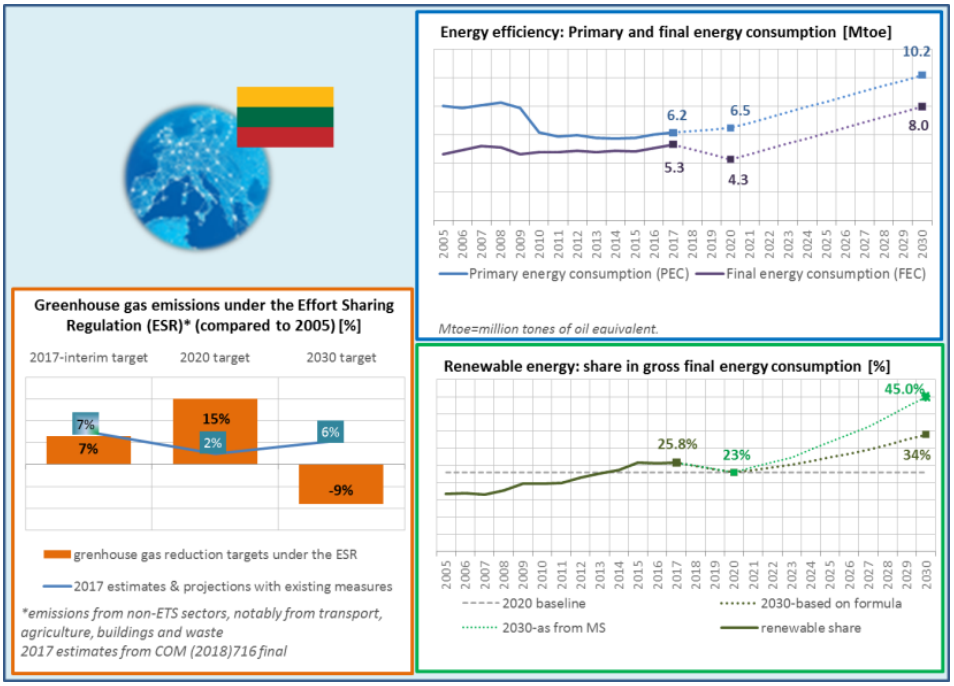
LITHUANIA

Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Lithuania is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

LITHUANIA - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Lithuania's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM(2018)716 final (2017 GHG estimates)

- Lithuania's draft plan is based on the National Energy Independence Strategy from 2018 and the Climate Strategy from 2012, which is being updated in 2019. Hence, this update can be reflected in the final plan. Targets and objectives for 2030 are provided for all dimensions. The targets for research, innovation and competitiveness are generic rather than specific for the Energy Union. The majority of the policies and measures presented are in the dimensions of decarbonisation (GHG emissions and renewable energy) and energy efficiency.
- The draft plan presents planned policies that could significantly reduce greenhouse gas emissions. These policies depend on expected funding from EU and national sources, and implementation is therefore uncertain. While planned policies in the transport sector are well described, transport emissions are projected to increase towards 2030. Lithuania's 2030 target for **greenhouse gas (GHG) emissions** not covered by the EU Emissions Trading System (non-ETS), is -9% compared to 2005, as set in the Effort Sharing Regulation (ESR)[1]. The European Commission estimates that with existing policies Lithuania may miss this target by 15 percentage points, provided that there is no debit in the land use, land use change and forestry (LULUCF)[2] sector. It can be estimated that this corresponds to a deficit of 6.6 Mt CO_2eq over the period 2021-2030.
- In addition, the draft plan does not mention the commitment to compensate **LULUCF** emissions by an equivalent amount of CO_2 removals in the same sector (no-debit commitment). This commitment and the access to flexibilities between the LULUCF and the ESR sectors are important missing elements that would be needed for understanding how Lithuania intends to achieve its non-ETS GHG reduction target by 2030.
- The proposed share of 45% of energy from **renewable** sources in gross final energy consumption in 2030 is a contribution to the EU renewable energy target for 2030 that is significantly above the share of 34% in 2030 resulting from the formula in Annex II of the Governance Regulation. The indicative trajectories set out in the draft plan do not meet the 2025 reference point[3]. The contributions by sector are 45% for renewable electricity generation, 90% for renewable district heating and cooling, 80% for household-based heating and cooling, and 15% for transport using renewable energy. The final plan would benefit from elaborating further on the policies and measures allowing the achievement of the contribution and on other relevant sectorial measures.
- Lithuania's national contribution for **energy efficiency** is presented in terms of primary and final energy intensity, which is to be 1.5 times lower than in 2018. Based on complementary information provided by Lithuania these figures would represent a significant increase in both primary and final energy consumption compared to the 2020 energy efficiency national target. The policies and measures described in the draft plan are expected to be further detailed and quantified in the final plan.
- Regarding **energy security** there is a specific objective of decreasing electricity import dependency to 30% by 2030. Specific objectives on dependency of gas and oil would be welcome. Policies and measures focus mainly on synchronisation, and have a 2025 horizon. Further details are needed in particular regarding electricity generation adequacy in light of the ambitious renewable energy target, including measures on

[1] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.
[2] 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.
[3] Pursuant to Article 4(a)(2) of Regulation 2018/1999.

demand response and storage. The references to cybersecurity are detailed and if further elaborated could be used as reference by other Member States.

- There is a clear **interconnectivity** level of 23% in 2030 that Lithuania aims for, and specific actions to be taken in order to achieve it. The final plan would benefit from the inclusion of other elements of the internal market dimension with a 2030 and 2040 outlook, for both the electricity and gas sectors. The situation regarding energy poverty is described and energy efficiency and social measures are being taken to address it; nevertheless, clearer objectives and additional measures are required for the final plan. . While the draft plan describes the situation regarding energy poverty in the country, there would be much benefit from assessing and highlighting objectives and policies for reducing **energy poverty** and intended impacts in the final plan.
- The draft plan includes a target for investment in **research, development and innovation** of 1.9% of GDP by 2020, but it is not clear whether this extends also to 2030, and what share of funding is attributed to energy and climate related activities. The final plan would benefit from a clear identification of research and innovation objectives on energy and climate.
- The draft plan mentions that significant **investments** are needed to implement the planned policies and provides an overall figure for decarbonisation and energy efficiency dimensions of EUR 7.6 billion over 2021-2030. This corresponds to average annual investments in the order of magnitude of 1.5 – 2 % of GDP. No figures are provided for the other Energy Union dimensions for this period. Lithuania intends to provide more details on investment needs in the final plan. This would allow to fully take advantage of the role NECPs can play in providing clarity to investors and attract additional investments in the clean energy transition. EU funds are mentioned as a possible source of finance, but without much detail. The use of the Modernisation Fund has not been described in the draft plan and could be a beneficial addition to the final plan.
- There is potential for intensifying already existing **regional cooperation** between Lithuania and the other Baltic countries, extending them to new areas and broadening the geographic reach to include the Nordic countries.
- The final plan would benefit from an analysis of the interactions with **air quality** and air emissions policy, and presenting impacts on air pollution.
- The issue of a **just transition** to a climate neutral economy could be better integrated throughout the plan by considering social and employment impacts, e.g. shifts in sectors/industries, distributional effects and revenue recycling. The draft plan would benefit from providing more details on the question of skills and training.
- A list of all **energy subsidies** and actions undertaken and planned to phase them out, in particular for fossil fuels, need to be included in the final plan.
- The inclusion of adaptation in the draft NECP can be considered to be an example of **good practice**. The draft plan sets strategic as well as sector goals and also provides detailed policies and measures, including budget resources and policy owners in the government.

Related links:

- National Energy & Climate Plans – for links to the Commission recommendations and Staff Working Document for Lithuania and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.
- More information about the Clean energy for all Europeans package
- More information about the 2030 climate & energy framework