

Updating national energy and climate plans: signs of reluctance to phase out fossil fuels

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Introduction

Member States are currently updating their national energy and climate plans (NECPs) adopted in 2019, following the Energy Union governance regulation.¹ According to this regulation, they were required to submit a draft version of their updates to the European Commission by 30 June 2023, before the EU executive reviews them and makes recommendations. This is a crucial sequence to ensure coherence and solidarity in reaching the EU climate and energy targets. With these updates, Member States must show how they will reach the new 2030 targets and take into account various events and policy developments that have taken place since 2019. This includes adopting several legislative texts, most notably the Fit for 55 package and the REPowerEU plan, the development of new national decarbonisation plans under the EU's Just Transition Mechanism and post-pandemic funding, and, last but not least, the impact of the war in Ukraine and rising inflation and energy prices.

This is also an important opportunity to collaboratively revise current national policies with society at large, engaging stakeholders and holding public consultations at key moments. NECPs can serve as a visualisation tool for Member States to discuss and design the pathway towards decarbonisation and the roadmap to reaching net zero. It also provides an opportunity to better envisage the specific investments needed and how existing revenue streams could be directed.

The revision of the NECPs can serve as a strategic tool for the EU to align with its commitments and is of crucial importance to Member States. This is particularly true for the central and eastern European region, which is heavily dependent on fossil fuels. For instance, roughly 80 per cent of Poland's energy comes from fossil fuels.² The region has also been significantly impacted by the Russian war in Ukraine and sanctions affecting fossil fuel imports, and the transition in this region will require greater effort than in other parts of the EU. However, the NECPs provide an opportunity to consider steps to build sustainable and just economic models that phase out fossil fuels and avoid problematic solutions such as fossil gas, waste incineration and unsustainable levels of biomass.

The region is also a major beneficiary of EU funding, which is crucial to ensure a smooth transition by providing essential support for key infrastructure and programmes that should be outlined in the NECP. Analysis of spending plans shows

¹ European Parliament and the Council, [Regulation \(EU\) 2018/1999 on the Governance of the Energy Union and Climate Action](#), *European Union*, 11 December 2018.

² Kira Taylor, [Poland's renewables capacity growing but coal still dominates – report](#), *EURACTIV*, 14 May 2023.

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that while EU funding alone may not be sufficient to meet the targets, it is making a significant contribution to key climate actions.³ Moreover, for several countries, specifically Romania and Bulgaria for coal or Estonia for oil shale, the planning of the Recovery and Resilience Facility and Just Transition Fund has been the trigger for the decision to phase out fossil fuels or has contributed significantly to the decarbonisation of the energy sector. The new NECPs are an important opportunity to redefine targets and provide a framework for investments that could increase countries' self-sufficiency and resilience to global geopolitical and climate change challenges. The availability of significant EU funding in the 2021-2027 period could ensure rapid adoption of the new targets and reduce the risks of locking countries into inefficient business-as-usual strategies.⁴

As Member States are submitting their NECPs, several observations can be made regarding the updating of their plans. Other analyses show that many plans currently fall short of the EU's 2030 climate and energy requirements and that significant changes are needed in the remaining months of the update process.⁵ Most CEE countries submitted their drafts later than the rest of Europe, and this paper will look at how NECPs are being updated in a selected group of eight countries.⁶ In particular, it focuses on:

- the consideration given to fossil fuel phase-out and its alignment with agreed commitments in the National Recovery and Resilience Plans and Just Transition Plans;
- the investments envisaged to facilitate the transition, with a particular focus on the assessment of the overall needs and the certainty of the expected contribution of EU funds.

The next section outlines some trends and offers insights into these two issues, which are further elaborated in the country section below.

Delays and lack of meaningful public participation

Only a handful of countries met the deadline of 30 June 2023 to submit their draft revised NECP to the Commission. In the CEE region, most countries submitted their plans in the autumn, while Bulgaria, Latvia and Poland remain the last EU countries to do so, together with Belgium, France and Ireland.⁷ This delay raises concerns, as there is a risk that the Commission will not include these countries in the in-depth assessment and recommendations due in December 2023, as required by the Governance Regulation.

³ Climate Action Network (CAN) Europe, [The contribution of EU spending plans to ambitious NECPs](#), *Climate Action Network (CAN) Europe*, August 2022.

⁴ CEE Bankwatch Network, [National energy and climate plans: catalysts for the energy transition or box-ticking exercises?](#), *CEE Bankwatch Network*, 30 June 2023.

⁵ Climate Action Network (CAN) Europe, [Time to step up national climate action: an assessment of the draft National Energy and Climate Plans updates](#), *Climate Action Network (CAN) Europe*, October 2023.

⁶ Six countries have published a draft (Czech Republic, Estonia, Hungary, Latvia, Romania, Slovakia) and two have yet to release a draft (Bulgaria, Poland).

⁷ European Commission, [National energy and climate plans: EU countries' 10-year national energy and climate plans for 2021-2030](#), *European Commission*.

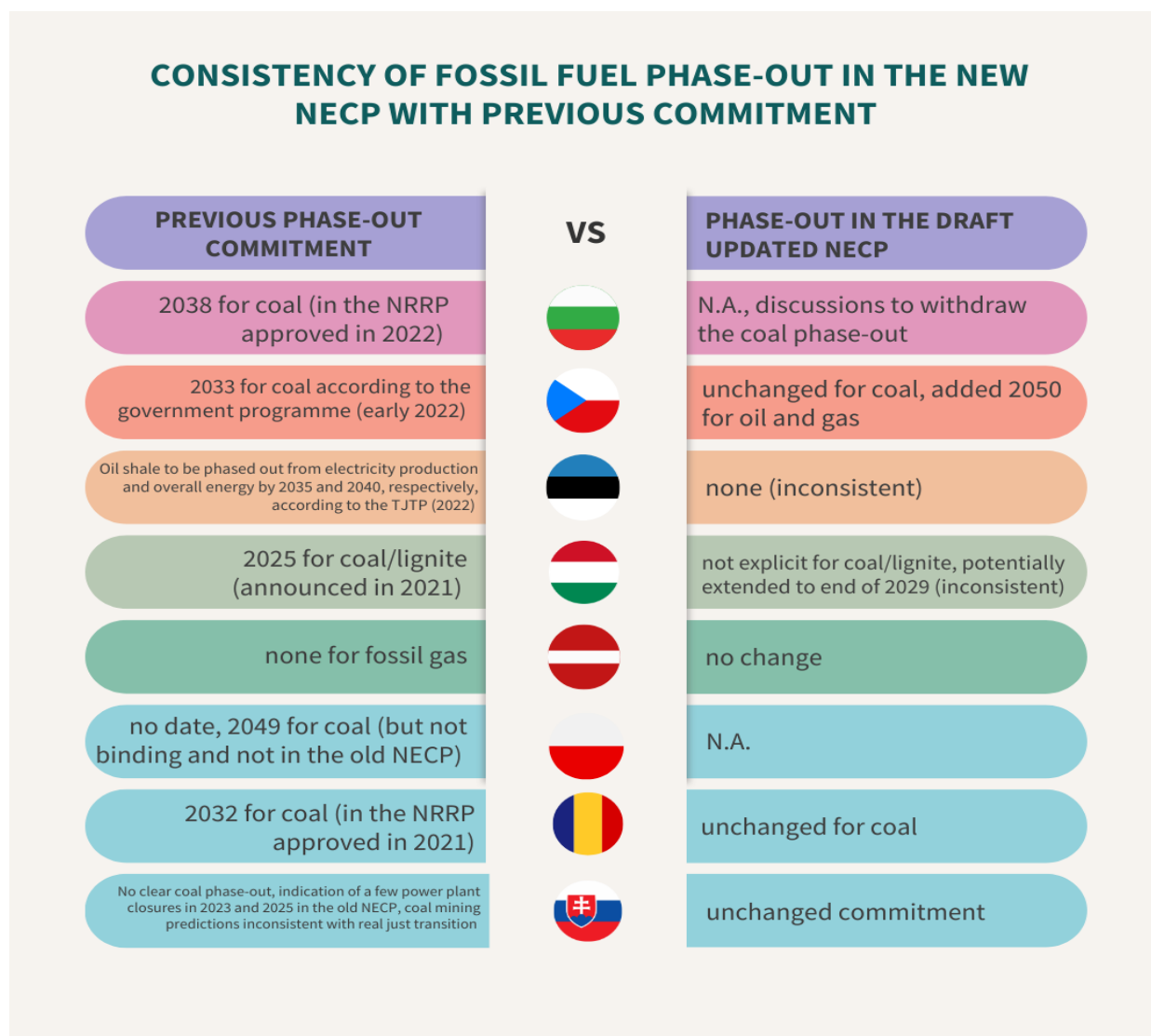
TIMELINE OF SUBMISSION OF THE DRAFT UPDATED NECPs



On top of this delay, which shows the lack of preparedness and sometimes the difficulties in conducting this update, what is concerning is the low level of discussion of the plan with stakeholders. In many cases, public participation has not been optimal, as the countries did not involve stakeholders in a meaningful way (consultations were happening at the last moment, once the drafts were already mature), or, in a certain number of countries, no public consultation has taken place and is scheduled to happen only to finalise the plans, following the assessment by the European Commission. This includes Romania, as well as the three countries which have not submitted a plan yet – Latvia, Bulgaria and Poland.

Progress on phasing out coal has regressed

The plans' ambitions pose questions about key aspects needed to reach the 2030 energy and climate targets, in particular the willingness to wean off fossil fuels. This should be a priority element of a true decarbonisation strategy. However, some countries include measures in their plan that contradict previous decisions or diverge from other strategic processes. For example, Hungary links its 2021 commitment to phase out coal by 2025 to the commissioning of new gas power plants, potentially postponing the coal phase-out until 2029. Estonia's plan is inconsistent with its oil shale phase-out commitment set in the 2022 TJTP. Ambiguity remains for Slovakia, still reluctant to set a clear and binding national coal phase-out date in the NECP, while the country does foresee the closure of its two coal power plants in 2023 and 2025. While some countries include coal phase-out dates in line with previous commitments, none are currently prepared to accelerate coal exit. Only a few include a phase-out date for gas, as in the case of the Czech Republic, but with limited details on the approach. Although the draft NECP updates are showing increased ambition for renewables and energy efficiency compared to previous versions, the CEE countries are predominantly leaning towards further investment in gas rather than exploring the potential of renewables. This highlights the limited ambition of the countries to re-think the energy and climate policy change, and underlines the need for NECP updates to advance fossil fuels phase-outs and energy transformation plans.



Weak ambition: NECP updates fail to get the most out of EU funds

While EU funding has the potential to support this transformation and serve as an indicator of a country's commitment to change, it is important to assess its role in the updated plans and current practices. An analysis of the draft updated NECPs for the six countries shows that the objectives of the EU-funded programmes are not coherently reflected in the draft NECPs. Instead, the gas expansion outlined in many plans and the delay in coal phase-out in some appear to be at odds with the investment opportunities under current EU funding rules. This means that the potential of these funds to accelerate the transition is not adequately reflected in the draft plans, and countries are therefore asking for a less ambitious contribution to the EU's climate goals. Past experience shows that in many cases EU funds are not used to significantly increase efforts in energy savings and the sustainable use of renewable energy.

Most of the analysed NECPs do not sufficiently consider public finance, in particular EU funds, as a potential driver for a more ambitious transition. At this stage, these plans merely list EU funds as sources of revenue for strategies that may not be in line with the necessary actions, and detailed plans for prioritising key investments. This is particularly true for the Modernisation Fund, a key instrument for strategic investment in renewables, grids, energy efficiency and community energy, which lacks a long-term plan for optimal use. There is a need for strategic thinking on how to use public funds to support a more ambitious decarbonisation of the energy sector. Unfortunately, there remains an important gap between the required investments and the current practices in the use of EU funds. This concern is further exacerbated by the impending end of the RRF, a major EU programme established in the wake of the COVID-19 pandemic, in late 2026, with no guaranteed successor fund. Many countries, especially in the CEE region, are not making full use of the financial instruments available today from EU funds and are not assessing the investment needs for the future EU budget period (2028-2035). This lacks a strategic approach to the use of available instruments and shifts the burden of implementing the necessary measures to future generations to meet climate targets.

Several shortcomings to be overcome in the next NECP updates

- The NECPs reviewed still lack the necessary ambition to be compliant with EU climate goals, and need to be improved in the second phase of their drafting, in the first half of 2024. Next to the more meaningful public consultations, enhanced stakeholder involvement and multilevel dialogues, the Member states in the CEE region must take bolder steps as they are currently far from taking their fair share of decarbonisation effort funds, which pose an opportunity for their citizens rather than a treat. Such efforts mean: Alignment and going beyond what has been agreed as part of the EU funds programming documents. With the Fit for 55 and REPowerEU legislation now almost fully adopted, ambitions are still too low and there is a high risk that certain economic sectors will become uncompetitive without soundly planned measures and investments.
- The NECPs need to focus on energy savings, energy poverty measures, and schemes for renewables (in particular small scale and community-led initiatives), which are currently weak as a result of overall reliance on fossil fuels and other false solutions that delay decarbonisation.
- The NECPs need to strengthen the planning for investment needs and the contribution of public finance (in particular EU funds), optimise the historic amount of public support currently available until the end of the EU programming period, and plan for the next one.

Country overview

The following section provides a more detailed analysis of the draft NECPs available for the Czech Republic, Estonia, Hungary, Latvia, Romania and Slovakia. For Poland and Bulgaria, which have not yet published a draft, the report will strive to analyse the element of energy transition currently under discussion at the national level and draw some conclusions on how this might affect the revision of the NECP.

Czech Republic



The Czech draft updated NECP enshrines a 2033 coal phase-out date already set by the government and envisages a fossil free energy system by 2050. Compared to the previous NECP, the draft is more ambitious in some areas, such as renewable energy, but it currently lacks details on how the envisaged measures will be implemented, in particular how the EUR 50 billion available from EU funds will be used.

New coal phase-out date hints at climate neutrality

Setting out a clear coal phase-out date by 2033 is an improvement, as there was no such commitment in the previous NECP version. However, this date was already announced by the government in its manifesto when it took office in 2022. It is also somewhat vaguely worded, and there are doubts about the real willingness to achieve it. At the same time, this political phase-out will be challenging, as projections show that using coal will not be profitable in a few years and will have to close, as a result of the impact of the Energy Trading System (ETS). However, the NECP lacks a strategy for an earlier phase-out of coal. This is why it is important to identify possible solutions for an early phase-out, and, while some studies have mentioned this possibility, no clear solution has yet emerged.

The 2050 strategic goal and outlook for phasing out oil and gas is positive on paper. However, this target contradicts other parts of the NECP that foresee new infrastructures for oil and gas. This symbolic target is not backed with clear and credible measures. For instance, to decrease the reliance on fossil fuels, the NECP foresees the construction of three conventional nuclear reactors by 2041 and at least one small modular reactor by 2035, without taking into account the risks of higher costs and delays.

The used scenario and analytical framework, done in partnership with the Center for Socio-Economic Research on Environmental Policy Impact Assessment (SEEPIA) research project of Charles University,⁸ is a good basis, but relies on input parameters defined by the ministries. This includes comparatively low expected costs for new nuclear reactors and limits on new renewable sources that lead to lower ambitions for solar and wind power. These parameters risk undermining a fast transition to lower emissions. The updated NECP could be the first national policy document to set the goal of climate neutrality by 2050, although this commitment has been watered down in the draft. The NECP draft also lacks clear and credible measures to achieve the stated targets, does not include a comprehensive mapping of the investment needs and an assessment of socio-economic impacts. At the same time, two related national strategies are

⁸ Institute of Sociology of the Czech Academy of Sciences, [Center for Socio-Economic Research on Environmental Policy Impact Assessment](#), *Institute of Sociology of the Czech Academy of Sciences*, accessed 1 December 2023.

being drafted (the national Long-Term Strategy for Climate and the Czech State Energy Policy for 2050), on which the work has only just begun.

EU funds and the NECP

The draft NECP does not elaborate much on financing aspects. The analytical model for the scenarios has projections for macro-investment needs but the NECP does not detail how the money would flow for each sector, and what could be a cost optimal scenario. As a result, EU funds are merely listed and described, and are rarely linked to concrete measures. Details on how to spend the Modernisation Funds by 2030 are awaiting the completion of the NECP update and political guidance, instead of being fully integrated as one of the main funding sources for its implementation.

This correlates to the current lack of long-term strategies and sound governance in spending EU funds in the Czech Republic. The result is low ambition in relation to implementing important funding, such as the national recovery and resilience plan or cohesion programmes. As those documents were drafted before the start of the war in Ukraine, they are now outdated and an important share of those funds supports projects that are not transformative. For instance, the majority of the support for the conversion of heating systems based on coal still goes to fossil gas, with the support of the Modernisation Fund. The NECP should be an opportunity to have a better plan to spend EU funds, linked to the scenario for energy, yet this is not the case at the moment.

Estonia



Estonia's approach to the NECP is insufficient. Ideally, the NECP should serve as a comprehensive blueprint that outlines the nation's forthcoming trajectory and facilitates the advancement of more ambitious targets in tandem with other developmental schemes.

Regrettably, the prevailing approach seems to primarily entail a recapitulation of past national objectives, often outdated, without a substantive effort to meet the expectations stipulated by the Commission.

No phase-out for oil shale at odds with the just transition

While the importance of oil shale in Estonia's decarbonisation endeavours remains strong, there is no outlined strategy for the gradual elimination of fossil fuel subsidies. The projection for primary energy production suggests that the utilisation of oil shale will remain unchanged until 2030, with only a moderate decrease of approximately one-third by 2050. This is at odds with the supplementary measures outlined for emissions reduction in the energy sector, strongly attributed to the Estonian TJTP. The latter outlines clearly: phase-out of oil shale in electricity production by 2035, and in overall energy production by 2040.⁹

The former Ministry of Economic Affairs and Communication (now the Ministry of Climate) claims that the TJTP does not entail additional obligations for oil shale phase-out, but merely outlines the existing framework currently in effect at the time of its formulation. This suggests that the Ministry does not regard the TJTP as a legally binding document, although it is approved by the European Commission under the Multiannual Financial Framework (MFF) 2021-2027, and the guidelines for preparing NECP updates state

⁹ Riigi Tugiteenuste Keskus, [Õiglase ülemineku territoriaalne kava](#), Riigi Tugiteenuste Keskus, September 2022.

that the documents (TJTPs and NECPs) have to be aligned with each other. This is a source of deep concern, as it appears that the Ministry is reluctant to confirm a unified approach to the phase-out of oil shale across all pivotal energy-related documents.

Regarding fossil gas, the NECP states that the consumption of fossil gas is expected to decrease in buildings, industry, and transportation, but its role remains intact for covering peak-hour electricity production and for reserve; and its consumption may increase if additional gas power plants are built.¹⁰ Although fossil gas consumption should decrease, the NECP does not set a ban on building new fossil gas power plants, as the government claims they may be necessary to cover the peak load in electricity demand. In theory, these power plants are expected to first blend fossil gas with biomethane to reduce emissions, and eventually run fully on biomethane.

The NECP is also in favour of exploring the possibilities of blending hydrogen into the existing fossil gas infrastructure, without critically questioning the inefficiency of blending. This is a matter of concern, given the constrained potential availability of green hydrogen and its limited effectiveness in mitigating carbon emissions in non-direct use. Thus, the NECP fails to set out the country's pathway to climate neutrality due to blatant contradictions of the aims compared to actual policies, as building new fossil fuel infrastructure certainly will not help reduce greenhouse gas (GHG) emissions.

EU funds: room for positivity despite existing challenges

There is strong support for decarbonisation from EU funds in the 2021-2027 funding period. However, its stability beyond 2027 is uncertain because Estonia's state budget is planned for a four-year period and the MFF 2028-2035 conversations have not yet started. Moreover, the positive impact of the EU funds is constrained by some measures that contradict the climate goals, for example by increasing logging pressure or transport emissions. The latter holds true for investments that would stimulate personal car use, such as the expansion of the road infrastructure in Estonia's Operational Programme,¹¹ and increase demand for forest biomass, such as the value enhancement of bioresources in Estonia's NRRP.¹² The NECP also does not really explicitly cover the funding, therefore, it remains challenging to assess whether the NECP's ambitions are linked to the investment plans.

Hungary



Instead of planning the decarbonisation and displaying a strategy for reaching net-zero, the aim of the NECP seems to favour the status quo leading to a high reliance on fossil fuels and nuclear over renewables, with the prime objective to implement the government's plan to favour its industries. This puts at risks the commitments to phase out coal by 2025 as originally planned and does not provide a vision for the wiser use of EU funds, leaving difficult investment decisions for later.

¹⁰ Ministry of Economic Affairs and Communications of the Republic of Estonia, [Estonia's 2030 national energy and climate plan](#), Ministry of Economic Affairs and Communications of the Republic of Estonia, 19 December 2019.

¹¹ CEE Bankwatch Network, [Assessment of the Estonian operational programme](#), CEE Bankwatch Network, 2 March 2022.

¹² CEE Bankwatch Network and EuroNatur, [Behind the 'green recovery': how the EU recovery fund is failing to protect nature and what can still be saved](#), CEE Bankwatch Network and EuroNatur, June 2022.

Delays in the fossil fuel phase-out putting climate objectives at risk

The coal phase-out, announced in 2021, with the closure of the Matra power plant by 2025,¹³ is not reflected in the NECP, which - on the contrary - highlights the importance of the plant for the domestic electricity supply. This is unfortunately consistent with the recent environmental permit requested by the state-owned MVM to operate the plant using lignite until the end of 2029,¹⁴ which is justified by the company by the changing context and risk of energy shortages. It seems the national fossil fuels company is preventing an early phase-out of fossil fuels, as this closure is now conditioned to the construction of three new gas fired plants with a total capacity of 1500 gigawatts, in a context in which the energy demand is likely to increase due to a governmental strategy to build about 50 battery-related factories throughout the country.¹⁵ According to the revised NECP, gas import dependency will decrease more slowly than in the 'old' (2020-adopted) NECP: while a net gas import dependency target of a maximum 70 per cent for 2030 in the 2020 National Energy Strategy, which is referred to in the initial NECP,¹⁶ the new draft target proposes to decrease it to only 80 per cent (whereas gas import exposure was 85 per cent in 2022).¹⁷

This strategy to prolong coal contradicts what has been agreed in the TJTPs (the closure of coal mines and power plants by 2025) and puts at risk the whole just transition process. For the money from the Just Transition Fund to be disbursed, coal has to be phased out by 2025. However, the government and the regional authorities seem to prefer avoiding a conflict with miners and promise them that the coal power plants and mines could operate until 2027 or 2029.

Moreover, the government has an important interest in the Paks nuclear power plant (in which a new set of blocks is foreseen to be built), while at the same time failing to provide the necessary support and framework for the deployment of renewables. In the plan, only 1 gigawatt is foreseen for wind energy, by 2030, against 12 gigawatts for solar. The government has also not made progress in introducing legislation favouring small scale renewables.

All this is doubled by discouraging the exploration of opportunities to significantly reduce the electricity demand, and hence to investing widely in energy savings, in particular in the building sector. By 2029, about 60,000 homes are expected to be renovated with some scale of EU fund support,¹⁸ while more than 2.6 million homes require energy renovation.¹⁹

¹³ Frédéric Simon, [Hungary brings coal exit forward by five years, to 2025](#), *EURACTIV*, 4 March 2021.

¹⁴ Enviare, [MVM Mátra Energia Zrt. villamosenergia-termelő tevékenységének felülvizsgálata a 2018-2022 időszakra vonatkozóan](#), *Enviare*, August 2022.

¹⁵ ATV, [Hatalmas lesz a csaknem 50 akkumulátorgyár energiaigénye](#), *ATV*, 16 August 2023.

¹⁶ Ministry of Innovation and Technology of the Republic of Hungary, [National energy and climate plan](#), *Ministry of Innovation and Technology of the Republic of Hungary*, January 2020, 32.

¹⁷ Ministry of Innovation and Technology of the Republic of Hungary, [National energy and climate plan, revised version 2023](#), *Ministry of Innovation and Technology of the Republic of Hungary*, 4 September 2023, 33.

¹⁸ When adding up information in the draft REPowerEU chapter, Recovery and Resilience Plan and the operational programmes. Own calculation.

¹⁹ Ministry of Innovation and Technology of the Republic of Hungary, [National energy and climate plan, revised version 2023](#), *Ministry of Innovation and Technology of the Republic of Hungary*, 4 September 2023, 33.

Unclear investments hindering government's use of EU funds

Regarding the projected investment needs and potential ways to finance them, the NECP does not have much to say (or completely overlooks them when it comes to the agriculture and land use, land-use change and forestry (LULUCF) sectors). Furthermore, it does not provide a list of cost estimates including the potential contribution of EU funds. In general, Hungary's use of EU funds is relatively well planned, with support mostly for measures related to energy efficiency and renewables, and leaving problematic investments, such as fossil fuels and nuclear, to other sources (national funding, private sources, loans from foreign countries). However, it does not make full use of their potential, by not investing enough in the renovation of the building sector or putting in place schemes for energy poverty, a topic which appears very sparsely in the NECP. The energy efficiency schemes are not developed well enough to be effective in terms of the needs of the beneficiaries. This is because the government insists on maintaining (even if at a reduced scale) the price cap for energy introduced in 2013, instead of putting in place a comprehensive support scheme to reduce energy demand and increase the performance of buildings, by providing differentiated support according to the building types and social groups.

This lack of willingness to put in place serious measures to implement building renovation strategies casts doubt on the possibility to implement the energy demand reduction and climate neutrality goal for 2050 adopted by the Hungarian authorities.²⁰

Comparing the estimate of the extra investment needs of the 'with existing measures' (WAM) scenario for the 2023-2035 period with the 2036-2050 period, we see almost five times higher annual costs for the latter period.²¹ This reveals an irresponsible approach towards future generations, who will have to deliver the bulk of transformative investments without predictable resources. This also underlines the need for early action utilising as many financial resources as possible that are currently available for use in truly transformative solutions, and the imperative to avoid false, interim pseudo-solutions.

Latvia



Latvia's draft updated NECP, which has been approved by the government after a very limited public scrutiny but not yet submitted to the European Commission, is in line with EU funding plans and programmes that support the decarbonisation of several sectors. However, it fails to set a clear direction for phasing out fossil fuels and increasing the sustainable use of renewables to achieve the country's potential. It also contains a problematic vision for the LULUCF sector.

A rushed process has dulled ambitions

Latvia's draft updated NECP was approved by the government on 5 December, following a chaotic preparation process in which formal bodies (ministries and identified stakeholders such as business associations and some NGOs) were rushed to comment on the latest version of the draft a few days before it was submitted to the Cabinet of Ministers for approval. Although it has not yet been formally submitted

²⁰ Wolters Kluwer, [2020. évi XLIV. törvény a klímavédelemről](#), Wolters Kluwer, 14 December 2023.

²¹ HUF 500 billion per year until 2035, HUF 2.360 billion per year for 2036-2050. Source: Ministry of Innovation and Technology of the Republic of Hungary, [National energy and climate plan, revised version 2023](#), Ministry of Innovation and Technology of the Republic of Hungary, 4 September 2023.

to the Commission, it appears that the Latvian government was keen to start negotiations with the EU executive at the expense of proper public involvement. The thematic working groups established for the process (except the one on transport) did not meet regularly and efficiently enough, and no public consultation took place; this is now scheduled to happen next year for the finalisation of the plan.

Regarding fossil fuels, the draft does not set a definite phase-out goal for fossil gas, but only an indirect reduction in its use in the energy mix through an increase in the share of renewables in total energy consumption. Investments and measures are planned to move away from fossil gas, but support measures for the decarbonisation of the transportation sector are included, mentioning 'methane' and 'hydrogen' without specifying that only biomethane and green hydrogen will be supported. Not specifying this clearly leaves too much room for undesirable interpretation. The plan would have benefitted from an additional target for the share of electric vehicles in all individual vehicles. Apart from these, the measures included for the transport sector are much needed and, if implemented, could lead to significant emission reductions.

The investments planned for the injection of biomethane into the gas grids are likely to prolong the use of gas infrastructure since they can only replace the current use of fossil gas by up to 15 per cent. Short term, these will reduce emissions, but in the long-term are likely to prolong reliance on imported fossil gas. Moreover, biomethane might be more useful for other sectors, like industrial processes or heavy transportation, since the heating sector is easier to electrify, especially in combination with some sustainably derived biomass.

The plan is also unambitious for the electricity sector, aiming at only over 70 per cent renewables by 2030, while neighbouring countries such as Lithuania and Estonia have set a 100 per cent renewables target.

Moreover, the revised NECP is very problematic for the LULUCF sector, with the Ministry of Climate and Energy trying to maintain business as usual, adding unscientific claims that will lead to emission reductions, such as replacing unproductive forest stands with tree plantations, fertilisation of forests, planting tree plantations or berry fields in abandoned peat extraction sites (instead of rewetting). This approach risks harming the potential of forests and wetlands as carbon sinks, and will not be effective to meet the emissions reduction goal of the LULUCF sector.

Heavy reliance on biomass in the heating sector is also expected to continue, since, apart from increasing energy efficiency and sustainability, no plan is presented to move beyond biomass towards more climate neutral and biodiversity friendly technologies.

The NECP is incomplete on the building renovation aspect, with no new target, pending agreement on the Energy Performance of Buildings Directive (EPBD), although it does include some potentially good measures that could lead to increased renovation activity, if implemented.

No alignment between NECP and EU spending plans

The plan includes many investments that will drive electrification and energy savings, with support for heat pumps, energy efficiency improvements, electrification of the transport sector (but it also foresees the use of methane and hydrogen, as well as hybrid cars).

All new policy objectives are in line with related EU documents, such as the recovery and resilience plan and the TJTPs. EU funds have their corresponding measures in the NECP. However, the plan lacks details on

how to mobilise other funds (national and private), which raises concerns about the feasibility of implementing the investments.

Romania



Submitted without widely consulting the public, Romania's draft updated NECP reflects the recent decisions to decrease the reliance on coal, in line with what has been agreed in previous EU funding plans. While it recognises the country's potential and better plans the measures to reach the EU targets, it still lacks the necessary vision for implementing ambitious programmes, in particular for the most vulnerable groups. Moreover, it envisions the possibility for harmful solutions such as considerable new gas powered- and environmental damaging hydropower infrastructures.

Looming investments stunting climate ambitions

Romania's draft version of the revised NECP was submitted directly to the Commission on 3 November,²² with authorities failing to organise extensive consultations with relevant stakeholders and civil society during the revision process. According to official statements, consultations will be organised only during the SEA procedure, for which a concrete timeline does not exist.

Regarding the content of the newly revised NECP, the policies and measures identified for reaching all energy and climate targets include details related to specific timelines, financing needs and available sources, implementing entities and indicators for measuring the progress. This is a different set up compared to the previous version, although this overview of policies and measures is still incomplete as many of these tables are lacking important information.

Nonetheless, increased ambition and more sectoral planning are noticeable: the greenhouse gas emission reduction target now includes sectoral objectives; an increased renewable energy target of 36 per cent share in the gross final energy consumption compared to the previous 30.7 per cent share; increased targets for energy efficiency. Compared to the previous NECP version, the revised draft now mentions the coal phase-out date set for 2032 (that was agreed in the recovery and resilience plan in 2021), detailing the lignite net installed capacity that will be decommissioned. No information about the actual timeline for the closure of lignite mines is included or about the installation of PV infrastructure planned under the decarbonisation and restructuring plan of the lignite energy complex operator. Regarding fossil gas investments, the revised NECP plans significant new fossil gas infrastructure, either through the development of new combined cycle gas turbine (CCGT) capacities (2615 megawatts by 2030) or through the promotion of high-efficiency cogeneration capacities (at least 1102 megawatts additional installed capacity by 2030). These new capacities are expected to switch completely to renewable hydrogen (green hydrogen) by 2036. However, no fossil gas phase-out date is envisioned.

Unfortunately, the revised NECP version includes the construction of new small hydro power plants (HPP) for increasing the domestic generation capacities from renewable energy sources. 304 megawatts of additional installed capacities are expected to be put in operation by 2030. These HPP projects are the same ones that the government has tried relentlessly to revive and legalise over the past two years through

²² Ministry of Energy of the Republic of Romania, [Integrated national energy and climate plan of Romania. 2021-2030 update. first draft version](#), Ministry of Energy of the Republic of Romania, 3 November 2023.

amendments to current environmental protection legislation. Many of these projects started in the 1980s or 1990s, and their technical and economic analyses have not been updated since then, while some of them have been declared illegal by the Romanian justice system. In addition, extra nuclear capacities are also planned: two new nuclear reactors at the Cernavoda Nuclear Power Plant totalling an installed capacity of 1400 megawatts by 2031 and an extra 462 megawatts of installed capacity through small modular reactors facilities by 2029.

Investment needs coherent but lacking on detail

The overall investment needs in the energy sector, both in electricity generation and in energy demand sectors, are estimated at EUR 576 billion by 2030. To cover these investments, financial instruments such as the Recovery and Resilience Facility, the Modernisation Fund or cohesion policy funds will be used, alongside resources coming from the central government budget or other international funding and private investors. Particular attention should be paid to eliminating any administrative barriers that might interfere with an effective absorption of the available funds, such as delays in launching call for projects, or excessive bureaucracy. Finally, the policies and measures identified in the revised plan are in line with other important strategic documents, such as the national recovery and resilience plan, the TJTPs or documents putting into operation the financial resources available through the 2021-2027 MFF. Regarding energy poverty, the authorities' objective is to establish a fair and efficient granting system for energy subsidies, for which unfortunately no additional information regarding a concrete timeline or progress indicators is available. While the former NECP mentions superficially plans to design energy efficiency in residential building programmes targeting vulnerable consumers, this new version completely misses the opportunity to commit to such programmes that would also help to alleviate the energy poverty phenomenon.

Slovakia



Slovakia's draft updated NECP does not provide a strategic outlook for energy transition with clear priorities and targeted solutions. While the plan reflects the recent decisions to close coal power plants by 2025, it fails to set a pathway for decarbonisation, with gas expected to grow, including with the help of EU funds, which need to be better used.

Nothing new on the fossil fuel: clear goals for coal and gas lacking

The draft updated NECP confirms commitments already taken, such as Nováky lignite and Vojany hard coal power plant closures by the end of 2023 and 2025 respectively. Those decisions date back from 2018, and were only mentioned in the previous NECP. Despite the recent news indicating that Vojany might be closed in 2024²³ and the certainty that coal mining will end in 2023, the draft updated NECP still lacks a national binding target for a complete coal phase-out.

While the NECP shows progress on eliminating coal, it does not foresee a phase-out for gas. On the contrary, gas is seen as an enabler for decarbonisation, as fossil gas is considered one of the measures to secure environment sustainability,²⁴ with the help of EU funds. Indeed, gas boilers are subsidised in some areas

²³ Martin Marko, [Kľúčová elektrárň na východe Slovenska bude zatvorená. Lokalita je teraz v hre o atómový zdroj](#), *Hospodárske noviny*, 9 November 2023.

²⁴ Ministry of the Economy of the Slovak Republic, [Draft update of the Integrated National energy and climate plan for 2021-2030](#), *Ministry of the Economy of the Slovak Republic*, p. 14, August 2023.

subjected to air pollution infringement, with the support of the Recovery and Resilience Fund, and the Modernisation Fund contributes to a fuel shift in district heating to gas. Moreover, the share of combined heat and power generation from fossil gas is foreseen to almost double by the end of the decade, from 17.32 per cent in 2019 to 31.68 per cent in 2030, with new cogeneration units. In addition, the draft updated NECP is very unambitious in renewable energy development and mentions extensively the deployment of small modular reactors.

In general, the text contains several statements from the previous version, fails to consider recent developments and outlines too many priorities instead of selecting targeted actions. It is impractical to focus on 25 priorities with the capacities the Slovak regions and ministries have.

Poorly planned investments, but EU funds can be a tool for quick wins

The investments foreseen to implement the NECP also cast doubt on the vision for energy transition. For instance, in transport, most of the investments go to individual road transport (78 per cent by 2030, and 86 per cent by 2050), while investment in rail transport is negligible (6 per cent by 2030, 4 per cent by 2050).²⁵ For energy, the most significant share of investments is expected to increase the percentage of nuclear energy in the Slovak energy mix (table 105),²⁶ with more than EUR 5 billion estimated costs. In contrast, this sum could be invested in other decarbonising measures.

Despite their potential, EU funds are also seen as a tool to increase the reliance on fossil gas instead of phasing it out and focusing on more virtuous solutions. The Modernisation Fund, for which the wrong allocation is foreseen (EUR 1 billion when EUR 4 billion would be potentially available until 2030), will therefore be used for innovating gas-powered district heating utilising more than EUR 149.5 million. The RRF-funded Renovate House programme, which supports measures to incentivise high energy savings, a variety of renewable energy, adaptation and environmental measures, also contributes to the deployment of fossil gas boilers (although in a limited way). Despite producing an increasing share of heat pumps, Slovakia has one of the least ambitious plans to install clean sources of heating systems.²⁷

As recent examples can illustrate, EU funds need to be redirected to better measures, taking into account social needs and vulnerable groups. For instance, the Green to Household programme (supported by ERDF), which provides subsidies for renewable energy for the construction of new houses, includes a higher social component than in the previous period (16 per cent of the funds, from 0 per cent). The Renovation Fund, topped up with funds from REPowerEU, will also include funds for advising and raising awareness, with EUR 40 million redirected to vulnerable people. These are crucial positive developments, as Slovakia is one of the countries most threatened by energy poverty.²⁸

²⁵ Ministry of the Economy of the Slovak Republic, [Draft update of the Integrated National energy and climate plan for 2021-2030](#), Ministry of the Economy of the Slovak Republic, August 2023, table 106, 363.

²⁶ Ministry of the Economy of the Slovak Republic, [Draft update of the Integrated National energy and climate plan for 2021-2030](#), Ministry of the Economy of the Slovak Republic, August 2023, table 105, 362.

²⁷ Boye Olesen et al., [Green Heat for All 2 - A Review of the Necessity and Feasibility of a Just and Green Heat Transition](#), INFORSE Europe, October 2023.

²⁸ Dušana Dokupilová, Daniel Gerbery, [Hĺbková Štúdiá Energetickej Chudoby](#), Prognostický Ústav SAV, Centrum spoločenských a psychologických vied, Slovenská akadémia vied, June 2023.

Bulgaria



Bulgaria's NECP draft has not yet been submitted and no public consultation has taken place. This is particularly concerning as we have already seen the damage that the lack of public consultation and information has done to other strategic documents and to the public buy-in with regards to the decarbonisation of the energy sector. Yet the current discussion is about backtracking on previous commitments to phase out coal and increase the reliance on nuclear and fossil gas, instead of building a strong strategy with the ambitious reforms needed.

No draft updated NECP amid signs of a backlash on the coal phase-out

As of November 2023, Bulgaria had not shared its draft NECP with the European Commission, nor has there been any public consultation. Information is generally scarce and comes in small chunks occasionally in statements made by government officials – mainly on the fact that there will be a draft, rather than on what it will contain.

This fact is quite concerning, especially considering the major delays with other strategic documents, such as the very late submission of the territorial just transition plans (TJTJs) almost a year past the deadline in 2022, and the renegotiations of the national recovery and resilience plan (NRRP). In 2022, the Energy Transition Committee was convened as part of an NRRP reform; its task – to produce a final report based on specific modelling in which 2038 is the final date of coal usage.

Although there is no firm date specifically named in the NRRP, 2038 seems to be the latest year for the coal phase-out, this can be seen in the text where the establishment of the Energy Transition Committee is outlined. This goes hand in hand with the commitment under the NRRP to achieve a 40 per cent GHG reduction in comparison to 1990 levels by 2025. However, in January 2023, the Parliament voted a decision to renegotiate this date in the NRRP and start negotiations with the European Commission. As of today, there is still a lack of clarity on how these negotiations are progressing.

The coal phase-out date has been the crux in the delay of all energy-related documents in Bulgaria. A stark example of this is the late submission of the TJTJs, which were only submitted in September 2023, resulting in a loss of EUR 100 million for 2022. The submission, however, was not without difficulties: in an attempt to stop the TJTJ submission, protests erupted, led by trade unions and involving energy sector workers and miners. As a result of the negotiations between the trade unions and the government, an agreement was signed. The agreement guarantees that coal thermal power plants will operate without any administrative barriers, which contradicts the coal phase-out strategy agreed in the NRRP.

More investments in false solutions but less EU funds for green projects

Another commitment in the agreement was the creation of a 2030 National Energy Strategy. The process started with a public consultation on 17 November 2023 and subsequently a draft was published on the Ministry of Energy's website.²⁹ It is expected that the modelling used in this strategy should be used for the NECP. However, what we are seeing in this document is an overreliance on false solutions: nuclear energy as well as continued exploitation of fossil fuels. Particularly concerning is the vision of gas as a substitute for coal and the use of gas as a transitional fuel, as well as the desire to expand the gas infrastructure. We

²⁹ Министерство на енергетиката, [Стратегия за устойчиво енергийно развитие](#), Министерство на енергетиката, 2023.

can also see the risk of a lack of concrete targets – e.g. in the National Energy Strategy draft, we can see in a few places the phrase ‘near climate neutrality by 2050’ which is obviously different to the objective of ‘achieving climate neutrality’. Another potential concern might come from the over-reliance on biomass for fulfilling the renewable energy targets Bulgaria is attempting to achieve, as can be seen in the current version of the NECP, approved in 2020.

Overall, EU funds could be used in a smart and strategic way that maximises investments in the decarbonisation of the energy sector while at the same time mitigating social risks. This is the case of the renewable energy programme for individual households and small and medium-sized enterprises, funded by the RRF, which is very much welcome despite its shortfalls and delays, and the recent decision to slash the amount of money available. EU funds should favour further decentralisation of the energy system and support a scale-up of energy efficiency measures. However, we are currently seeing a relatively low level of ambition by the Bulgarian government: for example, when coming to renewable energy and energy efficiency targets, the experience from the previous NECP is that the targets were very low and only meeting the bare minimum required by the European Commission. Considering that the recast Renewable Energy Directive (RED II) was only just transposed after a significant delay, a similar thing could happen with the revised NECP.

Poland



Poland has not yet submitted its updated NECP, and as of December 2023, the modelling process, essential background for drafting the revision, is not completed. The lack of the NECP and the energy transformation strategy creates a big problem for Poland's green transition. However, at the same time, it is a huge opportunity for the new authorities to turn their coalition agreement (ambitious declarations) into specific plans immediately after taking over the government.

Awaiting new modelling and a new government

Since early spring 2023, civil society organisations (CSOs) and other stakeholders have been requesting the Ministry of Climate and Environment (responsible for the NECP revision) be involved in drafting the renewed Plan. They coordinated their activities and presented expert recommendations for the new Plan. The outgoing government declared it would create working groups with the participation of stakeholders, including CSOs. However, they have not been launched yet, officially due to ‘technical challenges’, but likely because of the change of government – ministerial officials are awaiting the new minister. The new government coalition agreement remains fairly general – only five paragraphs, with no clear indication of a coal exit or net-zero date.

No draft of the NECP revision is available because the modelling process still needs to be completed. The modelling contract was signed only in the summer of 2023, after the NECP submission deadline (30 June 2023). The first results are expected in January, but expectations remain low.

Effectively, there is no decarbonisation strategy in line with the EU targets. Currently, outdated and unrealistic strategic documents – the NECP and the national strategic Energy Policy of Poland until 2040 (EPP2040) have devastating effects on decarbonisation because they add more chaos instead of structure. Crucial areas like grids remain underinvested, while the spread of individual photovoltaics remains

uncontrolled, and the energy system is not prepared to absorb the power they generate. Updates to the legal framework and support mechanisms regulating large-scale renewables and storage projects, simplifying the development of energy communities, and accelerating building renovation recently entered into force in parallel with the NECP and EPP2040, rather than as a result of a well-thought out and comprehensive strategy.

The NECP revision process is linked with an update of the EPP2040 in terms of the process timeline and – to some extent – the documents' content. The first assumptions for the energy policy revision were presented over the course of 2022 and 2023. Even though the renewed EPP2040 adoption was blocked by the radical parts of the government, with the help of the trade unions (due to the miners' concerns over job loss) and put off until after the elections, the Ministry consulted a joint analytical scenario (for the NECP and EPP2040) for the electro energy system in June 2023.

A soft coal exit instead of a clear phase-out date

Poland has not adopted an official coal phase-out date. There is a declaration on mine closure by 2049, which is not legally binding, and, e.g. imports will still be possible beyond 2049. Respectively, there is no climate neutrality date.

On the other hand, the aforementioned analytical scenario for NECP/EPP2040 revision includes limiting the role of coal and scaling down previously planned fossil gas investments. Poland intends to decrease the use of coal in the 2030-2040 decade by 55 per cent compared to the current time. Coal and lignite would be responsible for 7 per cent and 1 per cent of energy generation, respectively (it should be noted that these analyses cover only the power sector, without heating, where eliminating coal is more challenging); which experts refer to as a 'soft coal-exit' and the upcoming end to Poland's mining industry.

While there have been no clear phase-out dates defined on the national level in strategic documents, the revised NECP should be aligned with what is stated in the TJTPs approved for Just Transition Funds for four coal regions in Poland: Eastern Wielkopolska, Upper Silesia (along with a small allocation for Western Małopolska), Łódź (for Bełchatów), and Lower Silesia (for Wałbrzych). The Lublin Voivodeship and the Zgorzelec region were excluded earlier in the process after concerns were raised during informal discussions with the European Commission over a lack of clarity on the transition plans for the two regions, particularly in relation to the low targets for reducing CO₂ by 2030 and the distant closing dates set for the mines in Bogdanka and Turów. The plan for Łódź (Bełchatów) was approved with a 'rendez-vous clause', with an updated and more ambitious version of the document due to be submitted by January 2024. Thus, the updated NECP should also reflect what appears in the new TJTP for Bełchatów. Nonetheless, in relation to the draft NECP, it is important to note the Silesian plan acknowledges the overarching EU target of climate neutrality by 2050, while the plans for Lower Silesia (Wałbrzych) and Eastern Wielkopolska set climate neutrality by 2040 as a key target.³⁰

³⁰ CEE Bankwatch Network, [Mapping the road to a just transition in central and eastern Europe: an analysis of Territorial Just Transition Plans in 7 countries. September 2023 update - part I](#), CEE Bankwatch Network, 26 September 2023.

Use of EU funds heralds a more ambitious approach for 2030

Even though Poland lags in decarbonisation efforts, it still plans to spend significant amounts of EU funds on fossil fuels. The planned investments include nearly EUR 1.5 billion for gas transmission and distribution infrastructure and much more to the demand side: gasification of individual and district heating, gas-powered 'low emission' buses, etc. Increasing the demand side does not bring Poland any closer to meeting 2030 and future 2040 reduction targets, as the new gas installations will run for at least ten years and maintain the high demand for gas, making the import, transmission and distribution infrastructure needed to supply them in the years to come necessary. Significant gas investments are still possible because the NECP/EPP2040 updates, which are expected to reduce fossil gas plans, are stuck.

On the other hand, the uncontrolled spread of individual prosumers with old grids and insufficient accompanying investments (in energy efficiency energy storage) create the risk of EU-funded investments in renewables being refused connection to the grids. The currently available cohesion and recovery funds present a more complex approach to energy investments than before, e.g. investments in renewables receive higher support if implemented in connection with energy storage or energy efficiency measures. Also, investments in grids have been significantly increased. This should be reflected in the renewed NECP; otherwise, uncertainty among citizens and businesses may hamper Poland's already delayed energy transformation.

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