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final national energy and climate plan of Malta**

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Delegations will find attached document SWD(2020) 917 final/2.

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#### CORRIGENDUM

This document corrects document SWD(2020) 917 final of 14.10.2020

- Modifications are introduced in Annex 1 of the report, regarding specifically values and annotations in tables 1 and 2.

- Minor editorial changes throughout the document.

The text shall read as follows :

#### COMMISSION STAFF WORKING DOCUMENT

#### Assessment of the final national energy and climate plan of Malta

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## 1. SUMMARY

Malta's<sup>1</sup> 2030 target for greenhouse gas (GHG) emissions not covered by the EU emissions trading system (non-ETS) is -19% compared to 2005, as set in the Effort Sharing Regulation (ESR)<sup>2</sup>. However, emissions are projected to increase and Malta indicates that it does not intend to meet its non-ETS GHG reduction target domestically because of limited mitigation potential and high mitigation costs. There is still unexploited emission reduction potential in the transport sector, which forms the largest source of non-ETS GHG emissions, and in buildings - including the use of fluorinated gases. The approach Malta has taken seems to be in contrast with its 'vision document' for the low carbon development strategy from 2017 and is at odds with the long-term strategy to fulfil the European Union and Member States' commitments under the Paris Agreement.

At a 11.5% share, Malta's level of ambition for **renewable energy** remains unambitious and below the minimum share of 21% resulting from the formula in Annex II of the Governance Regulation<sup>2</sup>. Malta provides an indicative trajectory whereby the shares of renewable energy are expected to reach 10.3%, 11.0% and 11.6%, respectively in 2022, 2025 and 2027. The final plan elaborates on the planned policies and measures that will enable the achievement of the contribution and sets out specific relevant sectorial measures.

For **energy efficiency** the contribution to the EU target is set in terms of primary energy intensity that should be reduced to 0.07 toe/ EUR in 2030. This contribution is considered to be of very low ambition<sup>3</sup>. Malta justifies this level of ambition with specific national circumstances (lowest annual energy consumption per capita, low average consumption per dwelling, expected growth in terms of population and GDP). The final NECP provides limited elements on the energy efficiency of buildings. Malta has not yet submitted its long-term renovation strategy.

Malta sets out several high-level objectives to ensure continued diversification of energy sources and **energy security** in 2021-2030. Measures described aim at reducing import dependency through the deployment of indigenous sources of renewable increase, increasing the flexibility of the national energy system and periodic contingency planning.

The national **internal energy market** objectives reflect the specific nature of Malta's energy system, such as its limited size, its dependence on a single supplier of electricity and the absence of a liquid wholesale market or electricity transmission system. Malta is already above the 15% EU target for electricity interconnectivity and estimates that it will maintain a level of 24% for 2030.

There are no quantified objectives and funding targets for **research, innovation and competitiveness**. This is mainly due to the fact that research and innovation (R&I) objectives relevant to the Energy Union will be defined in the national strategy for R&I in energy and water for 2021-2030 that is under development and should be finalised by the end of 2020.

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<sup>1</sup> The Commission publishes this country-specific assessment alongside the 2020 Report on the State of the Energy Union (COM(2020)950) pursuant to Article 13 of Regulation (EU) 2018/1999 on Governance of the Energy Union and Climate Action.

<sup>2</sup> The Commission's recommendations with regard to the Member States' renewable ambitions are based on a formula set out in this Regulation. The formula is based on objective criteria.

<sup>3</sup> In accordance with the methodology as illustrated in the SWD(2019) 212 final.

Malta's plan contains a full section on projected **investment needs**, expenditures and funding sources. The plan includes an overview of the projected costs borne by the government until 2030 as well as the expected costs borne by private investments as a result of the implementation of Malta's planned policies and measures.

A detailed list of **energy subsidies** and actions – both undertaken and planned - to phase them out, in particular for fossil fuels, is not included in the final plan. However, in its recent analyses on energy subsidies, the Commission has identified significant subsidies - including for fossil fuels.

The final plan quantifies the **air quality** impacts of implementing the planned policies on air pollutants. There is some evidence that synergies and trade-offs with air quality and air emissions policy have been considered and graphical data is provided for a number of pollutants. A link is made between the NECP and Malta's National Air Pollution Control Programme (NAPCP).



The issue of a **just transition** has been integrated in the impact assessment of 22 policies and measures. This assessment focuses on several criteria, such as the policies' economic impact, technical constraints, social acceptability, legal and regulatory barriers and impact on quality of life.

Malta reports a low number of households in **energy poverty**, significantly below the EU average.



Whereas Malta has a **national adaptation strategy**, the NECP does not specify the country's adaptation goals.

A notable **good practice** is that, alongside the NECP, a well completed voluntary template on policies and measures has been provided. In the impact assessment section, trade-offs across different criteria (including social acceptability) have been identified and it has been demonstrated how a portfolio of policies and measures can be balanced.

The following table presents an overview of Malta's objectives, targets and contributions under the Governance Regulation<sup>4</sup>:

	National targets and contributions	Latest available data	2020	2030	Assessment of 2030 ambition level
	Binding target for greenhouse gas emissions compared to 2005 under the Effort Sharing Regulation (ESR) (%)	32%	5%	-19%	As in ESR
	National target/contribution for renewable energy: Share of energy from renewable sources in gross final	8	10	11.5	Unambitious (21% result of RES formula)

<sup>4</sup> 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.

consumption of energy (%)					
	National contribution for energy efficiency:				
	Primary energy consumption (Mtoe)	0.8	0.8	1.1	Very low ambition
	Final energy consumption (Mtoe)	0.7	0.6	0.8	Very low ambition
	Level of electricity interconnectivity (%)	24	24	24	N/A

Sources: EU Commission, Energy statistics, Energy datasheets: EU countries; European Semester by country; Malta's final national energy and climate plan.

## 2. FINALISATION OF THE PLAN AND CONSIDERATION OF COMMISSION RECOMMENDATIONS

### Preparation and submission of the final plan

Malta **notified** its final national energy and climate plan (NECP) to the European Commission on 17 December 2019.

The **public consultation** on the NECP was conducted in 2019 in several stages. An online public consultation took place in March and April 2019 with written feedback submitted by several organisations and citizens. A public consultation event was held on 4 April 2019 in order to receive direct feedback and suggestions from stakeholders. A separate public and stakeholder consultation process on the NECP was also conducted within the strategic environmental assessment (SEA) of the R&I strategy for energy and water. The summary and outcome of the consultations is included in the final plan and in an Annex detailing Malta's responses and planned actions. Malta is in the process of carrying out a strategic environmental impact assessment (SEA) on the NECP under Directive 2001/42/EC. The process was initiated in 2019 but is not expected to be completed before the second quarter of 2020. Integrating the outcomes of the SEA in the final NECP was therefore not possible. Once finalised, the SEA report will be made public, in line with the SEA Regulations.

### Consideration of Commission recommendations

In June 2019 the Commission issued 10 recommendations for Malta's final plan. Annex II to this staff working document provides a detailed account on how the different elements of Commission recommendations have been reflected in the final NECP. Overall, the final NECP **partially addresses** the Commission's recommendations. The main changes introduced in the final plan are the following:

On **greenhouse gas emissions**, Malta **did not address** the recommendation to plan additional measures, in particular in the building and transport sectors, and quantify their expected impacts, in order to reduce the significant gap to its 2030 greenhouse gas target for sectors not covered by the EU emissions trading system of -19% compared to 2005.

On **renewables**, Malta **partially addressed** the recommendation to significantly increase the level of ambition for 2030 to a renewable energy share of at least 21%, to include an indicative trajectory that reaches all the reference points and to provide more details on policies and measures. The final NECP includes an explicit proposal for a contribution to the 2030 EU target of 11.5% that remains well below the share of 21% resulting from the formula in Annex II of the Governance Regulation. Malta nonetheless provided the indicative trajectory for reaching the 2030 shares, together with a list of policies and measures – both ongoing and under development – across all sectors.

On **energy efficiency**, Malta **partially addressed** the recommendation to substantially reduce final and primary energy consumption and to propose more ambitious policies and measures to deliver additional energy savings, notably for buildings and transport. Malta proposed new measures on energy efficiency in transport, industry and services. The NECP includes some information on buildings, but it lacks specific targets, expected energy savings and new measures. The long-term renovation strategy has not been submitted yet.

Concerning **energy security**, Malta **partially addressed** the recommendation to specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, including measures ensuring flexibility and possibly the increased role of demand response in the electricity sector. The plan does not envisage significant measures to increase the flexibility of the system and increase the role of demand response in the electricity sector. Information on future electricity generation adequacy, including on demand response and storage, remains limited. The plan does not illustrate to what extent the envisaged plans of petroleum exploration are in line with longer-term decarbonisation goals.

On the **internal energy market**, Malta **partially addressed** the recommendation to further improve the level of detail of the objectives and policies and measures by setting clear, measurable and forward-looking objectives.

On **research, innovation and competitiveness**, Malta **partially addressed** the recommendation to further elaborate national objectives and funding targets so that they are readily measurable and fit to support the implementation of targets in the other dimensions of the integrated national energy and climate plan. The final plan does not include any quantified objectives and funding targets for 2030 on research, innovation and competitiveness. The document states that Malta's objectives will be defined in the national strategy for R&I in energy and water for 2021-2030 that is currently under development and should be finalised in 2020.

On **investment needs**, Malta **partially addressed** the recommendation to complement the mainly qualitative references to some of the projected investment needs, expenditures and funding sources, with further quantification. The final plan includes an overview of investment needs, developing quantitative projections under the different scenarios. Yet it lacks concrete information on the finance sources of the different policies planned.

Malta has **not addressed** the recommendation to list actions undertaken and plans to **phase out energy subsidies**, in particular for fossil fuels. In addition to the lack of substantial information on energy subsidies, the final NECP states that there are no plans to phase out energy subsidies due to Malta's specific characteristics. Malta however states its commitment to encourage technologies that can help reduce greenhouse gas emissions.

Malta **fully addressed** the recommendation to complement the analysis of the interactions with **air quality** and air emissions policy. The final NECP includes air pollutant emissions projections.

Finally, Malta **partially addressed** the recommendation to better integrate **just and fair transition aspects**. Malta has included an impact assessment, which was carried out to complete the final NECP. It focuses on criteria such as the policies' economic impact, technical constraints, social acceptability, legal and regulatory barriers and impact on quality of life. However, the assessment of skills is very limited and specific aspects of the impact on quality of life - which encompasses health, comfort, social and environmental aspects - cannot be isolated, which does not allow for the identification of trade-offs or mitigating measures.

#### *Links with the European Semester*

In the context of the European Semester framework for the coordination of economic policies across the EU and of the country report 2019<sup>5</sup>, Malta received one country-specific recommendation<sup>6</sup> on climate and energy, calling on it to invest in 'resource and energy efficiency, sustainable transport, and reducing traffic congestion'. In the 2020 country report<sup>7</sup> adopted on 20 February 2020, the Commission found that Malta had achieved limited progress on this recommendation.

Due to the COVID-19 crisis, the European Semester country-specific recommendations for 2020 addressed Member States' responses to the pandemic and made recommendations to foster economic recovery. In particular, they focused on the need to start mature public investment projects and promote private investment as soon as possible, including through relevant reforms, notably in the digital and green sectors. Malta therefore received a country-specific recommendation<sup>8</sup> stressing the importance of focusing investment on 'the green and digital transition, in particular on clean and efficient production and use of energy, sustainable transport, waste management, research and innovation'. The 2020 country report also highlights how Malta remains particularly vulnerable to climate risks, and how implementing measures in disaster risk management and response would benefit sectors such as water management, infrastructure and land use, natural ecosystems, agriculture and fisheries, and health and tourism.

The Governance Regulation requires Member States to ensure that their national energy and climate plans take into consideration the latest country-specific recommendations issued in the context of the European Semester. Malta's national energy and climate plan has the potential to support the implementation of the European Semester recommendations, as it identifies the necessary investments needs and financial resources to meet them.

<sup>5</sup> The Annex D to the 2019 Country report also sets out priority investments for the 2021-2027 cohesion policy, substantially contributing to the clean energy transition.

<sup>6</sup> Recommendation for a Council Recommendation on the 2019 National Reform Programme of Malta and delivering a Council opinion on the 2019 Stability Programme of Malta, COM(2019) 518 final.

<sup>7</sup> Commission staff working document, Country Report Malta 2020, SWD/2020/517 final.

<sup>8</sup> Recommendation for a Council Recommendation on the 2020 National Reform Programme of Malta and delivering a Council opinion on the 2020 Stability Programme of Malta, COM(2020) 518 final.



### 3. ASSESSMENT OF THE AMBITION OF OBJECTIVES, TARGETS AND CONTRIBUTIONS, AND OF THE IMPACT OF SUPPORTING POLICIES AND MEASURES

#### Decarbonisation

##### Greenhouse gas emissions and removals

The NECP acknowledges Malta's binding **non-ETS emission reduction target** of -19% by 2030 relative to 2005 emissions, and the intention to fulfil the Paris Agreement obligations. Emissions in the effort sharing sectors are still set to increase for 2021-2030, and overall Malta is set to substantially miss its 2030 target of -19% reduction of emissions in the ESR sectors (2005 1.12 Mt CO<sub>2</sub> eq, increasing by 47% in the scenario with existing measures to 1.64 Mt CO<sub>2</sub> eq. in 2030). Malta states that it does not intend to meet this target domestically because of limited mitigation potential and high mitigation costs. Instead it prefers to continue its current practice of ensuring compliance with the annual targets under the Effort Sharing Regulation by purchasing emission allocations from other Member States until 2030. The plan does not clarify specific flexibilities or amounts it intends to use, nor does it provide information on estimated annual GHG emission reduction trajectories. Malta has in parallel to the NECP submission notified its intention to fully use its ETS flexibility of 2% of 2005 ESR emissions per year.

It appears that no significant additional domestic measures have been added compared with the draft NECP, and emissions in the effort sharing sectors are therefore still set to increase by 41% in 2030, according to Annex 1 Part 2 data for the provided scenario with additional measures. The final NECP nevertheless states that it will remain a living document and keeps open the option to update the plan with new decarbonisation domestic policies and measures. The voluntary template on policies and measures provides quantified objectives and/or expected impacts for the majority of policies and measures or groups thereof.

By far the largest non-ETS sector is **transport**, accounting in 2017 for 38.97% of all CO<sub>2</sub> emissions. A good overview of measures to support public transport, car sharing and other means of transport, alternative fuels and multimodality is provided. Electromobility is being supported via investments in charging infrastructure and other means such as tax expenditures and subsidies. The plan also outlines improvements in maritime transport and ferry landing sites (e.g. inter-harbour ferries, Malta-Sicily link) and future plans such as exploring hydrogen fuel cell technology in the sector. The plan does not clearly note the impact of specific measures on emissions, for instance through the Transport Master Plan and the measures under discussion.

In the transport sector, the NECP provides a good overview of existing measures to improve energy efficiency. However, some information on measures related to intelligent transport systems, digitalisation and automation are not present. The listed measures across all sectors cover around 50% of the total cumulative savings requirement (not including the solar thermal scheme), but some additional transport measures are still under consideration.

With respect to the **land use, land use change and forestry (LULUCF)** sector, Malta currently reports net emissions, and this is set to continue under the planned measures. To understand whether this will entail the generation of LULUCF debits, Malta will have to apply the accounting rules as set out in the LULUCF Regulation. The plan mentions the possibility of buying LULUCF credits from other Member States, but it is not clearly stated whether Malta intends to do this. While policies and measures targeting the LULUCF sector have been

presented in the draft NECP, their impact on greenhouse gas emissions has not been systematically accounted for.

In Malta the **agriculture sector** accounts for 3% of GHG emissions. The draft plan mentions several agriculture policies, mostly to manage manure and methane emissions, as well as waste management approaches and their trade-offs. Adaptation is identified as an aspect of low carbon transition for the agricultural sector, but no overall adaptation goals are mentioned in the NECP.

As of 1 September 2020, Malta has not notified its national long-term strategy to the Commission as required under Article 15 of the Governance Regulation.

## **Renewable energy**

The final NECP includes an explicit contribution of 11.5% to the EU **renewable energy target** for 2030. This explicit proposal supersedes the two scenarios put forward in the draft plan, but it remains unambitious and below the share of 21% that results from the Governance Regulation. Explanations are provided on how the overall contribution was set, invoking sustained GDP growth and to limitations to significant photovoltaic installation.

The **indicative trajectory** to reach the 2030 share satisfies the reference points: the share of renewables is expected to reach 10.3%, 11.0% and 11.6%, respectively in 2022, 2025 and 2027. The Annex of the final NECP includes yearly trajectories both in terms of renewable shares and in absolute values by the different sectors and by technology. Solar PV is expected to contribute to 42% of the total renewable energy share in 2030. Electricity generation from waste-to-energy plants is estimated to contribute only a relatively small share to the trajectory for renewable electricity.

According to the final plan, the largest increase in absolute terms will happen in the **heating and cooling** sector. The updated trajectory increases the baseline of 2020 to 22.06% and presents one scenario including only heating. The updated trajectory rises to 25.71% by 2030 but remains less ambitious than the ones presented in the draft plan and does not comply with the indicative objective of a 1.1 percentage point increase, so as to reach the indicative 1.1% target. The heating and cooling trajectory may need to be updated once renewable cooling is included in the calculation.

Malta intends to reach its **renewable transport objective** via the implementation of an obligation on fuel suppliers to blend biofuels with diesel. The ambition level on the blend of biofuels is retained (14% in 2030). Some information is also provided on biomass supply and its source of origin.

The final NECP includes a comprehensive list of policies and measures – both ongoing and under development - across all sectors. They predominantly focus on solar PV, renewable heating technologies and biofuels. Malta will extend its existing framework of grants and operating aids in support of solar PV up to 2030 and will launch new schemes to incentivise the installation of solar water heaters and heat pump water heaters in the residential sector. The planned policy measures appear consistent to reach the level of ambition and the first interim point in 2022.

## **Energy efficiency**

Malta's **national contribution for energy efficiency**, set at a primary energy intensity level of 0.07 toe/EUR in 2030, translates into 1.1 Mtoe for primary energy and 0.8 Mtoe for final energy

consumption. The final plan proposes a slight increase in ambition, while referring to several country-specific factors preventing a bigger increase. Malta's ambition remains at a very low level compared to the EU 2030 targets.

The plan describes **policies and measures** beyond 2020 for all sectors, with buildings remaining the least addressed sector and transport the sector with the biggest potential for further savings. It notably presents new measures to address energy efficiency in transport (electrification of transport and a possible cut-off date for importing and registering internal combustion engine cars) and in industry and services. New policies addressing the water and energy link were added for the primary water network and the wastewater treatment plants.

On **buildings**, the final plan does not provide specific targets or indicative milestones. It gives a general description of existing measures that are intended to continue post-2020, especially those that will help install small-scale renewable energy technologies for own consumption. Given the limited and vague description of these measures, they cannot be considered as sufficiently developed to promote energy renovations of the existing building stock. Further details will be included in the long-term renovation strategy, not yet submitted.

Malta presents the **cumulative savings** to be achieved under Article 7 of Energy Efficiency Directive<sup>9</sup> with a cumulative amount of 82.2 ktoe of savings by the end of 2030 or an average of 1.5 ktoe of new annual savings. This will be achieved by mix of measures covering all end-use sectors, with a new focus on the water sector that represents a significant share of the Maltese energy consumption. These policies and measures are considered credible and sufficient in relation to the achievement of the target, because half of the measures (representing about 45% of the expected savings) are already in place, ensuring that savings can immediately be delivered from 2021 on.

Overall, the proposed policies and measures are considered credible and sufficient in relation to the achievement of the low level of ambition put forward in the final plan.

## **Energy security**

Maintaining a high level of security of supply is a priority in the ongoing transformation of the energy system. Malta sets an objective of having a 11% share of renewable **electricity** and increasing its share of domestic renewable energy. On risks, the plan takes into account the specific situation of isolated territories such as **islands**. However, the plan does not envisage significant measures to increase the flexibility of the system or to increase the role of demand response in the electricity sector.

As regards **diversification of sources and routes**, the plan includes a gas interconnection with Italy. Since 2015, Malta has an electricity interconnector with Italy which ended its isolation from the European grid. On strategies to diversify sources and routes and to build new infrastructure projects, long-term decarbonisation goals do not appear to have not been fully considered. The plan does not consider possible alternative solutions to the construction of a new gas pipeline.

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<sup>9</sup> Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency as amended by Directive (EU) 2018/2002.

As regards **oil and gas**, the plan promotes petroleum offshore exploration only to improve security of supply. The plan does not explain how the projects of petroleum exploration are in line with longer-term decarbonisation goals.

The plan does not envisage significant further measures and investment in energy storage and network infrastructure. It does, however, consider cybersecurity in the energy sector. The planned policies and measures are considered insufficient in relation to the achievement of the objectives. Information on future electricity generation adequacy, including on demand response and storage remains limited.

The plan makes adequate links with the **emergency plans** for gas, electricity and oil, provided for by the applicable sectorial rules. It makes reference to the existing preventive action and emergency plans for gas, and to emergency oil stocks and emergency procedures. It mentions a risk assessment for the electricity sector, but there is no target date for the adoption of the risk preparedness plan.

### **Internal energy market**

The final plan states that Malta has achieved an **electricity interconnectivity level** of 24% which is well above the EU electricity interconnection target of 15% for 2030.

The final plan provides an overview of how Malta will develop different sources of **flexibility** needed to integrate the rising share of renewable energy into the system. However, this goal is not addressed in a structured way and significant measures to increase flexibility remain absent.

Malta currently has no transmission system or wholesale market, either for electricity or for natural gas. The plan provides a sufficient overview of current **retail market conditions** for gas and electricity, and considers the specific situation of the island's energy market. Aggregation, demand response and storage in the retail market dimension are not considered in depth.

The final plan includes an extensive list of current and planned policy objectives and measures on consumer protection, covering issues like smart meters, smart grids and energy poverty.

Regarding **energy poverty**, Malta reports a very low number of households affected. The percentage has fallen from its peak of 23.4% in 2013 to 6.6% in 2017, placing Malta below the EU average. The described current and planned policies and measures appear satisfactory in relation to the achievement of even the more ambitious targets on fighting energy poverty in Malta.

### **Research, innovation and competitiveness**

The final plan does not include any quantified **research, innovation and competitiveness** objectives and funding targets for 2030. Indicative priority areas such as renewable solutions for islands, integration of renewables, energy-efficient solutions for industry and services can only be anticipated. The final NECP also states that Malta does not have 2050 objectives for the promotion of clean energy technologies.

The plan does not mention any contribution to the Strategic Energy Technology (SET) Plan actions for 2021-2030 and there is no explanation on how the SET Plan contributes to meeting the national energy and climate objectives.

Malta has no specific national objectives on **competitiveness**. However, Malta is currently developing a R&I strategy for energy and water management for 2021-2030. The strategy will identify key thematic areas for R&I over the coming decade, with the aim of producing domestic products with potential for scaling up and replication. This will multiply the added value of the research and improve its potential contribution to increasing industrial competitiveness. Measures include enhanced financing of R&I projects in the identified priority areas, increased public-private partnerships in energy R&I and the systematic collection of data for evidence-based evaluation. These measures are consistent with a strategy that considers R&I to play an important role in achieving national ambitions on decarbonisation and industrial competitiveness.

Malta also plans to put in place a framework for systematic data collection on energy R&I, and the related baseline, during the first implementation period of the national strategy for R&I in energy and water for 2021-2030. R&I objectives will be set on this basis. However, an estimated timeframe for applying this methodology is not provided. The lack of baseline data for R&I in the field of energy and low-carbon technologies makes it difficult to establish concrete targets.

The information provided by the final NECP on national objectives and funding targets remains generic and largely incomplete. Given the limited amount of information provided and the lack of precise targets, it is not possible to assess whether policy measures are realistic and consistent with the objectives.

#### **4. COHERENCE, POLICY INTERACTIONS AND INVESTMENTS**

Compared to the draft, the final NECP better addresses the policy interaction between the different dimensions and provides an overview of the investment needs. A voluntary policies and measures template, which presents 25 individual policies and measures, is also included. However, Malta has not provided a specific assessment of policy interactions between existing and planned policies and measures within or among multiple dimensions. A cost-benefit analysis is also missing.

A range of **interlinkages** have been identified across the decarbonisation elements of the plan, including renewable energy, and energy efficiency dimensions. Interactions between the decarbonisation and energy security dimensions notably relate to the programmes of oil exploration that might conflict with the long-term climate goals. The final plan also envisages synergies between the building sector and renewable energy sources (installation of PV panels and heating and cooling). The acknowledgement and assessment of interactions is still lacking, in particular for the energy security, internal energy market, and R&I and competitiveness dimensions.

The plan provides an overview and a quantification of **investment needs** and expenditures, funding sources, market risks and barriers. It aggregates the total undiscounted cost borne by the Maltese government which amounts to approximately EUR 1.66 billion for 2018-2030. The full scope of the planned actions and measures taken into account remains unclear. Nevertheless, the methodology for calculating the investment needs appears to be satisfactory overall.

While the NECP's assessment uses macroeconomic projections, it remains rather limited and open for improvement as regards the assessment of the **macroeconomic effects**. The plan has used quantitative energy and climate-system models to appraise the reference and additional measures scenarios, but these models keep macro-economic variables exogenous. This means that the macroeconomic feedback effects of the substantial government expenditures (and corresponding

taxes) remain unexplored. In addition, the only quantitative macroeconomic estimate, namely on job creation, appears reported for only a part of the policies and measures. Finally, the score of the overall synthetic indicator on the competitiveness impacts is hard to interpret because it is the result of an aggregation over a set of largely subjective indicators whereas the set of unmodelled PaMs reported has substantially higher sub-scores.

Malta does not provide a comprehensive list of **energy subsidies**, but it does provide some information - particularly on support schemes for renewables and feed-in tariffs. The plan does not include a description of existing **energy subsidies**, in particular for fossil fuels. Nor does it mention the timeline to phase them out.

On the **just and fair transition** aspects, Malta has included an impact assessment. This focuses on several criteria such as the policies' economic impact, technical constraints, social acceptability, legal and regulatory barriers and impact on quality of life. However, the quality of life criteria aggregates together social, health and environmental impacts into a single semi-qualitative scale. This does not allow for the identification of trade-offs or possible mitigating measures. In addition the assessment of the employment impact and skills need remain very limited.

The plan provides quantitative information on the interactions with **air quality and air emissions policy**. There is some evidence that synergies and trade-offs have been considered and graphical data is provided for a number of pollutants. A link is made between the NECP and Malta's National Air Pollution Control Programme (NAPCP).

The plan does not consider **coherence of adaptation with the other dimensions**. For example, there is no information on how climate change risks might affect energy supply (e.g. storms damaging power networks).

**The transition to a circular economy** is mentioned together with agriculture (dewatering of slurries) and in the waste management plan, and the ambition to move towards higher value retention in value chains is signalled. However, concrete measures have not been described and the potential for GHG emissions reduction is neither analysed nor quantified.

The plan describes some measures related to **biodiversity** (within the rural development programme, the '34U' campaign, investments to improve resilience of ecosystems), but does not analyse the synergies and trade-offs between climate and biodiversity policies and actions such as the planned afforestation. The plan refers to the common agricultural policy and support for manure management. For forestry, the plan addresses better management of Natura 2000.

The final plan explains that the '**energy efficiency first**' principle was already applied when identifying and designing policies and measures for making cost-effective energy savings in end-use sectors. The principle will continue to apply implicitly as the measures and policies are adopted.

Malta is a signatory to the **Clean Energy for EU Islands initiative** but this is not reflected in the final plan.

The final version of the plan partially complies with **data transparency** requirements and with the use of European statistics.

## 5. GUIDANCE ON THE IMPLEMENTATION OF THE NATIONAL ENERGY AND CLIMATE PLAN AND THE LINK TO THE RECOVERY FROM THE COVID-19 CRISIS

Malta needs to swiftly proceed with implementing its final integrated national energy and climate plan notified to the Commission on 17 December 2019. This section provides some guidance to Malta for the implementation phase.

This section also addresses the link between the final plan and the recovery efforts from after the COVID-19 crisis, by pointing at possible priority climate and energy policy measures Malta could consider when developing its national recovery and resilience plan in the context of the Recovery and Resilience Facility<sup>10</sup>.

### Guidance on the implementation of the national energy and climate plan

The plan acknowledges Malta's binding non-ETS greenhouse gas emission reduction target of -19% by 2030 relative to 2005, and the intention to fulfil the Paris Agreement obligations. In 2018, Malta's emissions were 27 percentage points above its annual emission allocation. Emissions in the effort sharing sectors are still set to increase for 2021-2030 with the currently planned measures. In view of the limited mitigation potential and high cost respectively, Malta intends to meet the ESR obligations by purchasing emission allocations from other Member States. It is therefore important for Malta to implement the GHG emission reduction measures, in particular in the transport sector.

The Maltese contribution to the EU 2030 renewables target is unambitious when compared to the share resulting from the formula in Annex II of the Governance Regulation, whereas the Maltese contribution to the 2030 energy efficiency target is of very low ambitious. Malta's plan therefore leaves a strong scope to further develop and reinforce policies and measures on both renewables and energy efficiency in order to contribute more to the EU climate and energy targets and strengthen the green transition.

On **renewables**, Malta committed to increase the share of renewables in gross final energy consumption to 11.5% in 2030. Despite the country's geographical constraints, Malta is encouraged to explore and assess further renewable energy options across all sectors that heavily rely on fossil fuels in order to provide for a sustainable energy future that would allow the comprehensive decarbonisation of the whole economy. Malta would greatly benefit from identifying further opportunities to attract private investment and public support under the Innovation Fund programme, CEF (in particular its window for renewable projects) or other programmes, and to implement pilot projects which could prove beneficial in the longer-term such as floating offshore solar or wind technologies<sup>11</sup>.

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<sup>10</sup> On 17 September 2020, the Commission has put forward the Annual Sustainable Growth Strategy 2021 (COM(2020) 575 final), as well as guidance intended to help Member States prepare and present their recovery and resilience plans in a coherent way, without prejudice to the negotiations on the proposal for a Regulation on the Recovery and Resilience Facility in the European Parliament and the Council (Commission Staff Working Document. Guidance to Member States – Recovery and resilience plans, SWD (2020) 205 final).

<sup>11</sup> In this context, the Commission will help address related issues in a strategic manner in its upcoming Strategy for Offshore Renewable Energy by identifying key actions in the area of maritime

On **energy efficiency**, considering the very low level of ambition, Malta would benefit from adopting and implementing additional policies and measures that would deliver additional energy savings by 2030. It needs to develop a robust approach to ensure that the rules on central government set out in Article 5 of the Energy Efficiency Directive are met. Malta is also invited to properly implement the ‘energy efficiency first’ principle in energy-related policy and investment decisions.

Improving energy efficiency in buildings has much potential for speeding up energy savings and contributing to the recovery of the economy after the COVID-19 pandemic. Building on the momentum of the **Renovation Wave** initiative<sup>12</sup>, there is scope for Malta to intensify efforts to improve the energy performance of the existing building stock with specific measures, targets and actions, while giving due attention to energy poverty, accessibility, job creation and skills development. Further support for the renovation of public and private buildings could be provided through increased public funding – subject to the fiscal space – and by leveraging EU and national budgets with private money, combining grants, lending, guarantees and loan subsidies. Malta is expected to provide a robust and comprehensive long-term renovation strategy in accordance with Article 2a of the Energy Performance of Buildings Directive. This strategy would need to set out a roadmap for decarbonisation by 2050, with ambitious milestones for 2030 and 2040 and 2050, measurable progress indicators, expected energy and wider benefits, measures and actions to renovate the building stock, and a solid finance component with mechanisms to mobilise public and private investment.

On **energy security**, given the rising share of renewable energy in the electricity system, Malta would benefit from developing the different sources of flexibility, including storage, together with measures to increase the role of demand response in the electricity sector to better ensure variable renewable electricity generation.

Malta would benefit from defining clear indicators to track the achievement of its **research and innovation and competitiveness** objectives. Over time, gathering granular research, innovation and competitiveness data will help strengthen this process. The timely completion of the national strategy for R&I in energy and water for 2021-2030, planned in 2020, will enable Malta to define key thematic priority areas to target R&I support. The strategy will also help Malta identify the strategic energy technology (SET) plan actions for 2021-2030 that may help it overcome challenges in meeting its national energy and climate objectives while bolstering national competitiveness and growth.

Malta estimates that EUR 1.66 billion (undiscounted) of additional **investment** by the Maltese government is needed between 2018 and 2030. The NECP develops quantitative projections under the WEM and WPM scenarios. While the final plan includes a breakdown of funding sources, Malta would benefit from further analysing the share of investment needs that might be covered with EU-level funding programmes.

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planning, upscaling technologies, and a new approach to infrastructure planning and offshore renewables capacity building.

<sup>12</sup> Communication ‘A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives’, COM(2020)662 and SWD(2020)550.



Malta is invited to continue ongoing efforts on **regional cooperation** with a view to intensifying exchanges and initiatives that will facilitate the implementation of its national energy and climate plan, in particular as regards the Clean Energy for EU Islands initiative. Malta is also invited to better exploit the potential of the **multilevel climate and energy dialogues** to actively engage with regional and local authorities, social partners, civil society organisations, business community, investors and other relevant stakeholders and to discuss with them the different scenarios envisaged for its energy and climate policies.

Malta reports that it does not have a significant number of households experiencing **energy poverty** and therefore national objectives in this area have not been set. The inability of households to keep their homes adequately warm is the indicator being used to assess the level of energy poverty in Malta. This has fallen from its peak of 23.4% in 2013, to 6.6% in 2017, and has been lower than the EU average for the last two consecutive years. Malta is advised to keep monitoring this indicator in order to keep energy poverty in check. Malta is encouraged to consult the Commission Recommendation of 14 October 2020 on energy poverty and its accompanying staff working document providing guidance on the definition and quantification of the number of households in energy poverty and on the EU-level support available to Member States' energy poverty policies and measures. Energy poverty could be, among other measures, addressed through specific support to socially innovative solutions and social enterprises that work on addressing this challenge (e.g. energy-awareness campaigns, retraining unemployed as energy advisors, supporting green installations by co-operatives, buying energy-saving appliances for social enterprises to rent out).

Malta is invited to extend and update reporting on **energy subsidies** and initiate action to phase them out, in particular for fossil fuels. The green transition in Malta would receive a further boost from rapid phase-out of the fossil fuel subsidies identified in recent Commission analyses. This would involve the further development and implementation of concrete plans with associated timelines, coupled with measures to mitigate the risk of households' energy poverty.

For all investments implementing the national energy and climate plan, Malta is invited to ensure these are in line with national, regional or local plans for **air pollution** reduction, such as the National Air Pollution Control Programme (NAPCP), and relevant air quality management plans.

In implementing its plan, Malta is invited to make the **best possible use of the various funding sources available**, combining scaled-up public financing at all levels (national and local, as well as EU funding) and leveraging and crowding in private financing. Tables 1 and 2 of Annex I provide an overview of EU funding sources which should be available to Malta during the forthcoming multiannual financing period (2021-2027) and EU funding addressed to all Member States and companies. For the forthcoming period, the European Council has committed to the mainstreaming of climate action into all EU programmes and instruments and to an overall target of at least 30% of EU funding to support climate objectives. At the same time, EU expenditure should be consistent with the Paris Agreement and the 'do no harm' principle of the European Green Deal. At EU level, funding will be available for Malta from the Innovation Fund, and will also be based on revenues from the auctioning of allowances under the EU emissions trading system.

## Link to the recovery from the COVID-19 crisis

The vast majority of Member States' final national energy and climate plans were drafted before the COVID-19 crisis, and the present Staff Working Document assesses Malta's plan in that context. Nevertheless, the implementation of Malta's final integrated national energy and climate plan will need to fully take into account the context of the post-COVID-19 recovery.

In the context of the Recovery and Resilience Facility, which is expected to be operational on 1 January 2021, **the final plan constitutes a strong basis for Malta to design climate and energy-related aspects of its national recovery and resilience plan**, and to deliver on broader European Green Deal objectives.

In particular, **mature investment projects outlined in the plan, as well as key enabling reforms that address inter alia, investment-barriers, should be frontloaded as much as possible**. The link between investments and reforms is of particular relevance for the national recovery and resilience plans, to ensure a recovery in the short to medium term and strengthening resilience in the longer term. In particular, Member States' recovery and resilience plans should effectively address the policy challenges set out in the country-specific recommendations adopted by the Council.

In addition, **the Commission strongly encourages Member States to include in their recovery and resilience plans investment and reforms in a number of 'flagship' areas**<sup>13</sup>. In particular, the 'Power up', 'Renovate' and 'Recharge and refuel' flagships are directly related to energy and climate action and to the contents of the final national energy and climate plans. Measures under the 'Reskill and upskill' flagship are also essential to foster the climate and energy transition in all Member States.

**In turn, the Recovery and Resilience Facility will provide opportunities to accelerate Malta's green transition while contributing to economic recovery**. In order to follow the commitment of the European Council to achieve a climate mainstreaming target of 30% for both the multiannual framework and Next Generation EU, Malta's recovery and resilience plan will have to include a minimum of 37% expenditure related to climate. Reforms and investments should effectively address the policy challenges set out in the country-specific recommendations of the European Semester, and will have to respect the principle of 'do no harm'.

Based on Malta's final national energy and climate plan, and on the investment and reform priorities identified for Malta in the European Semester, **the Commission services invite Malta to consider, while developing its national recovery and resilience plan, the following climate and energy-related investment and reform measures**:

- Measures to promote sustainable mobility, in particular through tax reforms and phasing-out of fossil fuels subsidies, and through investments in sustainable modes of transport;
- Measures to create an energy-efficient building stock; measures to improve waste and water management;
- Measures to tap into the large renewable energy potential, including innovative projects and further deployment of renewable solutions for electricity and heat generation.

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<sup>13</sup> Cf. Annual Sustainable Growth Strategy 2021 (COM(2020) 575 final), pp. 9-12.

The above mentioned measures are indicative in nature and not meant to be exhaustive. They aim to orient reflections in the development of the national recovery and resilience plan. They do not prejudge the position of the Commission on the actions to be proposed. This position will, inter alia, need to comply with the agreed legislative text on the Recovery and Resilience Facility.

## ANNEX I: POTENTIAL FUNDING FROM EU SOURCES TO MALTA, 2021-2027

**Table 1: EU funds available, 2021-2027: commitments, EUR billion**

Programme	Amount	Comments
Cohesion policy funds (ERDF, ESF+, Cohesion Fund)	0.8	In current prices. Includes funding for European territorial cooperation (ETC). Does not include amounts transferred to the Connecting Europe Facility.
Common agricultural policy – European Agricultural Fund for Rural Development, and direct payments from the European Agricultural Guarantee Fund.	0.2	In current prices. Commitments under the multi-annual financial framework.
Recovery and Resilience Facility	0.2	In 2018 prices. Indicative grants envelope, sum of 2021-2022 and estimated 2023 commitments. Based on the Commission’s summer 2020 GDP forecasts.
Just Transition Fund	0.02	In 2018 prices. Commitments both under the multi-annual financial framework (MFF) and Next Generation EU.
ETS auction revenue	0.1	Indicative: average of actual 2018 and 2019 auction revenue, multiplied by seven. The amounts in 2021 to 2027 will depend on the quantity and price of auctioned allowances.

**Table 2: EU funds available to all Member States, 2021-2027, EUR billion**

Programme	Amount	Comments
Horizon Europe	91.0	In current prices. Includes Next Generation EU credits.
InvestEU	9.1	In current prices. Commitments both under the multi-annual financial framework (MFF) and Next Generation EU. Includes the InvestEU fund (budgetary guarantee to public and private investment) and the advisory hub (technical advice). Does not consider appropriations available to beneficiaries through implementing partners, such as the European Investment Bank.
Connecting Europe Facility <ul style="list-style-type: none"> <li>• Transport</li> <li>• Energy</li> </ul>	24.1 5.8	In current prices. The commitment for transport includes the contribution transferred from the Cohesion Fund. Excludes Connecting Europe Facility Military Mobility funding for dual use infrastructure.
Recovery and Resilience Facility	360.0	In 2018 prices. Non-allocated commitments for loans. Loans for each Member State will not exceed 6.8% of its gross national income.
Technical Support Instrument	0.9	In current prices.
Programme for Environment and Climate Action (LIFE)	5.4	In current prices.
European Agricultural Fund for Rural Development	8.2	In current prices. Commitments under Next Generation EU.
Innovation Fund	7.0	Approximation: 7/10 of the allocations of ETS allowances to provide revenue to the Innovation Fund for 2021-2030 and

		assuming a carbon price of EUR 20 per tonne.
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*Note to both tables*

The figures provided by programmes under the EU budget include both the proposals under the forthcoming multiannual financial framework, and the reinforcement of these under the Next Generation EU instrument outside the EU budget, unless indicated differently.

The figures quoted in this document are based on the conclusions of the European Council of 17-21 July 2020. They however do not prejudge the outcome of the ongoing discussions between the European Parliament and the Council on the elements of the recovery package, such as the Multiannual Financial Framework, the sectoral programmes, their structure and budgetary envelopes, which will be concluded in accordance with their respective adoption procedure.

For most of the above funds, support to the climate and energy transition is one objective among others. However, for the forthcoming period, the European Council has committed to the mainstreaming of climate action into all EU programmes and instruments and to an overall target of at least 30% of EU funding to support climate objectives. EU expenditure should also be consistent with the Paris Agreement and the ‘do no harm’ principle of the European Green Deal.

Some of the programmes listed in Table 2 provide funding through open calls to companies, not public administrations.

## ANNEX II – DETAILED ASSESSMENT OF HOW COMMISSION RECOMMENDATIONS HAVE BEEN ADDRESSED

Recommendations		Assessment
<b>Decarbonisation - GHG</b>	Plan additional domestic measures, in particular in the building and transport sectors, and quantify their expected impacts, in order to reduce the significant gap to its 2030 greenhouse gas target for sectors not covered by the EU emissions trading system of -19% compared to 2005. For reasons of cost-effectiveness some transfers of annual emission allocation from other Member States, as provided for by Regulation (EU) 2018/842 of the European Parliament and Council, could be justified.	Not addressed  While some transport sector issues have been addressed, no significant additional domestic measures were added in comparison to the draft NECP, and emissions in the effort sharing sector are still set to increase over 2021-2030. Malta is currently of assessing the mitigation potential of all sectors in the not yet submitted long-term strategy to ensure compliance with the ESR Regulation. Malta intends to continue its current practice of ensuring compliance with ESR annual targets by purchasing emission allocations from other Member States until 2030. It also envisages purchasing LULUCF removals from other Member States. However, there are no specific considerations with respect to the balance between domestic measures and such purchases and whether the latter would be a cost effective alternative for reaching Malta's targets.
<b>Decarbonisation - renewables</b>	Significantly increase the level of ambition for 2030 to a renewable energy share of at least 21% as Malta's contribution to the Union's 2030 target for renewable energy, as indicated by the formula in Annex II under Regulation (EU) 2018/1999 and after due consideration of relevant circumstances and national constraints.  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 2018/2001 of the European Parliament and Council, to enable a timely and	Not addressed  The final NECP includes an explicit contribution of 11.5% to the EU renewable energy target for 2030. This proposal supersedes the two scenarios put forward in the draft plan. However, it still remains below the EC recommendation of a 21% share that results from the formula in Annex II of the Governance Regulation.  Malta provided the indicative trajectory to reach the 2030 shares set out in the final plan in a way that satisfies the reference points: RES share is expected to reach 10.3%, 11.0% and 11.6%, respectively in 2022, 2025 and 2027.  The final NECP includes a comprehensive list of policies and measures – both in place and under development - across all sectors. The planned policy measures appear to be consistent to

	cost-effective achievement of this contribution.		reach the level of ambition of the contribution and the first interim point in 2022.
	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.	Partially addressed	According to the final plan, the largest increase in absolute terms will happen in the heating and cooling sector. The presented trajectory updates what was presented in the draft plan, increasing the baseline of 2020 (from 20.67% to 22.06%) and presenting only one scenario including heating.
	Provide more detailed measures to meet the transport target in Article 25 of Directive (EU) 2018/2001.	Partially addressed	Calculation of the transport target as requested in Articles 25-27 of Directive (EU) 2018/2001 is not entirely elaborated but the disaggregation of the biofuels by type and the contribution of electric vehicles are included. No detail on the role of food-based biofuels is provided. Some information is also provided on biomass supply and its source of origin.
	Provide more 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.	Fully addressed	Malta supports self-consumption, assuring that systems prioritising self-consumption do not face additional charges and consumers can offset their consumption of electricity from the grid in real time. On the contrary, in view of the structure of the Maltese electricity system with only one electricity supplier, Malta does not foresee the development of renewable energy communities.
<b>Energy efficiency</b>	Substantially increase the ambition towards reducing 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.	Partially addressed	The level of ambition has been increased compared to the draft plan but still remains very low. According to Malta, a more ambitious proposal is not possible because of a steep increase in population and GDP and corresponding growing demand in the housing market and tourist arrivals.
	Propose more ambitious policies and measures that would deliver additional energy savings by 2030. Concrete additional energy efficiency measures particular for the building and transport are needed to be proposed for the 2021-2030 period.	Partially addressed	Additional details are available in the Article 7 notification, accompanying the plan. The plans defined to address EED Article 7 satisfy the requirements. Given that relevant information about EED Article 5 and EPBD Article 2a are missing, no conclusions can be made on the nature of the updates with regards to these articles. The information provided on the renovation of the building stocks improved but still remains limited, in the absence of the long-term renovation strategy.

<b>Energy security</b>	Specify the measures supporting the energy security objectives on diversification and reduction of energy dependency, including measures ensuring flexibility and possibly the increased role of demand response in the electricity sector.	Partially addressed	References are made to the existing preventive action and emergency plans for gas and to emergency oil stocks and emergency procedures. Information is presented on the risk assessment prepared for the electricity sector but there is no the target date for the adoption of the risk preparedness plan. The plan does not envisage significant measures to increase the flexibility of the system and the role of demand response in the electricity sector. The planned policies and measures are considered insufficient in relation to the achievement of the objectives, because information on future electricity generation adequacy, including on demand response and storage, is limited.
<b>Internal energy market</b>	Further improve the level of detail of the objectives and policies and measures of the final integrated national energy and climate plan notably to set clear, measurable and forward-looking objectives for the internal market dimension and research, innovation and competitiveness dimensions; and illustrate to what extent the envisaged plans of petroleum exploration are in line with longer-term decarbonisation goals.	Partially addressed	The final plan promotes the participation of all resources, better integration of renewables, and favours the active role and the protection of prosumers and consumers.  The plan does not explain how the projects of petroleum exploration are in line with longer-term decarbonisation goals.
<b>Research, innovation and competitiveness</b>	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.	Partially addressed	The plan identifies relevant areas where R&I efforts are needed, but specific objectives, a specific timeline or quantified targets are not provided. The national strategy for research and innovation in energy and water (2021-2030) is under development and therefore no concrete policy measures for 2021-2030 are established. As a result, research, innovation and competitiveness efforts are insufficiently developed.
<b>Investments and funding sources</b>	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.  Complement the mainly qualitative references to some of the projected investment needs, expenditures and funding sources, with further quantification in order to obtain a comprehensive assessment of overall investment needs to achieve the	Partially addressed	Competitiveness objectives are hardly mentioned in the final plan. In light of the limited amount of information provided and of the lack of precise targets, at this stage it is not possible to assess whether policy measures are realistic and consistent with the objectives. The cooperation with the SET Plan is missing. The final plan includes an overview of investment needs, developing quantitative projections under the WEM and WPM scenarios. The methodology for calculating the investment needs appears overall satisfactory in view of provided level of detail.



	objectives, as well as information on the national and Union financial sources to be mobilised.			The final plan includes a breakdown of funding sources, but it is not sufficiently detailed. The national budget is the implied source of the vast majority of funding, with scope for EU funding if needed, without further information regarding the share of investment needs that might be covered with the EU-level funding programmes.
<b>Regional cooperation</b>	No recommendation	n.a.	-	-
<b>Energy subsidies</b>	List all energy subsidies	Partially addressed	In comparison with the draft plan, only general information on the broad categories of subsidies for renewables without further quantification has been provided.	
	List in particular fossil fuel subsidies	Not addressed	Information on fossil fuel subsidies is not included.	
	List actions undertaken as well as plans to phase them out.	Not addressed	It is stated in the final plan that there are no actions and plans to phase out energy subsidies.	
<b>Air quality</b>	Complement the analysis of the interactions with air quality and air emissions policy, presenting and quantifying the impacts on air pollution for the various scenarios, providing underpinning information, and considering synergies and trade-off effects.	Fully addressed	Malta has provided quantification of the impacts of implementing the WPM (WAM) scenario on air pollutants (for the 5 NEC-regulated pollutants <sup>14</sup> plus black carbon). There is some evidence that synergies and trade-offs have been considered and graphical data is provided for a number of pollutants. A link is made between the NECP and Malta's National Air Pollution Control Programme.	
<b>Just transition and energy poverty</b>	Integrate just and fair transition aspects better, notably by providing more details on social, employment and skills impacts of planned objectives, policies and measures.	Largely addressed	Malta addressed the recommendation through an impact assessment focusing on several criteria, such as the economic impact, technical constraints, social acceptability, legal and regulatory barriers and quality of life. Malta summarises the key findings of the impact assessment process, providing a summary of the results and findings of the analysis of semi-qualitative data (economic impact, technical constraints, social acceptability, legal issues, and quality of life) as	

<sup>14</sup> National Emission reduction Commitments Directive (EU) 2016/2284

			<p>well as the analysis of quantitative data (economic impact). However, the impact on skills remains underdeveloped and does not make use of existing skills anticipation frameworks available in Malta. The model does not include any distributional impacts that could help identify potential gainers and losers of measures. The 'quality of life' criteria is the most problematic, as it bundles together social, health and environmental impacts into a single semi-qualitative scale, not allowing further identification of trade-offs.</p>
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