



# Governance of the Energy Union and Climate Action

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Eurelectric Position Paper

February 2024

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

## We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

**investing** in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

**transforming** the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

**accelerating** the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

**embedding** sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

**innovating** to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Generation and Environment Committee  
Electrification and Sustainability Committee  
WG Climate Change and Decarbonisation  
WG RES & Storage  
WG Hydro  
WG Thermal & Nuclear

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## KEY MESSAGES

- Eurelectric welcomes the revision of the Governance Regulation and the discussion on the introduced tools, namely the National Energy and Climate Plans (NECPs). We understand the Regulation as a central element of working towards the EU's 2030 climate targets. Nevertheless, there is a wide range of ambition among countries in the NECPs, revealing that **some will most likely miss their targets. This will, in turn, affect the EU's ability to fulfil its goals.** The EU is striving to be a climate leader but can only do so if all its members deliver on their commitments by implementing adequate national decarbonisation policies.
- When looking at the National Energy and Climate Plans, Eurelectric would like to call more attention to overall electrification rates as direct electrification is in most cases the most cost-efficient means to decarbonise. Therefore, we encourage Member States to include electrification rate indicators to deliver an envisaged electrification rate corresponding to an indicative target of 35% by 2030 and 50% across the EU by 2040. This would be in line with the REPowerEU targets as well as those outlined in the recent 2040 target Communication. This would provide a concrete and overarching goal for Member States as well as harmonise each plans' structures, advance transparency, and increase comparability.
- We need **more efficient permitting procedures and a proper implementation of the respective provisions agreed upon in the RED revision.** To this end, key performance indicators (KPIs), such as the total length of the permitting process for RES, decarbonised energy investments, and power grids should be established to guide and monitor the 2030 energy & climate framework.
- By the same token, Eurelectric sees the need to **enhance the security of supply perspective and establish corresponding KPIs, such as avoided fossil fuel imports.** These would support the monitoring of energy security improvements made by Member States and facilitate systematic and iterative assessments to identify areas of improvement and recalibrate strategies as needed.
- Lastly, Eurelectric is disappointed with **the lack of reference to grid development** in most NECPs. We urge the Commission, as well as Member States and National Regulatory Authorities for due consideration, in particular on distribution grids, in these plans. European grids need modernisation efforts and adequate investment to integrate more renewables and decarbonised technologies in a forward-looking manner.

## Introduction

The Governance Regulation is a central and strategic legislation working towards the achievement of the EU's 2030 targets. It establishes a unique governance framework to ensure that national and EU trajectories are aligned and consistent with the long-term Paris Agreement goals and in particular the EU's 2030 targets for energy and climate. Thanks to its detailed provisions, Member States (MS) in their National Energy and Climate Plans (NECPs) must define trajectories, policies and implementing measures, as well as a general overview of the investments needed to meet the corresponding objectives and targets.

Nevertheless, to ensure the Regulation's full potential, we need to secure the implementation of the policies and measures that will help the Member States reach the new 2030 targets and 2040 trajectory as outlined in the recent 2040 target communication. As the EU is striving to be a climate leader, it can only do so, if all its members deliver on their promises by implementing adequate national decarbonisation policies.

The Governance Regulation is a landmark tool that creates a favourable and transparent environment facilitating key decisions for planning and investments.

In particular:

- i. **It drives the definition of trajectories**, giving signals of technological development and supporting investors to identify areas of interest, opportunities for development and job creation.
- ii. **It provides greater regulatory certainty and predictability** for stakeholders and identifies the policy tools, implementing measures and timing.
- iii. **It creates an accountability** framework for Governments and offers to stakeholders' opportunities to interact.

## Policy Recommendations

Eurelectric welcomes the publication of the draft updated National Energy and Climate Plans (NECPs), as part of the Governance Regulation. As it stands, 25 Member States have published their updated drafts with two contributions still missing, namely from Austria and Poland. While the NECPs constitute a step in the right direction for Member States' accountability, transparency and planning, there are still substantial insufficiencies that can be identified. Some adjustments to the Regulation should be envisaged as follows, but without a fundamental overhaul of the framework.

We ask to:

- **Introduce a National Electrification Indicator in the NECPs to track an indicative European electrification target:** direct electrification is in most cases the most cost and resource-efficient way to achieve the EU climate and energy objectives.<sup>1</sup> The indicator, setting targets at 35% by 2030 in line with REpowerEU projections, will send clear investment signals across the energy supply chain. It will allow investors to anticipate electricity grid reinforcements and provide predictability in terms of the workforce needed. Furthermore, it will enable stakeholders to monitor progress towards the 50% electrification rate by 2040 envisaged in the recent Communication. With this, a European electrification indicative target would provide a concrete and overarching goal for the Member States to contribute to, its feasibility being assessed via the national electrification indicators.

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<sup>1</sup> For more information please visit Eurelectric's 2023 Decarbonisation Speedways report [here](#).

- **Ensure Timely Delivery:** urge Member States to deliver their final NECPs complete and within the agreed deadlines to ensure a timely assessment, as well as to provide visibility to the business community. We call on the Commission to prepare and/or update templates and guidelines on the reporting by Member States, where necessary.
- **Lack of Reference to Grid Developments:** urge the Commission, as well as Member States and National Regulatory Authorities for due consideration, in particular on distribution grids. European grids need modernisation efforts and adequate investment to integrate more **decarbonised energy technologies** and the load for expanding electrification in a forward-looking manner, in line with the recommendations stated in the Eurelectric Action Plan on Grids<sup>2</sup>. Therefore, there must be more emphasis on the MS efforts to accelerate and anticipate the necessary growth, as well as the modernisation and digitalisation of the infrastructure to make it resilient and ready for the progressing electrification.
- **Applying a Consistent and Comparable Structure:** ensure a higher degree of harmonisation in the scope of the analysis (e.g. the parameters of ‘WAM’ and ‘WEM’ scenarios) in line with the Commission’s framework guidelines. This would enable comparability and consistency across the plans, as well as a simplification of the assessment. It would be done in an equal manner for all countries and guarantee that all five dimensions of the Energy Union are dealt with in each Member State.
- **Ensure Timely Deployment:** increase consistency between implementing measures and the supporting financing strategy in each of the National Energy and Climate Plans. Greater granularity on the concrete measures that Governments intend to implement and additional details on the supporting financial tools would have the potential impact to unlock a timely deployment of initiatives and objectives outlined in the national plan.
- **Support Efficient Permitting Procedures:** ensure that Member States will have a supportive permitting procedure framework, in order to implement the necessary infrastructure for expanding electrification and incorporating new renewables and decarbonised electricity. The energy transition requires a comprehensive expansion of electricity production from renewable and decarbonised energy as well as storage and grids. One major obstacle to this is inefficient procedures, which often lead to years of delays in the implementation of infrastructure projects. Adequate staffing of the authorities with personnel trained in process management is, therefore, urgently required. Furthermore, the procedural processes for projects must be accelerated and streamlined while at the same time ensuring adequate public participation. In order to efficiently monitor and regulate each Member State’s permitting environment, an established set of key performance indicators (KPIs) should be established, such as:
  - Total length of permitting process for RES, decarbonised energy technologies and power grids, including the time to evaluate the environmental impact assessment, to grant grid connection, and to process legal challenges (where applicable), both inside and outside RES and low-carbon acceleration areas.
  - Number of staff (in terms of full-time equivalents – FTEs) in the relevant permitting authorities per GW of RES and decarbonised energy set out in the 2030 NECPs.
  - Rate of projects approved over total number of permit applications correctly submitted per technology – and where appropriate per federal/regional entity.
  - Total length of acknowledgment of the validity of the application, both inside and outside RES and decarbonised acceleration areas.

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<sup>2</sup> For more information, please visit Eurelectric’s 2023 Action Plan on Grids [here](#).

- Proportion of permits that are reaffirmed/not overturned when there is a legal challenge – and where appropriate per federal/regional entity – and timing of the legal challenge procedures.
  - Number of total windows/stops needed to complete the whole approval process per technology.
- **Accessibility to EU and National Funding Sources:** the Commission should supervise the national funding agencies in the definition of their eligibility rules and thematic priorities to facilitate access to funding linked to EU instruments (e.g. RRF, European Partnerships). Lack of such accessibility would disincentivise the participation of the power sector in joint EU energy programmes and disengage the local and regional industry stakeholders from being apart of the energy transition, ultimately endangering the completion of the Green Deal priorities and the path to climate neutrality by 2050.
- **Enhance the Security of Supply Perspective and Establish Corresponding KPIs:** emphasise the EU’s industrial policy, and the development and maintenance of decarbonised, diversified European value chains that are less reliant on imports. Further, a technology neutral approach should be taken into consideration to help secure and diversify the energy supply in Europe. In order to monitor and facilitate each Member State’s improvements on security of supply, key performance indicators (KPIs) such as on avoided fossil fuel imports should be established for iterative assessments.
- **Keep Data Updated and Transparent:** make sure that the Regulation remains updated with the latest data related to the energy transition, particularly for renewables, nuclear, the energy and climate targets, and the corresponding critical supply chains and base year prices. The current Governance should be updated with the objectives and targets coming from the latest European policies. Since the Regulation’s adoption in 2018, the political and geopolitical context has changed, involving several legislative initiatives (FF55, RRF, RepowerEU). If Member States are to fully embrace the new and revised energy and climate targets—as recommended by the Commission—it is critical for the relevant data to be available and up to date, when the revision of connected policies is starting (i.e using the NECP data in endeavours like the 2040 Impact Assessment). In the end, the Governance Regulation should mandate Member States to also report on environmental measures, as such legislation is highly intertwined with climate and energy policies.
- **Include an Impact Assessment:** urge European and national measures on CO2 emissions to be better assessed in order to adjust the carbon budget and refine climate and energy policies to meet the 2030 and ultimately, the 2050 emission targets.
- **Improved Transparency in Stakeholders’ Involvement:** ensure that relevant stakeholders and investors can effectively participate in the revision process. To provide clarity and transparency, the EU should define the timeline and how feedback is collected, processed and embedded into national policies. This would provide a common “template” supported by a modern and shared digital platform to overcome the current heterogeneous approach among all the Member States.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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