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COMMISSION RECOMMENDATION

of 18.6.2019

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

{SWD(2019) 275 final}

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 288 thereof,

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) Denmark submitted its draft integrated national energy and climate plan on 21 December 2018. 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 Danish draft national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment is published² alongside the present recommendation. The below recommendations are based on this 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

¹ OJ L 328, 21.12.2018, p. 1.

² SWD(2019) 275.

the integrated national energy and climate plans; (iv) interactions between and consistency of existing and planned policies and measures included in the integrated 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 Denmark⁴ and in the Commission's recommendation for a Council Recommendation to Denmark⁵, 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

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) 1003 final.

⁵ COM (2019) 504 final of 5.6.2019.

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 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) In the final plan, Denmark should take into account the synergies between the five dimensions of the Energy Union and the energy efficiency first principle, including by explaining 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. Additional information on specific objectives with regards to demand response, aggregation, system flexibility, smart grids, storage, distributed generation, consumer protection and competitiveness in the retail energy sector are also important elements to be addressed in the final plan in view of ensuring a managed implementation of the objective of 100 % renewable electricity by 2030. It is important that the complete final plan includes a detailed description of all energy subsidies as well as of the national policies, measures and timelines to phase them out, particularly for fossil fuels. Information on how climate change risks might affect energy supply would also improve the plan. The 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 presenting an even more comprehensive analysis on where the low-carbon technologies sector, including for decarbonising energy and carbon-intensive industrial sectors, is currently positioned in the global market. Building on the export strategy of energy technologies, measurable objectives for the future could be included in the final plan, together with policies and measures to achieve them. The final integrated national energy and climate plan could also emphasise the greenhouse gas emissions savings stemming from ambitious actions related to the circular economy.

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- (15) The Commission's recommendations to Denmark are underpinned by the assessment of Denmark's draft integrated national energy and climate plan which is published alongside this Recommendation⁷.

HEREBY RECOMMENDS DENMARK TAKES ACTION TO:

1. Clarify how it intends to reach its 2030 greenhouse gas target for emissions not covered by the EU emissions trading system of -39 % compared to 2005, including putting into place further cost-efficient policies in the building sector and further defining its planned transport policies, and specifying its intended use of the flexibilities between the effort sharing, land use, land use change and forestry and emissions trading system sectors.
2. Underpin the welcomed level of ambition of a 55% renewable energy share for 2030 as Denmark's contribution to the Union 2030 target for renewable energy with detailed and quantified policies and measures that are in line with the obligations of Directive (EU) 2018/2001 of the European Parliament and Council⁸, to enable a timely and cost-effective achievement of this contribution. Clarify among others, the level of the indicative trajectory that reaches all the reference points pursuant to Article 4(a)(2) of Regulation (EU) 2018/1999. Furthermore, put forward trajectories and corresponding measures in the transport sector to meet the transport target pursuant to Article 25 of the 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 across the Danish energy mix.
3. Substantially increase its ambition towards 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 compensate for the likely effects of substantially lowered funding levels for energy efficiency and for the agreed energy tax decreases, and that would deliver additional energy savings by 2030. Include new measures designed to, and capable of delivering the energy savings required under Article 7 of Directive 2012/27/EU. This is particularly important in the light of Denmark's decision to discontinue its existing energy efficiency obligation scheme which would lower the funding available for final energy savings actions. Provide more clarity on the actual measures capable of delivering on the ambitions as regards cleaner and more efficient transport and vehicles.
4. Define clear, measureable and forward-looking objectives concerning market integration.

⁷ SWD(2019) 275.

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).

5. Further elaborate on the national objectives and funding targets in research, innovation and competitiveness, specifically related to the Energy Union, to be achieved between now 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 European Strategic Energy Technology Plan.
6. Expand the already good regional cooperation arrangements, in particular with the other Nordic (Finland, Iceland, Norway and Sweden) and Baltic (Estonia, Latvia and Lithuania) countries to other cooperation mechanisms. Possible areas for enhanced cooperation in renewable energy include planned statistical transfers or hybrid renewable projects, where offshore wind electricity is connected to more than one market. In research and innovation these include alignment of research programmes, coordinated funding, and identification of synergies with other Member States and with Union's programmes and initiatives.
7. Extend 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.
8. List all energy subsidies, including in particular fossil fuels subsidies, and actions undertaken as well as plans to phase them out.
9. Complement the welcome integration of climate mitigation and air pollution policies with more quantitative information, at least including the required information about the projected air pollutants emissions under the planned policies and measures.
10. Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, policies and measures.

Done at Brussels, 18.6.2019

*For the Commission
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Member of the Commission*