-term investment cycles (e.g. in industry) the 10-year timeframe of NECPs may be too short; this underscores the importance of LTSs taking a 30-year perspective. Investors may also require more granular information (e.g. at regional and local levels).

The Regulation has contributed to the introduction of new climate and energy policies. Since the adoption of the first NECPs in 2020, Member States have reported a significant number of new policies and measures. For instance, in the 2023 national energy and climate progress reports (NECPRs) 29% of all measures were new. This shows that Member States have taken continuous action to achieve the 2030 climate and energy objectives. While several policies and measures have been introduced in direct response to the Regulation, many others are more indirectly linked to it, reflecting the Regulation's 'framework nature' which integrates obligations from other pieces of EU energy and climate legislation (Figure 1). At the same time, and as noted above, the Commission's December 2023 EU-wide assessment of the draft updated NECPs found that the implementation of energy and climate policies needs to be stepped up to achieve the (now more ambitious) 2030 targets. The NECPs also need to pay more attention to climate adaptation.

Figure 1. Share of policies and measures reported by Member States in their NECPR linked to EU policies and legislation



Note: New policies and measures are those put in place since the original NECPs. Source: Assessment of progress towards the objectives of the Energy Union and Climate Action, SWD (2023) 646 final.

The Regulation has improved the quality of information reported by Member States to some extent. Importantly, it has contributed to raising the quality of the EU's greenhouse gas inventory data and projections. The NECPR process has contributed to improving the completeness of information. However, there are still gaps and inconsistencies in the information reported in the progress reports. This also applies to the scope and quality of reported information on climate change adaptation measures (Article 19(1)).

Public access to data has also improved, for instance through requirements to collect and report data on new issues and to publish and consolidate information on an e-platform[19] established through the Regulation**.** However, although this data is publicly available, it is sometimes presented in a complex way that is not always readily understood.

The Regulation is an important step towards more effective public consultation and multi-level governance of energy and climate policy as it has specific legal requirements covering both aspects (Articles 10 and 11). Most Member States have organised public consultations on their draft updated NECPs and reported several initiatives to engage in national multi-level climate and energy dialogues with sub-national authorities and other stakeholders. However, Member States did not set up sufficiently early and inclusive public consultations, as required by the Regulation, or multi-level dialogues of sufficient

[19] The e-platform is an online platform (comprised of two systems: Reportnet managed by the European Environmental Agency and ReportENER managed by DG ENER) to facilitate communication between the Commission and Member States, promote cooperation among Member States and facilitate public access to information. The e-platform supports all Member States reporting under this Regulation.

quality. Part of the reason may be that the Regulation's provisions are not sufficiently precise or prescriptive. The links to the public involvement requirements under the Aarhus Convention or the Strategic Environmental Assessment (SEA) Directive[20] may also not be sufficiently clear. In some cases, a lack of national experience, problems linked to administrative structures and capacity and/or a lack of political support could also play a role.

The Regulation has had a mixed effect on improving the timeliness of reported information, with Member States frequently submitting the required plans and information after the legal deadline.[21] Delays appear to be partly caused by the need for more time to adjust to the process or by deadlines that are either too short or too close to one another (e.g. a reporting deadline in March 2023 followed by a June 2023 deadline for submitting draft updated NECPs). Diverging national or regional processes or planning cycles, as well as changes in government, have in certain instances also resulted in delays. In some cases, human resource constraints may also play a role. Delays pose a risk to the Commission's task of ensuring a comprehensive and timely overview to steer ambition and progress towards energy and climate objectives. Only four Member States submitted their final updated NECPs by 30 June 2024. In response, the Commission launched EU pilots to those Member States that did not submit final updated NECPs.

The Regulation's compliance mechanism is largely based on recommendations and other non-binding mechanisms. Although Member States must take recommendations into account, they are not binding. An external review of the Commission's assessments of the final NECPs in 2020 concluded that the majority (66%, or 378) of recommendations to Member States were either only partially addressed (53%, or 304) or not at all (13%, or 74)[22]. Some stakeholders expressed the criticism that, at best, infringement procedures are initiated in response to a Member State breaching procedural obligations (e.g. late submission of NECPs), not for a failure to achieve the targets set in sector-specific legislation. It should be recalled, however, that several pieces of EU energy and climate legislation include their own mechanisms to tackle insufficient implementation[23].

As it is still early in the implementation period, the Regulation's main legal instruments to close any gaps in ambition or delivery (Articles 31 and 32) have seen little use. Some stakeholders questioned the Commission's capacity to act if Member States fall short on ambition or delivery. However, the Commission's EU-wide assessment of the final NECPs during the 2019-2020 cycle did identify an ambition gap for energy

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20 Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32001L0042).

21 For more details see the accompanying SWD.

22 Support study for the evaluation of Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action – final report (forthcoming)

23 For instance, the Effort Sharing and LULUCF Regulations require the Commission to annually assess Member States' progress towards the national targets set under these regulations and Member States to submit a corrective action plan in case of insufficient progress (even though such mechanisms may rely on reporting and data review processes established by the Governance Regulation).

efficiency. To bridge this gap, the Energy Efficiency Directive[24] and the Energy Performance of Building Directive (EPBD)[25] were revised as part of the Fit for 55 package. In the ongoing process to update the NECPs the Commission is closely following up on the risk of ambition gaps appearing. With regard to delivery, due to the time needed to consolidate energy and climate data, any substantial gaps will only become apparent in progress assessments further in the implementation period.

The Regulation has stimulated regional cooperation between Member States to some extent. The Commission's EU-wide assessments of the draft (2019), final (2020) and draft updated NECPs (2023) generally found that Member States had properly identified the need for regional cooperation, with some making use of regional fora such as the high-level groups set up by the Commission[26]At the same time, the assessments revealed an uneven use of regional consultation in preparing the NECPs and varying levels of detail on the measures that Member States plan to implement together with other Member States. One specific example of cooperation between Member States is the way in which Finland and Luxembourg have used the Renewable Energy Financing Mechanism (REFM) as a delivery mechanism to avoid a gap in Luxembourg's share of renewable energy. The REFM is still at an early stage of implementation and there is untapped potential. Planned future tender(s) indicate that use of this mechanism could scale up.

Efficiency: simplification and rationalisation

By streamlining, merging, and simplifying energy and climate policy obligations, the Regulation represents an important step towards reducing costs and improving policy coherence. Streamlining took the form of integrated plans (NECPs), strategies (LTSs) and progress reports (NECPRs), the merging of related EU and international obligations into one Regulation[27] and the outright deletion of others. In the impact assessment underpinning the Commission's initial legislative proposal, this policy streamlining was estimated to result in a 5% annual reduction in direct reporting costs under all pieces of EU energy legislation compared to the baseline[28].

At the same time, merging a wide range of planning and reporting obligations into one regulation also concentrates costs from across other pieces of legislation. Based

[24] Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AJOL_2023_231_R_0001.

[25] Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (recast), Directive - EU - 2024/1275 - EN - EUR-Lex (europa.eu)

[26] The Commission has set up four high-level groups to provide strategic steering and policy guidance on regulatory and infrastructure development and to monitor progress on projects of common interest in priority regions: the North Seas Energy Cooperation (NSEC), Interconnections for South-West Europe, the Baltic Energy Market Interconnection Plan (BEMIP), and Central and Southeastern Europe Energy Connectivity (CESEC).

[27] This did not directly reduce the administrative burden of these (largely unchanged) reporting obligations but reduced the legislative complexity by bringing the obligations under one instrument.

[28] Commission staff working document, impact assessment accompanying the proposal for a regulation of the European Parliament and the Council on the Governance of the Energy Union. See https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=SWD:2016:394:FIN.

on information collected by the Commission and national authorities for the support study[29], the one-off costs resulting from these obligations are estimated at between EUR 7.8 million and 10.5 million for the 27 Member States combined, and EUR 1.1 million for the EU (Commission and European Environment Agency (EEA)). The annual recurring costs are estimated between EUR 13.9 million and EUR 19.5 million for the 27 Member States combined and EUR 3.8 million for the EU. While it is not possible to give a quantitative estimate of the direct savings achieved by the Regulation, the streamlining has delivered some savings, as envisaged in the original impact assessment.

The Regulation also produces efficiency benefits that cannot be quantified. Merging multiple strategic planning documents into a single NECP with a streamlined process and prescribed templates should, at least over time, help reduce the administrative burden. The integrated approach to reporting on progress in the NECPRs also enhances both the efficiency and quality of the reporting process. These advantages, albeit difficult to quantify, hold substantial value, particularly to the extent that better data and more coherent planning improve policy making in the long run.

By further streamlining substantive and process aspects more can still be done to reduce the administrative burden associated with energy and climate policy planning and reporting. Despite the Regulation's efficiency benefits, many of the national authorities consulted considered that implementing the Regulation required an increase in financial and human resources. Besides the need for more cross-service coordination and data compilation, this may stem from national policy planning often not being fully aligned with the Regulation, thus resulting in parallel processes. However, stakeholders (especially national authorities) acknowledged that there is a learning curve and tended to expect that the administrative burden will ease over time as output expectations, tools and templates are fine-tuned.

Certain factors may influence the Regulation's perceived impacts on administrative costs. For instance, since the Regulation was adopted, energy and climate policies have increased in terms of scope, ambition, complexity, and political salience, with knock-on effects on planning and reporting requirements. The current NECP/R cycle reflects some of these policy changes, either by way of legal amendments or in the form of guidance[30].

The Regulation has also made reporting more efficient by increased digitalisation, notably with the EU investing EUR 5 million in creating a dedicated e-platform. The use of digital templates and quality assurance procedures greatly contributed to the comparability of reported data and to the ease of data reuse. The e-platform is also progressively being used to integrate obligations from outside the Regulation, generating substantial cost savings and synergies. The platform has significantly reduced the burden

[29] See Section 4.1.10 and Annexes II and IV to the staff working document.

[30] Commission Notice on the Guidance to Member States for the update of the 2021-2030 national energy and climate plans (2022/C 495/02), EUR-Lex - 52022XC1229(02) - EN - EUR-Lex (europa.eu).

on the Commission to manage reporting periods, analyse reported data and make data available for reuse.

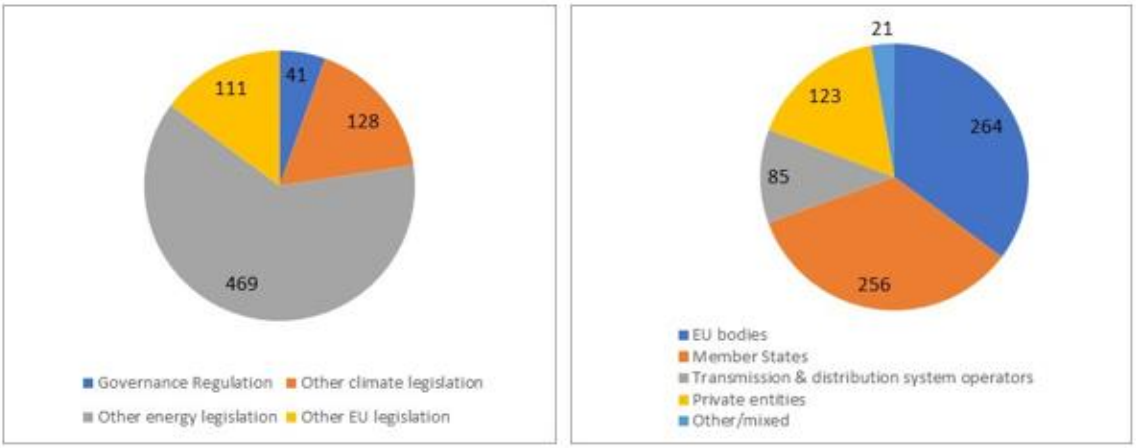
While this is a clear step forward, the platform could be made more user-friendly and less complex. Technical assistance and tutorials provided by the Commission and the EEA were deemed particularly useful by those national authorities involved in the reporting process. However, the co-existence of two different reporting platforms (ReportNET3 and ReportENER) has attracted criticism from some national authorities and stakeholders.

Stakeholders recognised that streamlining is a continuous process and recommended exploring how a better balance can be found between the volume and level of detail required in the planning, reporting, and monitoring obligations on the one hand, and the essential information needed for the EU to meet its targets on the other.

The Commission is already taking action to tackle the administrative burden. It made a commitment to reduce the administrative burden of reporting obligations under EU law by 25% without undermining key policy objectives[31].

The Commission has conducted an AI-assisted in-depth screening of planning, reporting, and monitoring obligations under EU energy and climate law, also paying attention to links between those obligations and sustainability-related reporting obligations in other policy areas. In total, it screened over 700 obligations[32], 41 of which fall under the Regulation (Figure 2).

Figure 2. Planning, reporting, and monitoring obligations in EU energy and climate law and related policy areas – per legislative area and per responsible entity



Based on this screening process, the Commission identified several key actions in the rationalisation plans to identify new measures to reduce reporting burdens, including

[31] COM(2024) 163 final, *The Clean Transition Dialogues - stocktaking a strong European industry for a sustainable Europe*, edc7b551-6b25-42ab-b36c-d9af7d4654e9_en (europa.eu).

[32] A 'reporting requirement' is a requirement stemming from EU legislation that obliges Member States authorities, private organisations and/or public organisations to provide structured or unstructured data (qualitative or quantitative) to competent authorities at EU or national level.

repealing reporting obligations on oil stocks[33], reviewing the security of gas supply legislation[34], and tertiary legislation under the gas and electricity internal market legislation and the Regulation on Wholesale Energy Market Integrity and Transparency[35]. This is complemented by several support measures to ease compliance. The rationalisation plans also noted the possible revision of the Regulation as a means to further improve efficiency.

Coherent and consistent energy and climate policies

The Regulation is an internally coherent, unified framework bringing together multiple planning, reporting, and monitoring obligations that were previously scattered across several pieces of EU legislation. Nonetheless, some inconsistencies remain, largely due to the complexity of merging numerous obligations into a single framework. Areas where there is longstanding expertise in planning and reporting (such as greenhouse gas emissions, renewable energy, and energy efficiency) are commonly more developed than newer, more cross-cutting policy areas such as the energy efficiency first principle or energy poverty. It is expected that the Regulation and its iterative design – supported by implementing regulations, Commission guidance for the NECP update cycle and expert meetings – will promote learning-by-doing. Subsequent plans and reports should achieve greater convergence and integration.

The Regulation has also improved coherence between EU energy and climate legislation and other related pieces of EU law, as well as with international agreements. The Regulation includes common rules for planning, reporting, and monitoring international agreements that, among other things, help Member States meet their obligations under the UNFCCC and the Paris Agreement. Nevertheless, some updates to the Regulation are needed to ensure full alignment with recently agreed international rules and processes.

The Regulation is not yet fully coherent with new or updated EU energy and climate legislation. Notably, it does not yet fully reflect related new or revised reporting obligations resulting from the Fit-for-55 package. For instance, it has yet to integrate the process established under Article 4(5) of the EED recast to set the national contribution for energy efficiency or the related iterative gap-filling mechanism under Article 4(6).

Coherence between NECPs and plans under EU funding programmes also merits attention. For instance, in the final updates of their NECPs Member States should provide more detail on synergies with their national common agricultural policy strategic plans and on relevant measures and reforms in their national recovery and resilience plans and

[33] Under Article 6(2) and 9(4) of Council Directive 2009/119/EC (Directive - 2009/119 - EN - EUR-Lex (europa.eu)) & Article 26(1)a) of Regulation (EU) 2018/1999 (Regulation - 2018/1999 - EN - EUR-Lex (europa.eu)

[34] Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 (Regulation - 2017/1938 - EN - EUR-Lex (europa.eu)).

[35] Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency Text with EEA relevance (http://data.europa.eu/eli/reg/2011/1227/oj).

REPowerEU chapters. Inconsistencies between the commitments made in the draft updated NECPs and interim regional commitments on fossil-fuel phase-outs made in the adopted territorial just transition plans should also be addressed.

There is also scope to enhance coherence and synergies with other policy areas, including on environment (e.g. air quality, circular economy, water, and biodiversity), agriculture, transport, industry and macro-economic policy.

Relevance and added value for an Energy and Climate Union

The Regulation has provided EU added value by improving consistency and coordination of Member States' energy and climate policies. It provides EU added value by setting out a framework and mechanisms to support more consistent and coordinated national energy and climate policies and provide clearer signals to investors, essential requisites to achieve the EU's collective energy and climate objectives and targets for 2030 and beyond.

By requesting the publication of additional data and reports, the Regulation has provided information at EU or national level that would not otherwise be available. It has increased the predictability and transparency of Member States' energy and climate policies by creating a comprehensive, integrated governance framework. This is underpinned by standardised planning, reporting, and monitoring processes and deadlines, greater coordination, and public access to information.

The Regulation has improved accountability to some extent by extending planning and reporting obligations to additional areas, improving public accessibility of data, and creating an iterative process that enables the Commission to assess the quality and ambition of Member States' plans.

Some stakeholders have criticised the Regulation for lacking clear, harmonised, and effective access to justice rights to challenge NECPs and LTSs in front of national court**s** if they fail to meet participatory requirements or contravene environmental legislation. They argue this contributes to inconsistent application across the EU and undermines compliance with the Aarhus Convention, which allows for better public scrutiny of acts affecting the environment. Although the Regulation clearly states that the consultations conducted on the plans should be, where applicable, in accordance with the provisions the SEA Directive, some stakeholders argued that further clarity is desirable to ensure access to justice rights in all Member States.

More than 5 years after the Regulation's adoption, its main objectives remain highly relevant and are likely to become even more so. The socio-economic, environmental, and geopolitical challenges of the past years, coupled with the increasing urgency to tackle climate change and boost our climate resilience, are reshaping policy priorities. They have illustrated the need to step up coordination between Member States and in the EU to meet increasingly ambitious and challenging climate and energy objectives, tackle energy security, affordability and just transition concerns, foster research and innovation by means

of attracting investment and bring about a genuine Energy Union. A robust, simplified, and agile governance framework will continue to be a key tool to enable the EU to meet these objectives.

4. CONCLUSIONS AND LESSONS LEARNED

Since the Regulation entered into force in December 2018, it has made energy and climate planning and reporting more coherent, integrated, and simpler. It has proved its added value in a quickly evolving context including increasingly ambitious and cross-cutting energy and climate policies and legislation, the COVID-19 pandemic and the energy crisis triggered by Russia's war of aggression against Ukraine. The Regulation has played an important role in putting the EU on track to meet its energy and climate objectives and targets for 2030 and beyond in a more efficient way. The final updated NECPs will be a key tool to deliver on these objectives.

Although the overall policy framework created by the Regulation continued to deliver even under changing circumstances, this evaluation highlights that there are areas for further improvement. It provides insights that will feed into the ongoing implementation and possible revision of the Regulation.

The Regulation needs to help the EU meet a set of widening and increasingly ambitious energy and climate objectives beyond achieving its 2030 targets. At the same time as ensuring regulatory stability and maintaining our 2030 ambitions, which are fundamental for clean transition investments to materialise, the Regulation should provide a basis to shape and implement energy and climate policies in line with our ambitions for 2040 and 2050. Its governance mechanism must help accelerate the transition to climate neutrality. It must also factor in competitiveness, energy security and energy resilience, tackle challenges across the supply chain for clean and net zero technologies, incentivise the phase-out of fossil fuels and fossil fuel subsidies, tackle energy poverty and just transition concerns, factor in skills and jobs aspects, and put a greater emphasis on climate adaptation considerations taking into account the recent European Climate Risk Assessment[36]. This calls for a further strengthening of the EU's energy and climate governance to address remaining fragmentation, gaps, and uncoordinated national approaches.

In line with the Commission's commitment to reduce the administrative burden from reporting obligations by 25%, there are options to further simplify and rationalise the Regulation, including through digitalisation. The options include a further streamlining of NECPs and NECPRs, continue aligning reporting to requirements under the Paris Agreement and its enhanced transparency framework, removing reporting on oil stocks[37] as well as expanding and improving the functionality of the e-platform, for instance to enable more effective data reuse. Additional options are also worth assessing, such as exploring the scope to improve synergies and coherence with, and the integration

[36] EEA Report 01/2024, European Climate Risk Assessment (European Climate Risk Assessment — European Environment Agency (europa.eu)).

[37] Article 26(1)c of the Governance Regulation.

of, other areas of EU legislation and the EU's international obligations to achieve additional efficiency gains. To what extent broadening the Regulation's scope to cover policy areas beyond energy and climate would help achieve further efficiency gains merits careful consideration.

Ensuring that future NECPs are true green transition investment plans requires greater certainty under the Regulation for public and, in particular, private investment at all levels. The main planning instruments under the Regulation must better identify investment needs and funding sources at EU, national and regional level, give stronger signals and provide better data to investors, and highlight the economic opportunities and implications of the energy and climate transitions. Starting with the final updated plans that Member States were due to adopt by 30 June 2024, NECPs should be the blueprint to ensure that the EU achieves its ambitions and objectives for 2030 and beyond.

Improving compliance would help meet the Regulation's objectives. The European Climate Law and sector-specific legislation have set the EU's overall ambition, objectives, and targets. However, challenges remain in terms of the timely submission of plans, reports of sufficient quality, and effective implementation. How compliance can be enhanced concretely merits further reflection.

There are several areas where consistency could be improved. They include the relation between LTSs and NECPs as well as, in the context of the EU's economic governance framework, between NECPs and national budgets. Also, although the Regulation is the main instrument for Member State reporting on climate adaptation action, it lacks indicators to track progress in this area. In addition, the Regulation may not sufficiently reflect sector-specific aspects (e.g. decarbonisation needs in industry, transport, and buildings) to trigger the necessary action.

Meeting the EU's mid and long-term energy and climate objectives requires increasing engagement by, and cooperation with and between, Member States, regional and local authorities, industry, the financial sector, social partners, and civil society. There is a need to take a genuinely collaborative approach based on consultation, information sharing, exchanges of good practices, technical assistance, and coordination. A more political and streamlined approach to regional cooperation could improve joint work on cross-border projects, including projects to build the infrastructure needed for the energy transition to net zero[38], and to encourage smart specialisation among Member States.

[38] See Enrico Letta, Much More than a Market: Speed, Security, Solidarity. Available here: much-more-than-a-market-report-by-enrico-letta.pdf (europa.eu).