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COMMISSION RECOMMENDATION

of 18.6.2019

**on the draft integrated National Energy and Climate Plan of Luxembourg covering the
period 2021-2030**

{SWD(2019) 266 final}

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THE EUROPEAN COMMISSION,

Having regard to 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 Council¹, and in particular Article 9(2) thereof,

Whereas:

- (1) Pursuant to Regulation (EU) 2018/1999, each Member State is required to submit to the Commission a draft of its integrated national energy and climate plan covering the period from 2021 to 2030 in accordance with Article 3(1) and Annex I of that Regulation. The first drafts of integrated national energy and climate plans had to be submitted by 31 December 2018.
- (2) Luxembourg submitted its draft integrated national energy and climate plan on 18 February 2019. The submission of this draft plan represents the basis and first step of the iterative process between the Commission and Member States for the purpose of the finalisation of the integrated national energy and climate plans and their subsequent implementation.
- (3) Pursuant to Regulation (EU) 2018/1999, the Commission is required to assess the draft integrated national energy and climate plans. The Commission made a comprehensive assessment of the Luxembourgish draft integrated national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment² is published alongside the present recommendation. The below recommendations are based on that assessment.
- (4) In particular, the Commission's recommendations may address (i) the level of ambition of objectives, targets and contributions with a view to collectively achieving the Energy Union objectives and, in particular, the Union's 2030 targets for renewable energy and energy efficiency as well as the level of electricity interconnectivity that the Member State aims for in 2030; (ii) policies and measures relating to Member State- and Union-level objectives and other policies and measures of potential cross-border relevance; (iii) any additional policies and measures that might be required in the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 266.

national energy and climate plan within one dimension and among different dimensions of the Energy Union.

- (5) In developing its recommendations, the Commission considered, on the one hand, the need to add up certain quantified planned contributions of all Member States in order to assess the ambition at Union level, and, on the other hand, the need to provide adequate time for the Member State concerned to take due consideration of the Commission's recommendations before finalising its integrated national energy and climate plan.
- (6) The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in Annex II of Regulation (EU) 2018/1999 which is based on objective criteria.
- (7) With regard to energy efficiency, the Commission's recommendations are based on the assessment of the national level of ambition put forward in the draft integrated national energy and climate plan, compared to the collective level of efforts needed to reach the Union's targets, taking into account the information provided on specific national circumstances, where relevant. The final national contributions in the area of energy efficiency should reflect the cost-effective potential for energy savings and be supported with a robust long-term building renovation strategy and measures to implement the energy savings obligation stemming from Article 7 Directive 2012/27/EU of the European Parliament and of the Council³. Member States should also demonstrate that they have properly taken into account the energy efficiency first principle, by explaining notably how energy efficiency contributes to the cost-effective delivery of the national goals of a competitive low-carbon economy, security of energy supply and to address energy poverty.
- (8) The Governance Regulation requires Member States to provide a general overview of the investment needed to achieve the objectives, targets and contributions set out in the integrated national energy and climate plan, as well as a general assessment on the sources of that investment. The national energy and climate plans should ensure the transparency and predictability of national policies and measures in order to ensure investment certainty.
- (9) In parallel, as part of the 2018-2019 European Semester cycle, the Commission has put a strong focus on Member States' energy and climate related investment needs. This is reflected in the 2019 Country Report for Luxembourg⁴ and in the Commission's recommendation for a Council Recommendation to Luxembourg⁵, as part of the European Semester process. The Commission took into account the latest European Semester findings and recommendations in its assessment of the draft integrated national energy and climate plans. The Commission's recommendations are complementary to the latest country-specific recommendations issued in the context of the European Semester. Member States should also ensure that their integrated national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester.

³ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1).

⁴ SWD (2019) 1015 final.

⁵ COM (2019) 516 final of 5.6.2019.

- (10) In addition, the Governance Regulation requires each Member State to take due account of any recommendations from the Commission to its draft integrated national energy and climate plan to be submitted by 31 December 2019 and, if the Member State concerned does not address a recommendation or a substantial part thereof, that Member State should provide and make public its reasons.
- (11) Where applicable, Member States should report the same data in their integrated national energy and climate plans and updates in later years as they report to Eurostat or the European Environment Agency. The use of the same source and, where available, of European statistics, is also essential to calculate the baseline for modelling and projections. Using European statistics will allow for a better comparability of the data and the projections used in the integrated national energy and climate plans.
- (12) All elements of Annex I of the Regulation (EU) 2018/1999 are to be included in the final integrated national energy and climate plan. In this context, the macroeconomic and, to the extent feasible, the health, environmental, employment and education, skills and social impacts of the planned policies and measures should be assessed. The public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan. These and other elements are described in detail in the staff working document published alongside this Recommendation⁶.
- (13) There is a need for the final plan to provide a clear description of the additional policies and measures envisaged, accompanied by an impact assessment as well as an assessment of interactions between the different Energy Union dimensions, largely missing in the draft plan. The final plan would benefit from being more forward looking, taking into account the specific challenges from Luxembourg, notably due to its strong dependence on energy supply from neighbouring countries. It would also merit a specific attention to development of national flexibility measures, such as demand side response and storage.
- (14) The final integrated national energy and climate plan would benefit from expanding information presented on recent and current measures and trends for macro-economic competitiveness to cover specifically where the low-carbon technologies sector is currently positioned in the global market, highlighting areas of competitive strengths and potential challenges and pointing at measurable objectives for the future and policies and measures to achieve them, making appropriate links to enterprise and industrial policy. It could also benefit from a better interaction with the circular economy, emphasising its greenhouse gas emissions reduction potential.
- (15) The Commission's recommendations to Luxembourg are underpinned by the assessment of Luxembourg's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

HEREBY RECOMMENDS LUXEMBOURG TAKES ACTION TO:

1. Complement the information on planned policies and measures for the intended ambitious reduction of greenhouse gas emissions in sectors not covered by the EU

⁶ SWD(2019) 266.

⁷ SWD(2019) 266.

emissions trading system and the achievement of the commitment under Regulation (EU) 841/2018 of the European Parliament and of the Council⁸ that land use, land use change and forestry (LULUCF) emissions do not exceed removals. Provide further details on their scope, timeframe, likely impacts and any intended use of the flexibilities between the effort sharing and accounted LULUCF and emission trading sectors.

2. Underpin the welcomed level of ambition of Luxembourg's 23-25 % renewable energy share for 2030 as contribution to the Union's 2030 target for renewable energy by detailed and quantified policies and measures that are in line with the obligations laid down in Directive 2018/2001 of the European Parliament and Council⁹ in a way that enables a timely and cost-effective achievement of this contribution. Include an indicative trajectory that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999. Ensure that the renewable energy target for 2020 set in Annex I of Directive 2009/28/EC of the European Parliament and of the Council¹⁰ is fully met and maintained as a baseline from 2021 onwards and explain how such a baseline share will be met and maintained. Put forward detailed measures to meet the transport target and electrification penetration described in the draft integrated national energy and climate plan, in line with Article 25 of Directive (EU) 2018/2001. Provide additional details on simplification of administrative procedures and on the enabling frameworks for renewable self-consumption and renewable energy communities, in line with Articles 21 and 22 of Directive (EU) 2018/2001.
3. Define its contribution as a specific value for both primary and final energy consumption and clearly present the expected savings and a more detailed impact assessment of the proposed policies and measures.
4. Clarify the national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between 2020 and 2030, so that they are readily measurable and fit for purpose to support the implementation of targets in the other dimensions of the integrated national energy and climate plan. Underpin such objectives with specific and adequate policies and measures, including those to be developed in cooperation with other Member States, such as the Strategic Energy Technology Plan.

⁸ 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. 1–25*)

⁹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (*OJ L 328, 21.12.2018, p. 82–209*).

¹⁰ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (*OJ L 140, 5.6.2009, p. 16–62*).

5. Intensify the already excellent regional cooperation within the Pentalateral Energy Forum based on the political declaration of 4 March 2019 to extend this regional cooperation to specifically include the development and monitoring of the national energy and climate plans in particular as regards relevant issues for cross-border cooperation. Consider specifically efforts to decarbonise transport from a regional perspective.
6. Provide a comprehensive assessment of overall investment needs to achieve the objectives, as well as information on the financial sources to be mobilised for implementation of the existing and planned policies and measures.
7. List all energy subsidies, including in particular for fossil fuels, and actions undertaken as well as plans to phase them out.
8. Complement the analysis of the interactions with air quality and air emissions policy, including the required information about the projected air pollutants emissions under the planned policies and measures and reinforcing quantitative analyses.
9. Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, and policies and measures. Further develop the approach to addressing energy poverty issues, including by specifying the assessment as required by Regulation (EU) 2018/1999.

Done at Brussels, 18.6.2019

*For the Commission
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Member of the Commission*