



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 10year 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 Croatia is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.



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

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

- The draft integrated National Energy and Climate Plan (NECP) of Croatia builds on the work done on the draft of the Low-Carbon Development Strategy of the Republic of Croatia until 2030 with an outlook to 2050 and the draft Energy Development Strategy of the Republic of Croatia until 2030 with an outlook to 2050. The draft NECP covers all five dimensions of the Energy Union, but the information provided for each dimension varies in length and in detail.
- Croatia's 2030 target for greenhouse gas (GHG) emissions not covered by the EU Emissions Trading System (non-ETS), is -7% compared to 2005, as set in the Effort Sharing Regulation (ESR)¹. Croatia projects to overachieve this target with a continuation of current policies. The draft plant indicates the potential for further emission reductions in transport, building and agriculture sectors, without including considerations on which planned level of overachievement could be cost efficient in view of a use for transfers to other Member States. Information and policies to achieve the Land Use Land, Use Change and Forestry (LULUCF)² no-debit commitment (i.e. emissions do not exceed removals) need still be provided in the final plan.
- The national contribution for renewable energy proposed in the draft plan is set at an ambitious share
 of 36.4% of energy from renewable sources in gross final consumption of energy in 2030. This level of
 ambition is above the share of 32% in 2030 that results from the formula in Annex II of the Governance
 Regulation. Most of the increase in the renewable energy production is expected in the electricity
 sector and additional efforts seem to be necessary in the heating and cooling sector but also in
 transport sector, where based on the information in the draft plan Croatia would not meet the 2020
 and 2030 targets. 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.
- The **energy efficiency** contribution is given in both primary energy consumption and in final energy consumption. The level of ambition seems low considering the efforts needed to achieve the EU level 2030 target of 32.5% and does not fully exploit opportunities for economic modernisation and job creation. The final plan would benefit from outlining the expected savings and a timeframe to the planned policies and measures.
- In order to strengthen **energy security** and reduce energy imports from third countries, Croatia is exploring the possibility to increase the production of domestic hydrocarbon resources. At the same time, Croatia also has plans to diversify natural gas supply routes by constructing an LNG terminal on the island of Krk. Reflecting on cooperation with Slovenia as regards defining a strategy for the long-term supply of nuclear fuel would benefit the final plan.
- The interconnection level of Croatia exceeds the 15% EU level aimed for 2030 and further interconnectors with neighbouring states are considered as part of Croatia's role as an important link between electricity systems of Central and South East Europe in the development of the internal energy market. Regarding energy poverty, an assessment of the number of households in energy poverty needs to be considered, allowing to assess the possible need for an indicative objective for reducing energy poverty.

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.

- As regards **research**, **innovation and competitiveness**, the draft plan identifies research domains that could potentially receive attention, however, concrete objectives to be achieved by 2030 are not yet included. The ongoing work on the National Development Strategy for the period until 2030 could be an opportunity to further develop concrete objectives for the research, innovation and competitiveness dimension.
- The draft NECP includes estimates for investment costs for some planned measures, amounting annually to around 0.8% of GDP with a focus on building renovation, and indications on the use of EU related funding sources. However, it does not yet contain an overall assessment of the **investment needs**, barriers and mechanisms to foster investments thus not yet fully taking advantage of the role NECPs can play in providing clarity to investors and attract additional investments in the clean energy transition. The final plan would also benefit from including an **impact assessment** of planned policies and measures.
- As no specific **regional cooperation** has taken place while preparing the draft NECP, it should be considered as an important part of finalising the NECP.
- The final plan would benefit from complementing the analysis of the interactions with **air quality and air emissions** policy with more quantitative information.
- The final plan would need to include an assessment of **just and fair transition** issues.
- 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.
- As a **good practice**, Croatia can be commended for the **use of voluntary templates** to report on quantitative projection parameters and results as well as on policies and measures.

Related links:

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