

**Opinion of the European Economic and Social Committee on ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions United in delivering the Energy Union and climate action — Setting the foundations for a successful clean energy transition’**

(COM(2019) 285 final)

(2020/C 47/15)

Rapporteur: **Tommaso DI FAZIO**

Referral	Commission, 22.7.2019
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted in section	16.10.2019
Adopted at plenary	30.10.2019
Plenary session No	547
Outcome of vote (for/against/abstentions)	219/0/1

## 1. Conclusions and recommendations

1.1. The EESC welcomes the initiative of the European Commission (EC) to launch the assessment of the draft National Energy and Climate Plans (NECPs) submitted by the Member States, thereby following up on the new governance model launched by the Council and the Parliament in December 2018 and aimed at ensuring (together with the Member States, regional and local authorities, organised civil society and the public) a process of convergence and consistency of action at European level for the transition to clean energy and climate protection through a multilevel interactive dialogue which fully involves civil society and public and private entities at local and regional level.

1.2. The EESC welcomes the fact that the EU is the first major global economy to adopt, through specific National Energy and Climate Plans, a legally binding framework to deliver on its 2015 commitments under the COP21 Paris Agreement and the UN 2030 Agenda, under which the Member States have been called on to draw up proposals for ‘integrated’ National Energy and Climate Plans.

1.3. The EESC is pleased that the EU is thus becoming a legislative and governance benchmark for the entire planet in the fight against the constant and absolutely worldwide deterioration in the state of the climate. It will only be possible to meet the 2030 climate objective, which lays the groundwork for the more ambitious — and necessary — 2050 objective of total decarbonisation, through multi-faceted, guided and concerted efforts by all the Member States.

1.4. The Committee strongly supports the launch of a shared, robust and harmonised platform to eliminate the compartmentalisation (between policies and sectors, between public administrations, stakeholders and citizens and between countries) and map common paths towards the 2030 objectives with sustainable and competitive development, climate neutrality, a gradual decarbonisation process and an integrated and systemic approach. The Committee believes that the success of the plans can best be ensured if it is unanimously shared by the population through a bottom-up process of involvement.

1.5. It is essential and a priority, the EESC believes, to nurture a widespread culture of sustainability that will support the process of energy transition and climate neutrality, be broadly disseminated in the education and training system at all levels from childhood on, and result in the proactive and conscious participation of all parts of society: it is crucial, in the EESC's view, to recommend that initiatives to this end be an integral part of the NECPs.

1.6. The Committee considers that a human-centric transition must be recommended in the NECPs towards a more inclusive, sustainable, cost-effective, fair and safe global energy system. This system should provide solutions to the global energy and climate challenges based on social consensus, but also on creating value for businesses and society without jeopardising the energy triangle of security and access, environmental and social sustainability, and economic development and competitive growth.

1.7. In the EESC's view, completing the European energy market, which is not yet fully interconnected, interoperable and transparent and still has major gas and electricity price differentials, must be another priority recommendation, accompanied by commitments to full implementation and frequent checks to ensure that the legislation has been properly implemented.

1.8. The energy and transport sectors' contribution to decarbonisation should, the EESC feels, be developed on the basis of consumer incentives and through the promotion of the distribution of technologies which are key to reaching the zero emissions target by 2050. The EESC recommends that special strategies be adopted for high energy intensity industries and regions — including through the use of ETS and carbon market mechanisms in LULUCF — that should be explicitly included in the NECP, along with reforms to be put in place to deliver a decarbonised wholesale market which is better able to integrate the electricity, gas and thermal energy sectors, as well as a more transparent European retail market. The EESC recommends particular attention be paid to the fair application of the ETS to competitiveness, by introducing an appropriate carbon border tax for high energy content products imported into the EU.

1.9. The EESC agrees with the EC's assessment that the plans are key to ensuring that all parties involved deliver on the common 2030 climate and energy targets, provided that they give businesses and the financial sector the necessary and predictable clarity and certainty to stimulate investment across Europe, including for research and innovation, in order to boost the EU's competitiveness in the sector. The national plans should also help the Member States to programme funding — around 25 % of the total budget — under the next financial framework for the 2021-2027 period.

1.10. The Committee stresses the importance of recommending more clarity in NECPs when it comes to the additional investment amounts needed to implement planned measures that require a broad political and social consensus, together with platforms that encourage multi-stakeholder collaboration and agreement. With regard to investments planned under NECPs, the EESC believes an assessment should be made of the ways and means by which these can be removed from the constraints of the Stability Pact, or even given separate treatment, in view of their neutral purpose, the cross-cutting nature of the participation and the lofty common objective to be achieved.

1.11. The EESC recommends particular attention be given to the social consensus and to responses to the problems that will arise in the implementation of the plans, especially where pursuit of the clean energy objective will involve restructuring or even the closure of entire sectors of production. The arrangements for the relocation of workers should be set out in the plans themselves.

1.12. The EESC recommends that the Commission check that all the Member States explicitly include chapters in the NECPs on the social sustainability of the processes that will be implemented, as well as on the implementation policies for promoting inclusive growth, fair distribution of costs and benefits and clear, transparent information for civil society.

1.13. The Committee would consider it useful to recommend mobilising the network of economic and social councils and equivalent bodies in the Member States for the proactive participation of organised civil society in the development and monitoring of NECPs, the role of which should be set out in a dedicated chapter in the plans, together with the comments of public and private stakeholders at local and regional level.

1.14. The EESC asks the EC that the final assessment of the definitive NECPs be submitted to the Council, the Parliament, the Committee of the Regions and the EESC itself, the desire being for it to be the subject of an inter-institutional conference involving representatives of civil society and local and regional authorities, in order to ensure effective follow-up to the real state of knowledge and awareness of the energy and climate transition process.

1.15. The EESC also thinks that NECPs must provide for appropriate actions and funds for continuing awareness-raising and refresher campaigns to make sure the media do not let their guard and attention slip when information overload edges the energy and climate issue off the front pages.

1.16. The agreement that has now been reached on the importance of the climate target and the need to implement the National Energy and Climate Plans is such that, in the EESC's view, the issue merits being one of the main arguments propounded throughout the entire course of the European Semester.

## 2. Introduction

2.1. In line with the legislative framework for the Energy Union and the rules on climate action which came into effect on 24 December 2018 <sup>(1)</sup>, the EU countries have undertaken to:

- develop NECPs covering the five dimensions of the Energy Union — energy security, the internal energy market, energy efficiency, decarbonisation, R&I and competitiveness — for the 2021-2030 period (and each successive ten-year period), based on a common model,
- submit a draft NECP to the European Commission by 31 December 2018 and, once the Commission has reviewed and assessed the draft, be ready to submit the final plans by 31 December 2019,
- report back on progress made in implementing their respective NECPs in the annual steps on the state of the Energy Union, with the first review of the NECPs scheduled for 2024.

2.2. The communication considered in this opinion is part of this framework and sets out the EC's recommendations based on the assessments of the draft NECPs submitted by the Member States, which focus on:

- the level of ambition in the objectives set, targets and contributions to the joint efforts to achieve the objectives of the Energy Union, particularly the EU's 2030 greenhouse gas reduction targets for renewable energy and energy efficiency and the extent to which electricity grids will be interconnected by 2030,
- policies and measures relating to the objectives set by the Member States and the EU and the other policies and measures with a potential cross-border dimension,
- any additional policies and measures which may be necessary in the integrated national energy and climate plans,
- interactions and consistency between the policies and measures currently in force and those planned in the NECPs, both within a single dimension and between the five dimensions of the Energy Union,
- working towards the objectives while safeguarding competitiveness and social fairness.

2.3. Regarding renewables, the EC's recommendations to the Member States are based on a formula set out in Annex II to Regulation (EU) 2018/1999 which, in turn, is based on objective criteria. The recommendations aim, on the one hand, to assess the overall level of ambition at EU level and, on the other, to guarantee that every Member State involved will have sufficient time to build adequate social consensus and proceed with the final NECPs which, following a formal iterative process, will again be analysed and assessed by the Commission.

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<sup>(1)</sup> 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, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

### 3. The Commission communication

#### 3.1. The EC has drawn up this communication which:

- analyses the draft NECPs and looks at their aggregated effects in reaching the 2030 Energy Union objectives,
- complements the detailed analyses at national <sup>(2)</sup> and European level <sup>(3)</sup> and the specific recommendations addressed to each Member State <sup>(4)</sup>.

The aim is to help the Member States finalise their NECPs by the end of 2019, with a view to implementing the recommendations through ongoing iterative dialogue.

The Commission has stated that further fine-tuning will be needed by and with the Member States, particularly with regard to individual objectives, cross-border cooperation, the link between climate policy and air quality, a better focus on investments, competitiveness and social fairness.

#### 3.2. According to the Commission, the final plans need to:

- include more detailed information on the policies and measures designed to deliver in good time on the objectives and contributions proposed for renewable energy,
- be more robust and indicate clearer energy consumption trajectories, identify gaps and best practice, the scale, the timeframe and expected energy savings in the planned policies and measures, particularly as regards the implementation of energy saving obligations and the long-term renovation strategy, along with investment needs and funding sources,
- identify in the NECPs energy supply risks, such as those associated with raw material supply, the impact of climate change or accidental, natural, man-made or terrorist threats to critical energy infrastructure, particularly risks relating to cybersecurity and digitalisation,
- stipulate the objectives, programmes and timelines for energy market reforms in line with the legislation adopted under the Clean Energy for all Europeans package and with existing network codes and guidelines. This must include support for the reforms in wholesale markets and the development of competitive retail markets, and take into account monitoring reports by national regulators and the Agency for the Cooperation of Energy Regulators,
- involve all sections of society in this process as part of a co-creation exercise which should enable stakeholders to feel that they have a real stake in this matter.

### 4. General comments

4.1. The EESC welcomes the Commission communication, which aims to **introduce a new model** which will ensure — together with the Member States, regional and local authorities, organised civil society and individual Europeans — that a process of **convergence and consistency of action at European level** underpins the transition towards clean energy, sustainable and competitive development, decarbonisation and an integrated, systemic and technologically neutral approach, the circular economy as a lever for innovative solutions for climate change, and social fairness based on the European energy pact <sup>(5)</sup> which places consumers at the centre of the system, with a plan to combat energy poverty.

<sup>(2)</sup> SWD(2019) 211; SWD(2019) 225; SWD(2019) 214; SWD(2019) 275; SWD(2019) 229; SWD(2019) 277; SWD(2019) 230; SWD(2019) 261; SWD(2019) 262; SWD(2019) 263; SWD(2019) 224; SWD(2019) 264; SWD(2019) 223; SWD(2019) 265; SWD(2019) 228; SWD(2019) 266; SWD(2019) 267; SWD(2019) 268; SWD(2019) 227; SWD(2019) 226; SWD(2019) 281; SWD(2019) 272; SWD(2019) 273; SWD(2019) 271; SWD(2019) 274; SWD(2019) 276; SWD(2019) 278; SWD(2019) 279.

<sup>(3)</sup> SWD(2019) 212.

<sup>(4)</sup> C(2019) 4401; C(2019)4402; C(2019) 4403; C(2019) 4404; C(2019) 4405; C(2019) 4406; C(2019) 4407; C(2019) 4408; C(2019) 4409; C(2019) 4410; C(2019) 4411; C(2019) 4412; C(2019) 4413; C(2019) 4414; C(2019) 4415; C(2019) 4416; C(2019) 4417; C(2019) 4418; C(2019) 4419; C(2019) 4420; C(2019) 4421; C(2019) 4422; C(2019) 4423; C(2019) 4424; C(2019) 4425; C(2019) 4426; C(2019) 4427; C(2019) 4428.

<sup>(5)</sup> COM(2015) 80 final and OJ C 345, 13.10.2017, p. 120.

4.2. The EESC points out that there has always been strong and growing support <sup>(6)</sup> by EU citizens for Energy Union objectives and more ambitious climate and energy policies, as well as growing support for Energy Union objectives from Europe's business sector <sup>(7)</sup>, both inside and outside the energy sector. Furthermore, the EESC is pleased <sup>(8)</sup> that the regulation on the governance of the Energy Union and climate action has come into force and has **called on organised civil society to be as active as possible so as to ensure that this regulation is implemented properly.**

4.3. The EESC considers that 'There is an urgency to take action on climate change, since we are already feeling its impact. The transition towards a sustainable economy is also an opportunity. **To succeed in this transition we need to maintain the competitiveness of our enterprises and encourage R & D.** We must include all sectors and civil society, and maintain a permanent citizens' dialogue to avoid anybody being left behind' <sup>(9)</sup>.

4.4. The EESC stresses just how important is the EU's commitment, as confirmed at the highest political level by the Sibiu Declaration <sup>(10)</sup>, to be a **responsible world leader in the fight against climate change, in protecting citizens and the environment and in upholding the principle of fairness.**

4.5. The EESC endorses the principle whereby 'The draft NECPs offer a common, solid and comparable **platform to engage and discuss across the Union with civil society, business, social partners and local governments** the Union's common challenges and long-term priorities in the field of energy and climate' <sup>(11)</sup>.

4.6. However, **social consensus** should be a **priority**, particularly considering that some EU regions which are still dependent on coal mining or the use of other fossil fuels are still far from completing the transition to sustainability, and that the incomes and economic opportunities of the people living there are below those of people in other Member States. Failure to provide adequate answers to the negative impact of the energy transition on people and businesses, particularly SMEs, and the inability to provide adequate support to those hardest hit **can lead to strong political and social resistance and slow down the overall process** of implementing the NECPs.

4.7. The EESC considers that a **human-centric transition towards a more inclusive, sustainable, cost-effective, fair and safe global energy system** should therefore be recommended. This system should provide solutions to the global energy and climate challenges, **creating value for businesses and society** without jeopardising the energy triangle of security and access, environmental and social sustainability, and economic development and competitive growth.

4.8. Top of the list of recommendations — for the European institutions themselves as well as for the Member States — should be **completing the European energy market.** This is still not fully linked up, interoperable and transparent, with marked differences in gas and electricity prices due either to the energy component or to grid and distribution fees and taxes. The EESC is disappointed that energy prices still differ widely across the EU; this is symptomatic of serious shortcomings in the single market and, if the appropriate corrective measures are not taken, could undermine our chances of achieving the 2030 Energy Union objective.

4.8.1. The EESC therefore calls on the Commission and the Member States to ensure that the NECPs include commitments to **fully implement the legislation and to carry out frequent checks to ensure that it has been implemented properly** in the interests of both businesses and consumers as part of a renewed strategy to complete the single market by 2025. This should be capable of tackling the global challenges of sustainable competitive growth and climate in a modern environment which is smart, digitalised and interconnected across the entire continent.

<sup>(6)</sup> See Special Eurobarometer 459 report on 'Climate Change', March 2017.

<sup>(7)</sup> See Union of the Electricity Industry — Eurelectric and B Team Initiative.

<sup>(8)</sup> See OJ C 353, 18.10.2019, p. 96.

<sup>(9)</sup> EESC president, Luca Jahier at the seminar on *Concrete measures to combat climate change in the new EU term 2019-2024*, 6 June 2019, Helsinki (<https://www.eesc.europa.eu/en/node/71384>). In addition, 'Energy prices which are increasing faster than household budgets, income inequality across Europe and the costs incurred by the energy transition (decentralisation and digitalisation of electricity and gas markets) determine the degree to which energy poverty is present in a society', as pointed out in TEN/694 (not yet published in the OJ).

<sup>(10)</sup> Declaration of Sibiu, informal meeting of the Heads of State and Government, Sibiu (Romania), 9 May 2019.

<sup>(11)</sup> COM(2019) 285 final.

4.8.2. The EESC considers that support should be recommended in order to deliver a **decarbonised wholesale market which is better able to integrate** the electricity, gas and thermal energy sectors, as well as a **more transparent European retail market** which enables people and businesses to really reap the benefits of energy and climate sustainability measures, in terms of consumption and lower costs on the EU market, by enabling them to make fully informed choices.

4.9. The recommendations regarding the energy sector's contribution to **decarbonisation** should, the EESC feels, be developed on the basis of **consumer incentives and the promotion of the distribution of technologies** which are key to a climate neutral economy, with a view to reaching the zero emissions target by 2050. The European Commission should in this respect explicitly recommend **special strategies for high energy intensity industries**, such as the chemicals, steel, cement and paper industries, as well as for high carbon intensity regions, encouraging and providing incentives for them to switch over to using more energy efficient technologies.

4.9.1. It is essential that high energy intensity industries are supported effectively by the EU and their national governments: one way is to improve the ETS State aid Guidelines. The EESC considers that 'as an instrument for reducing the EU's energy emissions, the EU's Emissions Trading System (EU ETS) should provide a carbon price signal while also boosting sustainable investment in new low-carbon technologies' <sup>(12)</sup>, including via the Innovation Fund financed under the EU ETS.

4.9.2. The EESC considers that **decarbonising transport**, which currently accounts for 90 % of the oil used, will require a gradual shift to alternative, zero-impact fuels, with appropriate infrastructure and **greater energy efficiency** which makes the most of digital technologies and smart pricing and encourages multi-modal integration and more sustainable transport modes.

4.9.3. The **construction** industry is responsible for 40 % of energy consumption and around 15 % of greenhouse gas emissions; EU rules on and incentives for energy efficient buildings need to be implemented fully. **Investments are also needed in smart electricity grids** in order to integrate and optimise the use of various types of renewable energy and sustainable generation, storage and distribution technologies. **Consumption of renewable energy at the place of production** must be encouraged by means of specific legislative stimulus measures built into an appropriate regulatory framework.

4.10. The EESC endorses the Commission's encouragement for fully implementing, in the context of the NECPs, the EU rules adopted in May 2018 <sup>(13)</sup> on **land use, land use change and forestry** (LULUCF) <sup>(14)</sup>, whereby the Member States are required to offset greenhouse gas emissions produced as a result of land use by ensuring that forests absorb an equivalent amount of CO<sub>2</sub> between 2021 and 2030. The sector can still act to increase carbon capture. As the EESC has pointed out, 'Active and sustainable forest management and the resource-efficient use of wood are key elements in achieving the climate targets' <sup>(15)</sup>.

4.11. As regards **security**, the EESC endorses the recommendations for a resilient European energy system which makes full provision for both **supply and emergency stockpiles**, and **cybersecurity**. IT security is key for guaranteeing a safe transition in the EU towards a decarbonised, decentralised, digitalised and integrated energy system.

4.12. We need to tackle the challenges and risks identified for the energy sector head on, both at EU level by promoting the role of the European Union Agency for **Cybersecurity** (ENISA), and by means of recommendations to the Member States for harmonised approaches to cybersecurity in order to reduce the risk of weak links in an increasingly interconnected European grid system. This will ensure that all stakeholders are aware of attacks and that there is a common response to cybersecurity threats, as the EESC has already emphasised <sup>(16)</sup>. The entire energy system is highly digitised so as to guarantee permanent stability and balance; a cyber attack could compromise or cause a blackout in specific small areas or even across large regions. An unfortunate but always possible targeted hacker attack could even lead to geopolitical issues.

<sup>(12)</sup> EESC opinion on the 'Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments' (COM(2015) 337 final — 2015/0148 (COD)) (OJ C 71, 24.2.2016, p. 57).

<sup>(13)</sup> Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU (OJ L 156, 19.6.2018, p. 1).

<sup>(14)</sup> See OJ C 351, 15.11.2012, p. 85.

<sup>(15)</sup> See EESC opinion on Implications of climate and energy policy on agricultural and forestry sectors (OJ C 291, 4.9.2015, p. 1) and EESC opinion on Effort-sharing 2030 and land use, land use change and forestry (LULUCF) (OJ C 75, 10.3.2017, p. 103).

<sup>(16)</sup> OJ C 81, 2.3.2018, p. 102; OJ C 75, 10.3.2017, p. 124; OJ C 227, 28.6.2018, p. 86; OJ C 440, 6.12.2018, p. 8.

4.1.3. The EESC fully endorses the EC's recommendations on **R&I** and considers that it is paramount to ensure that the transition process is internationally competitive, to accelerate the energy system transformation in a cost-efficient way, and to boost the contribution of national industrial and innovative ecosystems to the creation of European strategic and sustainable value chains. One instance here is batteries, the subject of a recent EESC opinion <sup>(17)</sup>.

4.1.4. The Member States should make sure that a range of instruments are properly harnessed under the NECPs, including the new **2021-2027 Horizon Europe** framework programme, the Structural Funds and the EIB, the European Fund for Strategic Investments, the European Globalisation Adjustment Fund and the Innovation Fund which is financed by selling quotas under the EU ETS system.

4.1.5. The **investments and related budgets** needed to deliver on the EU's climate and energy objectives (estimated to require an additional EUR 260 billion each year <sup>(18)</sup>) are still the most problematic factor, together with fairness and social sustainability which must be the cornerstone of a human-centric process of energy and climate transition.

4.1.5.1. The EESC points out that **the scale of these additional investments** seems very **limited** compared to the figures cited in its recent opinions <sup>(19)</sup>, and that the necessary financing requires a major **political and social trade-off** along with platforms that foster cooperation and common understanding between a range of stakeholders, beginning with members of the public, consumers, workers and businesses, with regard to a long-term approach to the energy transition, mid-term objectives and more immediate priorities.

4.1.5.2. Another key problem is the **social fairness and social sustainability of the transition process**, as well as fair distribution of the costs and benefits: the EESC has already pointed out that Europe needs a **Social Pact for an Energy Transition**, 'to be agreed by the EU, Member States, regions, cities, social partners and organised civil society, in order to **ensure that the transition leaves no one behind**' <sup>(20)</sup>.

4.1.5.3. The EESC recommends that the Commission check that all the Member States explicitly include chapters in the NECPs on the **social sustainability of the processes** that will be implemented, as well as on the implementation policies for promoting inclusive growth, fair distribution of costs and benefits and clear, transparent information for civil society, accompanied by **plans to train people in the skills needed to make them informed, proactive players in mutually agreed processes**.

Brussels, 30 October 2019.

*The President*  
*of the European Economic and Social Committee*  
Luca JAHIER

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<sup>(17)</sup> OJ C 353, 18.10.2019, p. 102.

<sup>(18)</sup> Figure taken from the EUCO 32-32.5 scenario (in line with the principal technological dynamics hypothesised in the EURO scenarios) (cf. <https://ec.europa.eu/energy/en/data-analysis/energy-modelling/euco-scenarios>).

<sup>(19)</sup> See OJ C 353, 18.10.2019, p. 79. The EESC points out that achieving a net-zero greenhouse gas economy will require additional investments in the range of EUR 175 to 290 billion a year, for a total of EUR 520-575 billion in energy, and about EUR 850-900 billion in transport.

<sup>(20)</sup> See OJ C 353, 18.10.2019, p. 96.