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COMMISSION RECOMMENDATION

of 18.6.2019

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

{SWD(2019) 224 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 Council[1], 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) Croatia submitted its draft integrated national energy and climate plan on 28 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 Croatian draft integrated national energy and climate plan, taking into consideration the relevant elements of Regulation (EU) 2018/1999. This assessment[2] 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) 224.

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

(5) In developing its recommendations, the Commission had regard, on the one hand, to the need for the Commission 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, as well as the need to avoid the risk of delay of the Member State's 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 Council[3]. 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 Croatia[4] and in the Commission's recommendation for a Council Recommendation to Croatia[5], 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.

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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) 1010 final.

5 COM (2019) 511 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 which is published alongside this Recommendation [6].

(13) In the final plan the coherence between the different dimensions should be taken into account. For example, Croatia's plans to strengthen energy security by exploring the possibility to increase the production of domestic hydrocarbon resources should be considered against the attainment of objectives related to the decarbonisation dimension and the energy efficiency first principle. The objectives under the research, innovation and competitiveness dimension need to underpin the efforts planned for the other Energy Union dimensions. Other examples are the impact of increased bioenergy use on the accounted emissions and removals from land use, land use change and forestry and of climate change risks on energy security.

(14) The final integrated national energy and climate plan would benefit from expanding on competitiveness aspects, to cover specifically the low-carbon technologies sector, including for decarbonising energy and carbon-intensive industrial sectors. Measurable objectives for the future defined on that basis would be beneficial, together with policies and measures to achieve them, making appropriate links to enterprise and industrial policy. It would also benefit from a better interaction with the circular economy, emphasising its greenhouse gas emissions reduction potential.

(15) The Commission's recommendations to Croatia are underpinned by the assessment of Croatia's draft integrated national energy and climate plan which is published alongside this Recommendation[7].

HEREBY RECOMMENDS CROATIA TAKES ACTION TO:

1. Underpin the welcome level of ambition of a 36.4 % renewable energy share for 2030 as Croatia's contribution to the Union 2030 target for renewable energy with

[6] SWD(2019) 224

[7] SWD(2019) 224.

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 Council[8], 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 increase the level of ambition to meet the transport target in Article 25 of Directive (EU) 2018/2001. Provide additional details and measures on the enabling frameworks for renewable self-consumption and renewable energy communities, in line with Articles 21 and 22 of Directive (EU) 2018/2001.

2. Increase its ambition towards reducing both final and primary energy consumption in view of the need to increase the level of efforts to reach the Union's 2030 energy efficiency target. Support this with policies and measures that would deliver additional energy savings by 2030. Underpin proposed policies and measures by an impact assessment estimating the expected savings and provide a realistic timeframe of implementation of the measures provided for.

3. Define forward-looking objectives and measurable targets concerning market integration, in particular measures to develop liquid and competitive wholesale and retail markets, by fostering competition within the country and progressing towards fully market based prices and by eliminating barriers to cross-border trade.

4. Further elaborate 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 Strategic Energy Technology Plan.

5. Continue regional cooperation efforts on the national energy and climate plan in the context of the Central and South-Eastern Europe Energy Connectivity (CESEC) High-Level Group. These could address notably issues such as further integration in the internal energy market, assessing system adequacy, just transition, decarbonisation and renewables deployment. Explore the cross-border potential and the macro-regional aspects of a coordinated energy and climate policy notably in the Adriatic with the aim of reducing the region's carbon footprint and implementing an ecosystem approach.

6. Extend its analysis of investment costs and sources, including appropriate financing at national, regional and Union level, which is currently provided for some transport and energy efficiency measures, to a general overview of investment needs to modernise its economy by reaching its energy and climate objectives. Consider also

[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).

the cost-effective generation of transfers to other Member States under Regulation (EU) 2018/842 of the European Parliament and Council[9] as funding source.

7. List all energy subsidies, including in particular fossil fuels subsidies, 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 with more quantitative information, at least including the required information about the projected air pollutants emissions under the planned policies and measures.

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 providing an assessment of the number and type of households in energy poverty to allow assessing the need for an indicative objective for reducing energy poverty as required by the Regulation (EU) 2018/1999.

Done at Brussels, 18.6.2019

For the Commission
Miguel Arias Cañete
Member of the Commission

[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).