

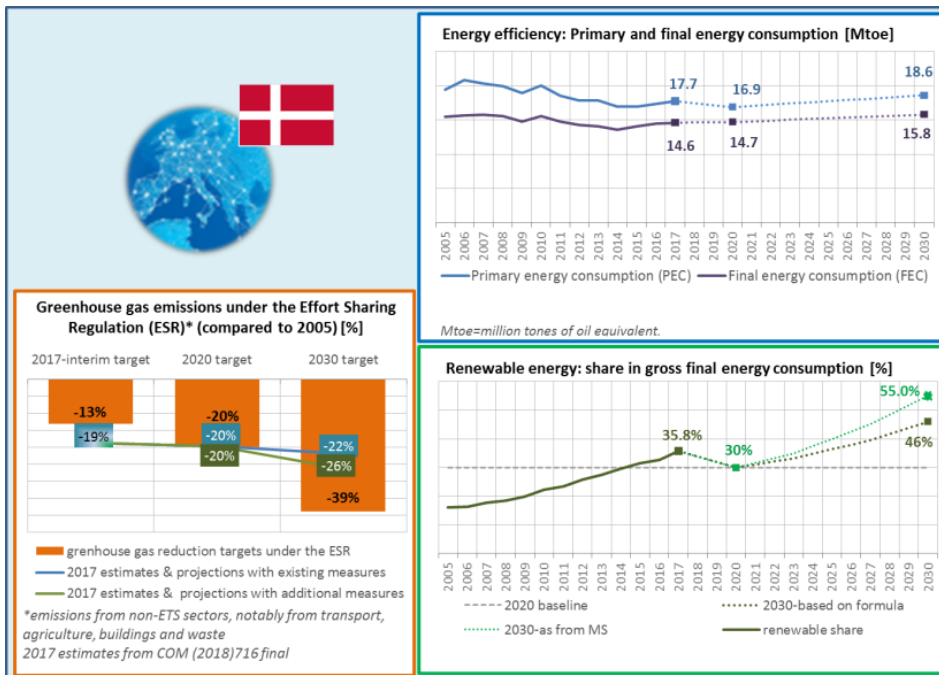


DENMARK

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

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



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

- Denmark's draft integrated National Energy and Climate Plan (NECP) is based on the National Energy Agreement of 29 June 2018 between all parties in the Parliament, and on the Climate and Air Proposal of the Government from 9 October 2018. The draft plan provides a rather complete overview of the decarbonisation dimension, from concrete objectives to policies and measures and assessment of their impacts. The other dimensions of the Energy Union that underpin the required transition and decarbonisation of the economy need to be further developed in view of the submission of the final plan. In particular, objectives and targets are not presented for all dimensions.
- Denmark's 2030 target **for greenhouse gas (GHG) emissions** not covered by the EU Emissions Trading System (non-ETS), is -39% compared to 2005, as set in the Effort Sharing Regulation (ESR)¹. With existing measures, the European Commission estimates that Denmark would miss this target 16 percentage points and have a deficit of 35.6 Million tons of CO₂ equivalent over the period 2021-2030. The draft NECP indicates that implementation of additional measures, use of ETS flexibility and potential credits from LULUCF may be used to reach the non-ETS target, as provided for in the ESR, but it is uncertain whether the described measures will be sufficient. The final plan would benefit from further clarification of the planned use of flexibilities. Significant emission reductions can be achieved through the planned transport policies, but some of these policies need to be further defined. Further efforts to increase energy efficiency, notably in buildings, would also contribute to additional emission reductions.
- As regards **renewable energy**, Denmark indicates a 55% share of renewable energy in gross final consumption of energy by 2030 as its contribution to the EU renewable energy target for 2030. This is significantly above the 46% share in 2030 that results from the formula in Annex II of the Governance Regulation². The projections based on the existing policies and measures indicate a share of 48% of renewable energy by 2030, highlighting that additional policies and measures will be needed to reach the 55% share. An indicative trajectory well above the reference points provided for in the Governance Regulation³ was set out, however without specifying the actual shares reached. 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.
- As regards **energy efficiency**, with a contribution of 15.8 Million tons of oil equivalent (Mtoe) for final energy consumption in 2030, and of 18.6 Mtoe for primary energy consumption, Denmark's contribution is very low considering the need to increase efforts at the EU level to collectively reach the Union's 2030 energy efficiency targets. The final would benefit from providing more clarity on planned policies and measures, including concerning the transport sector.
- The proposed objectives and targets for **energy security** focus on the development of interconnections across sectors and borders, international cooperation, and an open market for electricity and gas. Denmark's reference to cybersecurity in the energy sector, viewed as a strategically important issue to address in the years ahead, is worth highlighting.
- Concerning the **internal energy market**, Denmark is already well interconnected. Still, Denmark's draft NECP does not put forward an interconnection level indicator for 2030 nor other national objectives and

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) 2018/1999 on the Governance of the Energy Union and Climate Action.

³ Pursuant to Article 4(a)(2) of Regulation 2018/1999.

targets. Additional information in these areas would benefit the final NECP, in particular considering the essential role of interconnectors to achieve the high ambition in terms of renewable energy.

- As regards the dimension **research, innovation and competitiveness**, the draft plan includes funding targets. More details about the national objectives it wants to achieve by means of the reported funding targets would be welcomed.
- Overall, **policies and measures** are consistent across the different dimensions of the Danish draft NECP. The draft plan is also consistent between its policy part (objectives and targets and policies and measures) and its analytical part for elements related to greenhouse gas emissions reduction. However, for the other dimensions, the information provided is insufficient to assess consistency.
- There is already good **regional cooperation** taking place between Denmark and the other Nordic and Baltic countries, with potential for enhanced cooperation in areas such as renewables and research and innovation. Cooperation efforts with Germany could be further developed.
- The final plan would benefit from extending the provided analysis of **investment needs** by estimating public and private investment needs of the planned policies to achieve the climate and energy objectives up to 2030 and indicating the likely sources to finance them. This would ensure full advantage is taken of the role NECPs can play in providing clarity to investors and attracting additional investments in the clean energy transition.
- The draft plan makes several useful references to the integration between climate and air policies, highlighting some synergetic measures in **transport, domestic heating or agriculture**. The final plan would benefit from further demonstrating the integration, synergies and trade-off effects of these two policy areas, including also quantitative information on air pollutant emission impact of planned policies.
- Consideration on the **just and fair transition** and employment impacts related to the clean energy transition should be better addressed in the plan, including in relation to changes between sectors or industries, related skills impacts, and distributional effects.
- A list of all **energy subsidies**, including in particular for fossil fuels, and concrete actions undertaken and planned to phase them out needs to be included in the final plan.
- As a **good practice**, it is noted that the draft plan describes in some detail the prioritised budget for the additional policies and measures of the Danish 2018 Energy Agreement up to 2025. The budget is foreseen to increase gradually and amount to DKK 2.8 billion in 2025, which is in the order of magnitude 0.1 % of GDP. The draft plan includes also a list of measures to reduce emissions from agriculture and increase the LULUCF sink.

Related links:

- [National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Denmark 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](#)