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COMMISSION RECOMMENDATION

of 18.6.2019

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

{SWD(2019) 273 final}

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

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) Romania submitted its draft integrated national energy and climate plan on 31 December 2018. The submission of this draft plans 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 Romanian 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) 273.

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 national 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 Romania⁴ and in the Commission's recommendation for a Council Recommendation to Romania⁵, 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.
- (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

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) 1022 final.

⁵ COM (2019) 523 final of 5.6.2019.

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) The final plan should further develop the assessment of interlinkages between policies and measures, and describe how Romania intends to address them. In particular the plan should describe the synergies between the decarbonisation, the energy security and internal market dimensions with the energy efficiency first principle. The interaction between the planned further use of coal and gas at the 2030 horizon and the decarbonisation objectives needs to be assessed. Similarly, an assessment of policy interactions and cross-cutting impacts should be included for policies and measures with a wide-ranging impact, such as planned new capacities built against the energy efficiency and decarbonisation dimensions, the latest regulatory measures concerning the energy market against the internal market and security of supply objectives, and the impacts of decarbonisation measures in transport and the increased use of renewables on the grid. The impact of the increased use of forest biomass in electricity and heat production on the accounted emissions and removals from land use, land use change and forestry should also be assessed. Moreover, objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions.
- (14) The final integrated national energy and climate plan would benefit from assessing the results of the national competitiveness strategy 2014-2020, presenting a comprehensive analysis on where the low-carbon technologies sector is currently positioned in the global market as well as highlighting areas of competitive strengths and potential challenges. It could also be complemented with more comprehensive measures to tap into the potential of interactions with circular economy.
- (15) The Commission's recommendations to Romania are underpinned by the assessment of Romania's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

⁶ SWD(2019) 273.

⁷ SWD(2019) 273.

HEREBY RECOMMENDS ROMANIA TAKES ACTION TO:

1. Significantly raise the level of ambition for 2030 to a renewable share of at least 34 % as Romania's contribution to the Union's 2030 target for renewable energy, as indicated by the formula in Annex II under Regulation (EU) 2018/1999. Include an indicative trajectory in the final integrated national energy and climate plan that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999 in accordance with that share, in view of the need to increase the level of efforts for reaching this target collectively. Put forward detailed and quantified policies and measures that are in line with the obligations laid down in Directive (EU) 2018/2001 of the European Parliament and Council⁸, to enable a timely and cost-effective achievement of this contribution. Increase the level of ambition in the heating and cooling sector to meet the indicative target included in Article 23 of Directive (EU) 2018/2001 and put in place adequate measures to meet the transport target set in its integrated national energy and climate plan and in line with Article 25 of Directive (EU) 2018/2001. Put in place measures to simplify the licensing and permitting procedures and provide additional details on the enabling frameworks for renewable self-consumption and renewable energy communities, in line with Articles 21 and 22 of Directive (EU) 2018/2001. Provide additional details on the specific measures to ensure sustainability for biomass supply and use in the energy sector, given the important contribution of biomass to Romania across the energy mix, especially in heating and cooling.
2. Substantially increase the ambition for reducing both final and primary energy consumption in 2030 in view of the need to increase the level of efforts to reach the Union's 2030 energy efficiency target. Propose more ambitious policies and measures that would deliver additional energy savings by 2030. Provide more clarity on existing policies and measures and provide more detailed information on the planned policies and measures for the whole 2021 to 2030 period, in particular on their expected savings and impacts as well as timeline for implementation.
3. Specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, in particular measures ensuring flexibility and a robust gas diversification strategy including relevant underlying infrastructure projects and the elimination of the undue restrictions to investments in gas production considering the regional potential of the reserves in the Black Sea. Detail the strategy to ensure the long-term supply of nuclear materials and fuel in view of the enlargement of the nuclear generation capacity and detail information concerning the strategy to maintain its domestic capabilities in the fuel cycle.
4. Define forward-looking objectives and targets concerning market integration, in particular measures to develop liquid and competitive wholesale and retail markets, both by fostering competition within the country and by eliminating barriers to cross-

⁸ 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).

border trade, including export restrictions. Address the negative impact of wholesale price regulation and provide a clear outlook to ensure compliance of national legislation with Union law with respect to open and liberalised markets and free price formation by including a strategy and timeline for progress towards fully market based prices, while including targeted measures to protect vulnerable customers.

5. 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.
6. Intensify regional cooperation with neighbouring Member States and within established regional cooperation frameworks such as the Central and South-Eastern Europe Energy Connectivity (CESEC) High Level Group including in gas and electricity infrastructure, renewables, energy efficiency and research, innovation and competitiveness, and taking into account common challenges and shared objectives. There is significant potential to further cooperate with a view to foreseen developments in the electricity sector, including the need to accommodate higher shares of renewables and clean transport, which could impact electricity interconnections and trading in the region.
7. Extend its analysis of investment needs and risks provided for its Energy Strategy objectives, to a general overview of investment needs to reach the objectives of its integrated national energy and climate plan. Provide a general assessment of the sources of that investment, including appropriate financing at national, regional and Union level. Consider also the cost-effective generation of transfers to other Member States under Regulation (EU) 2018/842 of the European Parliament and Council⁹ as funding source.
8. List all energy subsidies, including in particular for fossil fuels, and actions undertaken as well as plans to phase them out.
9. Include an analysis of the interactions with air quality and air emissions policy with the required information about the projected air pollutants emissions under the planned policies and measures.

⁹ 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 (OJ L 156, 19.6.2018, p. 26–42).

10. Integrate just and fair transition aspects better, notably by considering social and employment impacts, listing more concrete measures and timeframes to address energy poverty, as required by the Regulation (EU) 2018/1999. Discuss the needs and measures addressing the structural changes entailed by the clean energy transition for mono-industrial regions such as those depending on the coal industry or other energy-intensive sectors.

Done at Brussels, 18.6.2019

For the Commission
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Member of the Commission