CO_2 EMISSION PERFORMANCE STANDARDS FOR CARS

Regulation (EU) 2023/851 amending Regulation (EU) 2019/631 as regards strengthening the CO_2 emission performance standards for new passenger cars and new light commercial vehicles

WHAT'S IN IT?

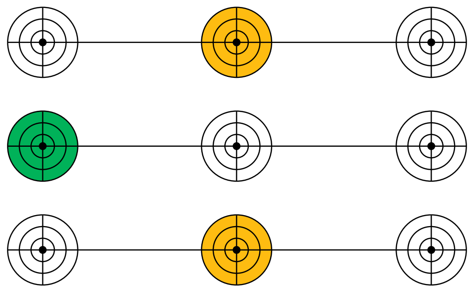
OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables
accelerating the phase-out of fossils and nuclear

Fair participation
of citizens in the benefits of the European Green Deal



WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By December 2025
European Commission Delegated Act on full life-cycle emissions of light-duty vehicles

In 2026
European Commission review of the Regulation and its targets

WHAT TO WATCH OUT FOR?

RISKS

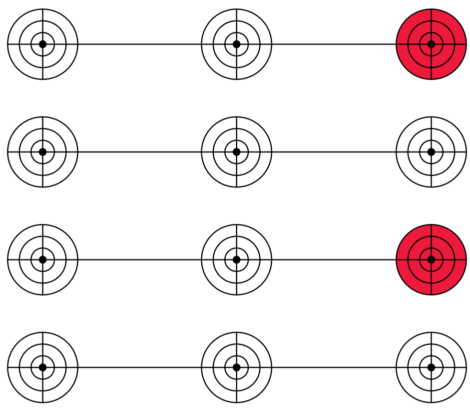
LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Fossil fuels. Open door to supporting the use of fossil fuels.

Nuclear power. Open door to supporting the use of nuclear power.



NO RISK

N/A NOT APPLICABLE

WHAT'S IN IT?

Climate ambition

Contributes to the overall EU climate targets by setting an objective to reduce transport emissions by 90% by 2050 (compared to 1990 emissions). This is to be achieved by reducing emissions from all new cars by 55% by 2030 and from all light duty vehicles by 50% (both compared to 2021 emissions), complemented by a target to have all cars and light duty vehicles be zero emissions battery electric vehicles, fuel-cell and other hydrogen powered vehicles by 2035. However, ensuring that transport achieves the required emission reductions would require a phase-out of the internal combustion engine already as of 2030. In addition, the interim target of 15% reduction by 2025 is too low to bring about sufficient progress in view of the 2030 target.

100% renewables

By 2035, all new cars and light duty vehicles should be driven fully by renewable energy.

Fair participation

The Regulation clearly states that the transition must be just and inclusive, leaving no one behind, and thus calls for ensuring that mobility is affordable for and accessible to all, especially commuters without access to quality public transport or other mobility solutions. Particular attention should be given to the impact this transition will have on small and medium-sized enterprises and vulnerable regions and communities that depend on the presence of an intensive automotive industry.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

In particular, the 2035 target for all new cars to be emission free is being heavily criticised by a coalition of conservative and right-wing politicians, governments and car companies. It will be crucial to ensure the 2026 European Commission assessment sticks to (or strengthens) this timeline.

> **'If we have the majorities in the next European Parliament, we will permit combustion-engine cars again. [The ban] was a serious industrial policy mistake.'** – MANFRED WEBER, EPP PRESIDENT, EURACTIV, 30 MAY 2024

> **'…the 2035 climate neutrality target for cars creates predictability for investors and manufacturers. Getting there will require a technology-neutral approach, in which e-fuels have a role to play through a targeted amendment of the regulation as part of the foreseen review.'** – URSULA VON DER LEYEN, POLITICAL GUIDELINES FOR THE NEXT EUROPEAN COMMISSION 2024–2029, 18 JULY 2024

WHAT'S NEXT?

STATUS
Entered into force on 15 May 2023

Transposition by EU Member States

Most measures will be implemented EU-wide. Member States' main contribution will be to provide alternative fuels infrastructure such as electric vehicles charging stations on which they will need to provide two-year progress reports.

Revision clauses and reporting duties

In 2026, the European Commission (EC) shall review the effectiveness and impact of this Regulation and shall assess the need to review the targets.

From December 2025, the EC should develop a progress report every two years, in particular to monitor and assess the need for possible additional measures to facilitate a just transition, including through financial means.

By end December 2025, the EC should present a report on funding gaps to ensure a just transition in the automotive supply chain and how to tackle these.

The EC should investigate the impacts of setting minimum energy efficiency thresholds for new zero-emission passenger cars and light commercial vehicles.

The EC will make a proposal for registering after 2035 vehicles running exclusively on CO_2 neutral fuels.

Delegated acts and other related legislative action

By end of December 2025, the EC shall adopt a delegated act setting the methodology for the assessment and reporting of the full life-cycle CO_2 emissions of light-duty vehicles that are placed on the Union market.

By end of December 2026, the EC should develop a methodology to ensure emissions data are adjusted to real-world data.

HOW TO IMPROVE IT? OPPORTUNITIES

A number of the reports and proposals that the European Commission needs to develop can help improve the implementation of, and even go beyond, the current framework. They are all important to monitor and influence.

FURTHER READING

- Transport & Environment: Car Decarbonisation Roadmap, March 2024

EUROPEAN GREEN DEAL RISK RADAR

What to watch out for in the EU's new legislative term 2024–2029

HEINRICH BÖLL STIFTUNG
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European Union

DEFORESTATION REGULATION

Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation

WHAT'S IN IT?

OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
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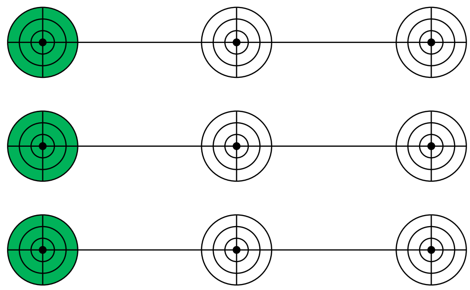


WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By December 2023
EU Member States to designate competent authorities (partly delayed)

Since June 2024
European Commission impact assessment on extending the scope to wooded land delayed

From January 2025
European Commission and EU Member States to start full implementation

By June 2025
European Commission impact assessment on extending the scope to other commodities and ecosystems

WHAT TO WATCH OUT FOR?

RISKS

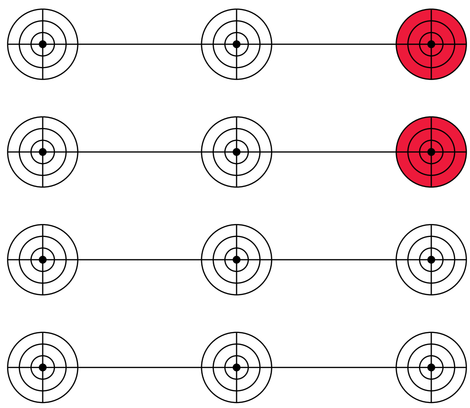
LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Fossil fuels. Open door to supporting the use of fossil fuels.

Nuclear power. Open door to supporting the use of nuclear power.



NO RISK N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

This Regulation limits the import, consumption and export of products made from cattle, cocoa, coffee, oil palm, rubber, soya and wood, so as to minimise the EU's contribution to deforestation and forest degradation, both in the EU and in the rest of the world, and subsequently to reduce greenhouse gas emissions and increase greenhouse gas removals within and beyond the EU territory. It is one of the few instruments tackling imported consumption emissions and hence has exceptional value in the climate change debate.

100% renewables

As the Regulation aims at products such as wood and palm oil, it will likely impact the import and use of (unsustainable) bioenergy in the EU.

Fair participation

No direct link to citizens' fair participation in the energy transition. Through partnerships with third countries, it envisages participation of stakeholders in reform processes enhancing forest governance and addressing domestic factors contributing to deforestation. Regular reviews of the Regulation will look at the impact on farmers, in particular smallholders, indigenous peoples and local communities, and the possible need for additional support for the transition towards sustainable supply chains.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

Both third countries (e.g., US, Canada, Malaysia and Indonesia), EU Member States (led by AT, FI, SE), MEPs (in particular from the EPP and right-wing parties) and industry/farmer groups (e.g., forest owners and the paper industry) have called for the (partial) suspension of the Regulation, asking for its implementation to be postponed and/or for limiting the application only to imports.

Until now, the European Commission has tried to accommodate concerns without giving in on the call to limit and/or delay implementation. There was no reference to the Regulation in European Commission President Ursula von der Leyen's political guidelines of July 2024.

> **'The European Commission absolutely must postpone the entry into force of the deforestation regulation and then use the transitional period to reduce bureaucracy in the text.'** – PETER LIESE, MEP EUROPEAN PEOPLE'S PARTY (EPP), 27 JUNE 2024

> **'Postpone the application of the deforestation regulation and address problems related to its implementation.'** – EPP DRAFT PAPER '5-POINT PLAN FOR A STRONG EUROPE THAT PROTECTS AND SHAPES THE FUTURE', JULY 2024

WHAT'S NEXT?

STATUS
Entered into force on 29 June 2023

- Full implementation should start in January 2025.
- The Regulation applies to small and micro-enterprises only from 30 June 2025.

Transposition by EU Member States

Member States shall designate by the end of 2023 one or more competent authorities responsible for fulfilling the obligations arising from this Regulation (as of 1 September 2024, 20 Member States have complied but CY, EL, HU, LV, MT, PL and RO are missing. These authorities must develop annual plans to monitor implementation of the Regulation by the end of 2024.

Revision clauses and reporting duties

By the end of June 2024, the European Commission (EC) shall present an impact assessment (possibly including a legislative proposal) to extend the scope of the Regulation to include other wooded land (as of 1 September 2024 this has not happened).

By the end of June 2025, the EC shall present an impact assessment (possibly including a legislative proposal) to extend the scope to other commodities (such as maize) and/or other natural ecosystems (such as grasslands, peatlands and wetlands). By end June 2028 and at least every five years thereafter, the EC shall carry out a general review of this Regulation.

Delegated acts and other related legislative action

Implementing act containing a list classifying all third countries based on high, medium or low risks. Under pressure from a range of countries, the EC, in March 2024, decided to postpone this act and treat all countries as medium risk.

The EC seems to be advancing quickly on the set up of an information system linked to the Regulation.

HOW TO IMPROVE IT? OPPORTUNITIES

The two reviews on expanding the scope of the Regulation offer opportunities to further expand its coverage and thus increase its impact to protect biodiversity and reduce greenhouse gas emissions in the EU and abroad.

FURTHER READING

- FERN: What is the EU Regulation on deforestation free products?

EFFORT SHARING REGULATION (ESR)

Regulation (EU) 2023/857 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

WHAT'S IN IT?

OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

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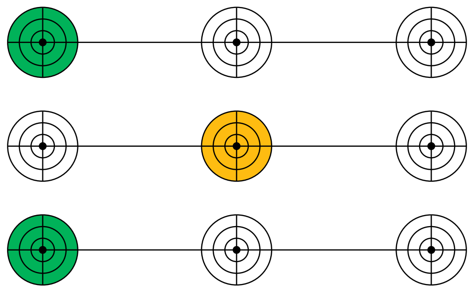

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

Since June 2024
EU Member States to submit their updated National Energy and Climate Plans (NECPs – partly delayed)

Since June 2024
European Commission report on the operation of the ESR and the suitability of national greenhouse gases (GHG) reduction targets delayed

January 2025
Full implementation starts

WHAT TO WATCH OUT FOR?

RISKS

LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

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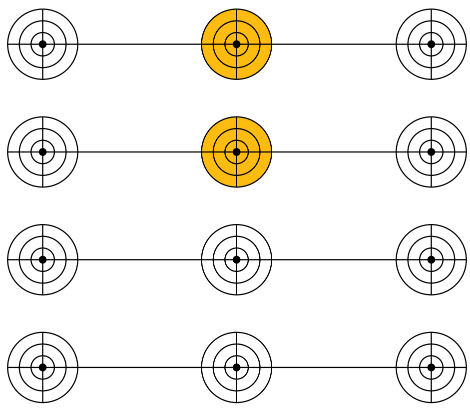

NO RISK   N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Obliges EU Member States to reduce emissions in the transport, agriculture, buildings and waste sectors by on average 40% by 2030 (compared to 2005). Emission allowances in the first years will be generous, thereby allowing Member States to create surpluses that they can use to cover obligations in later years. Also, certain Member States can use surplus emission allowances and removals from the emission trading system (ETS) and land use, land use change and forestry (LULUCF) sectors to ease efforts in the ESR sectors.

100% renewables

The ESR commits EU Member States to reduce their emissions in the transport, agriculture, buildings and waste sectors but leaves it open to countries to decide how to do this. The role of renewables is not addressed.

Fair participation

Although not specifically addressed in the Regulation, the Social Climate Fund covers the ESR sectors (see our dedicated scorecard on the Emissions Trading System 2).

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

Implementation of the ESR fully depends on EU Member States' action aligned with their targets, as evidenced in countries' NECPs. Until all final NECPs are submitted no complete judgement can be made but on the basis of the draft revised NECPs (submitted in 2023), it is clear Member States risk collectively failing on the ESR target.

It will be crucial to see how the EC responds to such a situation, also in light of the entering into force of ETS2 as the Commission and Member States might assume that the ETS2 will fill the gaps. Also, once the ETS2 starts, it will be crucial to see whether this parallel process will undermine (and start to replace) the ESR. A continued non-enforcement of EU legislation runs the risk of undermining the EC's authority in relation to the laggards amongst national governments.

> **'[The EU's effort sharing rules] need to be seriously revisited, [effort sharing] is not cost-efficient now.'** – KAI MYKKÄNEN, FINNISH ENVIRONMENT MINISTER, EURACTIV, 28 JUNE 2024.

FURTHER READING

- Transport and Environment: National climate targets off track: Six years left to course correct and avoid penalties, June 2024
- Ecologic: Raising the Bar on National Climate Governance in the EU. How EU policy can help Member States deliver certainty, accountability, consistency, and consensus on the road to net zero, July 2024

WHAT'S NEXT?

STATUS
Entered into force on 16 May 2023

- Full implementation should start in January 2025.
- The Regulation applies to small and micro-enterprises only from 30 June 2025.

Transposition by EU Member States

Member States are responsible for setting up national policies and measures to ensure the binding targets are reached. This is to be done through the National Energy and Climate Plans (NECPs) established by the Governance Regulation. Based on the 2023 revision of the ESR, Member States had to update their original NECPs. In a first phase (by 30 June 2023), Member States had to submit draft updated NECPs for revision by the Commission. By 30 June 2024, Member States had to submit their final updated NECPs. As of 1 September 2024, only ten countries (DE, DK, FI, FR, IE, IT, LV, LU, NL and SE) have done so.

Revision clauses and reporting duties

The European Commission (EC) shall submit a report within six months of each United Nations Framework Convention on Climate Change (UNFCCC) global stocktake on the operation of the ESR as well as on the suitability of the national greenhouse gas emission reduction targets as regards their contribution to the EU's climate objectives and to the goals of the Paris Agreement. That report shall include in particular an assessment of the need for additional EU policies and measures in view of the necessary greenhouse gas emission reductions by the EU and its Member States in a post-2030 framework (as of 1 September 2024, not published yet, although the first global stocktake ended on 13 December 2023).

Delegated acts and other related legislative action

There are many delegated acts relating to a wide range of issues. Further legislative action depends on the reviews mentioned above.

HOW TO IMPROVE IT? OPPORTUNITIES

The EC assessment of the final NECPs will potentially offer opportunities to push EU Member States to develop and adopt additional policies and measures. As some governments might overachieve on their national targets, there will be opportunities to go beyond the EU-wide ESR target by blocking trading of surplus allowances.

Similarly, a weak outcome of the overall NECP assessment might be used to push the EC to develop proposals to limit the use of loopholes such as the banking of surplus allowances from the first years of the ESR, from the ETS and from LULUCF sectors.

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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BRUSSELS
European Union

ELECTRICITY MARKET REFORM

Regulation (EU) 2024/1747 and Directive (EU) 2024/1711 on improving the Union's electricity market design

WHAT'S IN IT?

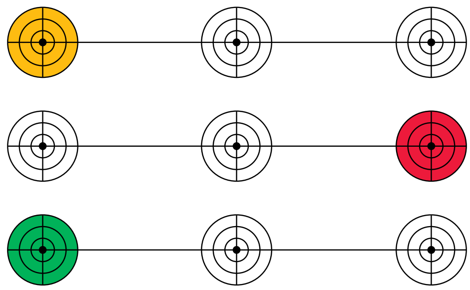
OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables
accelerating the phase-out of fossils and nuclear

Fair participation
of citizens in the benefits of the European Green Deal



WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By January 2025
EU Member States to transpose new legislation

By January 2025
European Commission report on simplifying the process of applying a capacity mechanism

By June 2026
European Commission report and potential proposal on the Regulation

By July 2026
EU Member States to transpose new right to share energy

WHAT TO WATCH OUT FOR?

RISKS

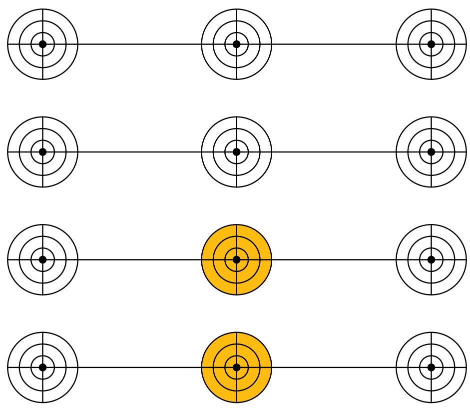
LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Fossil fuels. Open door to supporting the use of fossil fuels.

Nuclear power. Open door to supporting the use of nuclear power.



NO RISK

N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Missing an explicit link to more ambitious climate targets but including a reference to EU-wide auctions to reach the renewable energy target (Regulation art. 19c). Promoting investment security for an accelerated growth of renewable capacities. New indicative objectives for flexibility solutions that largely exclude fossil fuels (Reg. art. 19f, h).

100% renewables

Turns capacity mechanisms from an exception into a structural element of electricity markets with a derogation allowing continued use of fossil fuels. Allows EU Member States to support new nuclear power plants, repowering and lifetime extensions through long-term Contracts for Difference (CfDs).

Fair participation

Introduces a new right to share energy (Directive, art. 15a) facilitating access to renewable energy independently from ownership, asking for fair and cost-reflective network tariffs. Right to have a dynamic as well as a fixed-price tariff (Dir. art. 11). Strengthening consumer protections against disconnections (Dir., art. 28a), introducing the right to dedicated measurement devices to save costs with demand response (Reg. art. 7b).

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

Some EU Member States (such as PL) are pushing for a simplified introduction and prolongation of capacity mechanisms for continued use of fossil fuel-fired power plants, hindering the uptake of renewables, of demand response and other flexibility solutions.

CfDs potentially allow for subsidies for nuclear power plants (as envisaged by Member States such as FR), distorting wholesale markets and renewables growth. If the European Commission does not apply strict criteria for assessing potential market distortion from CfDs for nuclear power plants, national governments could shift considerable financial support to their national nuclear power plant operators.

Provisions for the case of an energy price crisis do not guarantee a fast and fair reaction. Member States could protect national industries to the disadvantage of (energy-poor and vulnerable) households and small businesses.

> **'Síkela [Czech industry minister] insisted on improving access to finance for nuclear projects, which have frequently gone over budget and deadline in the past years, spooking off private investors.'** – EURACTIV, 9 JANUARY 2024

WHAT'S NEXT?

STATUS
Entered into force on 16 July 2024

Transposition by EU Member States

By 17 January 2025, except for the new right to share energy by 17 July 2026.

Revision clauses and reporting duties

By 17 January 2025, European Commission (EC) report on simplifying the process of applying a capacity mechanism, followed by proposals for simplification by 17 April 2025.

By 31 December 2025, EC report and potential legislative proposal on the Directive, in particular to assess the service quality offered to final customer and protection of vulnerable and energy-poor customers (art. 69.2).

By 30 June 2026, EC report and potential legislative proposal on the Regulation, in particular on the functioning of electricity markets, the legal and financing framework on distribution grids and market platforms for PPAs (art. 69.2).

Delegated acts and other related legislative action

EC tasked to assess the gap filler mechanism of the Governance Regulation (EU) 2018/1999 (art. 33) to close the gap between the binding 42.5% and the indicative 45% renewables target (Reg., art. 19c).

EC guidance on energy sharing to be expected by end of 2024/ early 2025.

HOW TO IMPROVE IT? OPPORTUNITIES

EC proposals on capacity mechanisms should set phase out dates for the use of fossil fuels.

Dedicated EC guidance on the design of CfDs should avoid ambiguity on support to nuclear power.

Households and consumers should get access to long-term price stability by obliging retail electricity suppliers to integrate a certain share of renewable PPAs into their portfolios.

FURTHER READING

- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): The 100% Renewable Energy Action Plan for the next European Commission, April 2024
- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): Accelerating the European energy transition. Impetus for the EU reform debate, September 2024

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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European Union

EMISSIONS TRADING SYSTEM (ETS)

Directive (EU) 2023/959 establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve; complemented by Directive (EU) 2023/958 (regarding aviation), Regulation (EU) 2023/957 (regarding shipping), Commission Delegated Regulation (EU) 2024/873 (regarding free allocation of emission allowances), and Regulation (EU) 2023/956 (establishing the Carbon Border Adjustment Mechanism). Further complemented by the ETS2 dealing with emissions from fuels, transport and buildings (see our dedicated scorecard)

WHAT'S IN IT?

OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

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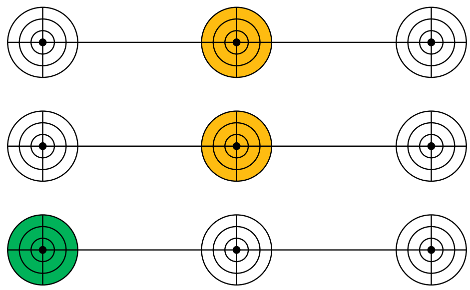

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By December 2024
European Commission review of the Modernisation Fund

By June 2026
European Commission review of the Market Stability Reserve

By December 2026
European Commission review of the ETS

By December 2027
European Commission review of the Carbon Border Adjustment Mechanism (CBAM)

WHAT TO WATCH OUT FOR?

RISKS

LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

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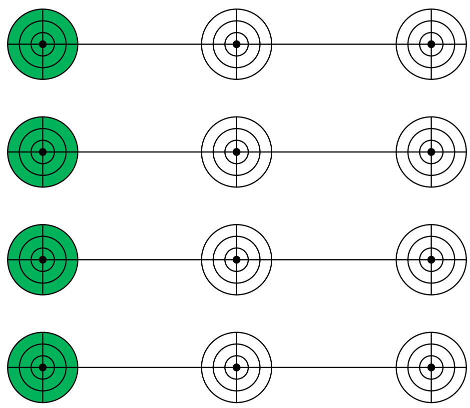

NO RISK   N/A NOT APPLICABLE

WHAT'S IN IT?

Climate ambition

The ETS envisages a reduction of 62% of greenhouse gas emissions from the power, industry and (part of the) shipping and aviation sectors by 2030. It has a history of overachievement leading to a massive surplus of emission allowances, which is to be tackled by the Market Stability Reserve. The (growing) surplus is a clear indication that reduction targets could be set much higher.

The ETS has been giving away large amounts of emission allowances for free. This will be phased out once the Carbon Border Adjustment Mechanism (CBAM) is phased in. Emissions from aviation and shipping will be gradually included in the ETS.

100% renewables

The ETS has a crucial role in the phasing out of fossil fuels but is technology neutral.

Its support mechanisms (the Innovation and Modernisation Funds) allow for investments in renewables, energy efficiency, storage and grids as well as in so-called low-carbon technologies, including carbon capture and storage.

Fair participation

As the ETS addresses (large) companies, the Regulation does not contain provisions regarding public participation or addressing a just transition, but the Modernisation Fund supports energy poverty and just transition projects in the 13 poorest EU Member States.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

With the exception of the Left Group in the European Parliament, the ETS has broad support from European governments and the European Parliament. More conservative parties and governments (including the European People's Party, EPP) see it as the main instrument and use the ETS' performance as an argument for further deregulation, even while it is clear that effective climate policies depend on a combination of market instruments and additional policies. In general, energy-intensive industries, while supporting the ETS, will resist further improvements such as increasing the cancellation of surplus allowances, the full phasing out of free allowances and the inclusion of all shipping and aviation emissions. Due to resistance from third parties against CBAM, its implementation could be delayed, leading to similar delays to the phase out of free allocation of allowances.

> **'As the EPP Group, we have deliberately emphasised, both in the context of the ETS and REPowerEU, that we do not want to push the price to extremes now.'** – PETER LIESE, MEP EPP, EURACTIV, 10 MAY 2024

WHAT'S NEXT?

STATUS

The latest amendments to the ETS Directive entered into force on 5 June 2023

Transposition by EU Member States

The EU ETS is a European-wide instrument with little direct involvement from Member States (except, for example, related to the spending of the revenues from auctioning of emission allowances).

Revision clauses and reporting duties

The most important reviews and reports include:

- an annual carbon market report
- a review of the Modernisation Fund (by December 2024)
- a report at the end of the CBAM transitional period including assessments on the impact of CBAM on Least Developed Countries, and on the link between CBAM and free allocation (December 2025)
- a review of the Market Stability Reserve (by June 2026)
- a review of the coverage of aviation emissions (July 2026)
- a review of the inclusions of municipal waste emissions (July 2026)
- a review of the ETS overall (by December 2026)
- a review of CBAM (December 2027)

Delegated acts and other related legislative action

There are many delegated acts relating to a wide range of issues. Further legislative action depends on the reviews mentioned above.

HOW TO IMPROVE IT? OPPORTUNITIES

The upcoming reviews regarding the cancellation of free allocations, and the expansion of aviation emissions all offer opportunities to increase the impact of the ETS and further reduce overall emissions in the EU. The revised Regulation also gives greater leeway for EU Member States to unilaterally cancel surplus allowances and additional action from progressive governments would be welcome.

The potential of ETS revenues for supporting regions and certain groups affected by the phase-out of fossil fuels should be harvested better to enable more citizens' participation in the benefits of the energy transition.

FURTHER READING

- Carbon Market Watch: Decarbonising EU power and industrial sectors

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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European Union

EMISSIONS TRADING SYSTEM 2 – ETS2 (COVERING FUELS USED IN BUILDINGS AND ROAD TRANSPORT)

Directive (EU) 2023/959 establishing a system for greenhouse gas emission allowance trading within the Union and Regulation (EU) 2023/955 establishing a Social Climate Fund

WHAT'S IN IT?

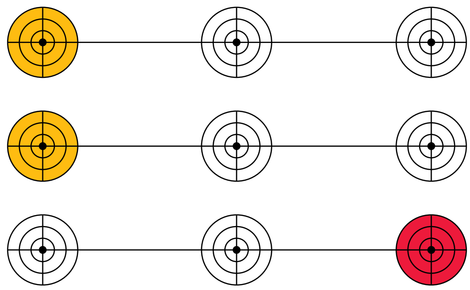
GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables
accelerating the phase-out of fossils and nuclear

Fair participation
of citizens in the benefits of the European Green Deal



WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

- **From 2025** EU Member States start implementation
- **By June 2025** EU Member States to submit a Social Climate Plan
- **From January 2026** Implementation of the Social Climate Fund
- **From 2027** First trading of allowances
- **By January 2028** European Commission report on inclusion of road transport and buildings in the ETS
- **From January 2028** European Commission evaluation of the Social Climate Fund

WHAT TO WATCH OUT FOR?

LIMITED RISK | MEDIUM RISK | HIGH RISK

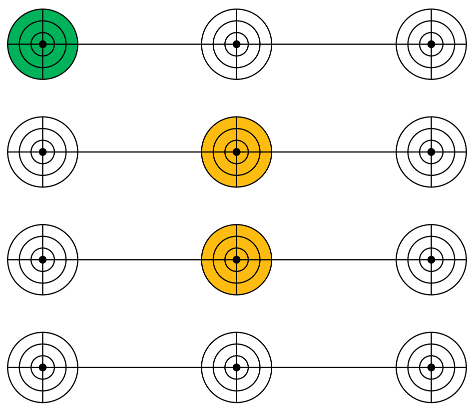
RISKS

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Fossil fuels. Open door to supporting the use of fossil fuels.

Nuclear power. Open door to supporting the use of nuclear power.



NO RISK

N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Integrates into the ETS concept (albeit in a parallel track) emission reductions in sectors currently covered by the Effort Sharing Regulation (ESR– see our dedicated scorecard) and not yet on a path towards climate neutrality. For these sectors, a separate but parallel trading system will be established, starting from 2027, implicating fuel suppliers. The annual linear reduction of emission allowances for fuel suppliers is set at 5.1%, aiming to reduce emissions by 42% by 2030 (slightly higher than the 40% reduction under the ESR). The carbon price set by the ETS2 should provide a market incentive for investments in building renovations and low-emissions mobility.

100% renewables

As with the ESR, renewables are not specifically targeted, but as with the ETS, income from auctioning of emission allowances will be partially used to support renewable energy development through the Innovation and Modernisation Funds.

Fair participation

Fossil fuel suppliers will transfer the additional costs of emission allowances to their customers, leading to an expected increase of households' energy bills. Together with the ETS2, a Social Climate Fund is established, for the period from 2026 to 2032, aiming to reduce the negative impact on vulnerable households. At least €86 billion € of ETS revenues generated should be used to address these social impacts in the 2026–2032 period. Given that the ETS2 can lead to important price increases for fossil fuels in transport and for citizens who use fossil fuels for heating their homes, the legal provisions and the volume of the Social Climate Fund appear to be insufficient.

WHAT'S NEXT?

STATUS
Entered into force

- The ETS2 was adopted as part of the latest revision of the ETS Directive and entered into force on 5 June 2023. Implementation of the ETS2 will gradually start from 2025 with first trading of allowances starting in 2027.
- The Social Climate Fund Regulation entered into force on 5 June 2023. Implementation should start in January 2026.

Transposition by EU Member States

Member States should build up capacity related to the expansion of the scope of the ETS. Furthermore, each Member State should submit a Social Climate Plan by June 2025. On 25 July 2024, the European Commission (EC) launched an infringement procedure against all Member States except AT for failing to transpose the Directive.

Revision clauses and reporting duties

By 1 January 2028, the European Commission (EC) shall report on the effectiveness and practical application of the inclusion of road transport and buildings in the ETS.

By the end of October 2031, the EC shall assess the feasibility of fully integrating the ETS2 sectors in the ETS.

Early 2028 (two years after the start of its implementation in January 2026), the EC shall provide an evaluation report on the implementation and functioning of the Social Climate Fund.

Delegated acts and other related legislative action

The EC shall decide, by means of delegated acts, on their support for EU Member States' Social Climate Plans.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

From 2027, EU Member States may extend the ETS2 to other sectors not covered by the ETS (e.g. agricultural energy use, inland waterways, non-commercial/small aviation and diesel trains). A broader debate, however, relates to the possible inclusion (or development of separate trading systems) of agriculture emissions and/or carbon removal (possibly based on the provisionally agreed voluntary Carbon Removals Certification Framework). This could potentially undermine the further development and/or implementation of Member States' policies and measures because including carbon removals opens a door for watering down the sector-specific emission reduction targets and carbon price signals. Moreover, it is important to improve safeguards, in particular for low-income households. Instead of buffering fossil fuel prices through subsidies, Member States need to provide targeted support schemes for building renovation, renewable heat and affordable public transport. EU legislation and funding needs to be leveraged for this purpose.

HOW TO IMPROVE IT? OPPORTUNITIES

The European Commission's assessment of the effectiveness of the ETS2 will be a crucial opportunity to discuss what measures work best to phase out greenhouse gas emissions in the traditional ESR sectors (transport, agriculture and buildings) where until now progress on substantial emissions reductions has been (very) limited.

In view of the fair participation of citizens in the benefits of the European Green Deal, the financial volume of the Social Climate Fund should be substantially increased.

FURTHER READING

- Open letter by 116 academics, businesses, civil society organisations and research institutions, January 2024
- Climate Action Network (CAN) Europe: Three proposals for the next EU cycle on Just Transition, July 2024

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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ENERGY TAXATION DIRECTIVE (ETD)

Proposal COM(2021) 563 for a Council Directive restructuring the framework for the taxation of energy products and electricity

WHAT'S IN IT?

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

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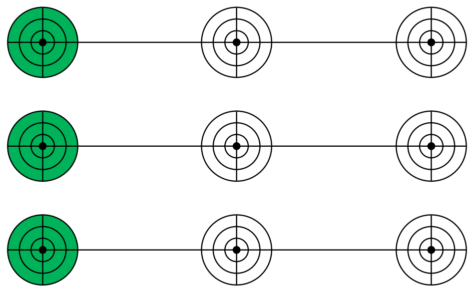

WHAT'S NEXT?

STATUS

Pending/ unclear

MILESTONES

By December 2023
Unclear, no agreement amongst EU institutions

Revision clause foreseen every five years after entry into force of the Directive

WHAT TO WATCH OUT FOR?

LIMITED RISK | MEDIUM RISK | HIGH RISK

RISKS

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

Fossil fuels. Open door to supporting the use of fossil fuels.

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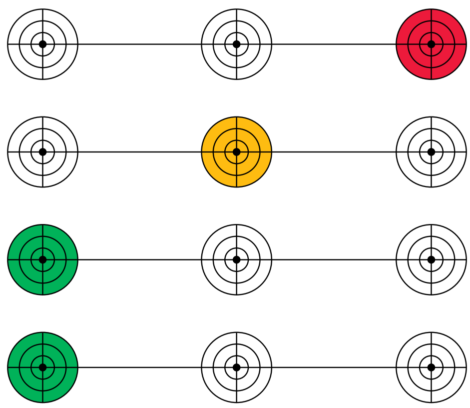

NO RISK   N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Ensures that taxation rules contribute to the EU's climate targets through the implementation of the polluter-pays principle, with taxation better reflecting the environmental and health impact of motor fuels, heating fuels and electricity.

100% renewables

Supports overall objectives on increasing electrification (electricity should always be among the least taxed sources) and promotion of renewables (EU Member States may exempt taxes on solar, wind, wave, tidal and geothermal energy).

Fair participation

Exemptions and targeted reductions to tackle the social impact of energy taxes are allowed.

WHAT'S NEXT?

STATUS
Pending/unclear

Public consultation closed. Pending proposal. No agreement found yet in either the European Parliament or the EU Council.

Transposition by EU Member States

Will be necessary (hence a Directive).

Revision clauses and reporting duties

Every five years and for the first time five years after the entry into force of this Directive, the European Commission (EC) should examine the minimum levels of taxation, the impact of innovation and technological developments, especially as regards energy efficiency, the justification for the exemptions, reductions and differentiations and may propose necessary changes through delegated acts and/or amendments.

Delegated acts and other related legislative action

The EC is empowered to adopt delegated acts to amend the minimum levels of taxation.

WHAT TO WATCH OUT FOR? RISKS

Speed · Money · Fossil fuels · Nuclear power

Current energy taxation still allows for the disproportional support of consumption of fossil fuels while (renewable) electricity is systematically taxed higher. This biased legal framework fails to encourage the further uptake of electric heat pumps, electric vehicles, electrolysers for hydrogen production and the electrification of industrial processes.

As the ETD needs to be adopted by unanimous decision in the EU Council, it seems likely concessions on multiple exemptions will need to be made to get the proposal adopted. This risks (strongly) watering down the benefits of the proposal. Multiple EU Council presidencies (CZ, SE, BE) have unsuccessfully tried to make progress on finding a compromise. In the most recent compromise proposal of the Hungarian presidency, fossil fuels in aviation and shipping would still be exempted from taxation for 20 more years, thus undermining EU climate targets.

> **'Energy taxation can support efforts to combat climate change, but current tax levels do not reflect the extent to which different energy sources pollute […]. One challenge is ensuring consistency across the EU and in sectors and energy carriers that were previously treated more favourably. Under the current Energy Taxation Directive, more polluting sources of energy may have a tax advantage compared to more carbon-efficient ones.'** – EUROPEAN COURT OF AUDITORS REVIEW OF ENERGY TAXATION, CARBON PRICING AND ENERGY SUBSIDIES, JANUARY 2022

HOW TO IMPROVE IT? OPPORTUNITIES

In essence, the proposed revision reflects the application of the polluter-pays-principle in a way that complements and strengthens other climate and energy policies. Adoption of this proposal would strongly improve the EU climate and energy policy framework.

FURTHER READING

- Joint Statement on the Energy Taxation Directive by renewable energy and smart energy industry federations, March 2023

EUROPEAN CLIMATE LAW

Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality

WHAT'S IN IT?

OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
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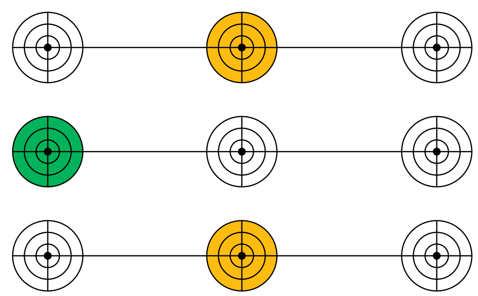

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

Since June 2024
European Commission report on amendments and new legislative proposal delayed

By November 2025
EU Council compromise for 2035 and 2040 climate targets

WHAT TO WATCH OUT FOR?

RISKS

LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

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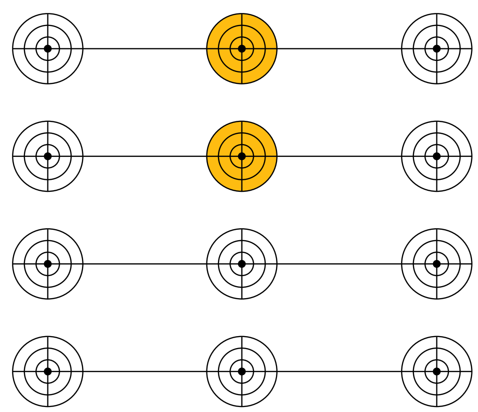

NO RISK

N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Confirms the EU targets to reach climate neutrality by 2050 and reduce greenhouse gas emissions by at least 55% by 2030. Also establishes a process to ensure all relevant EU legislation and policies are consistent with or contribute to the fulfilment of the climate neutrality objective. While the above is ambitious, these targets will not be sufficient to ensure the EU's fair contribution to limiting temperature rise to 1.5°C (see Climate Action Tracker).

100% renewables

In its preamble, calls for a transition to a safe, sustainable, affordable and secure energy system relying on the deployment of renewables, a well-functioning internal energy market, and the improvement of energy efficiency (with no references to nuclear or other false solutions).

Fair participation

Includes a full article (Article 9) on public participation calling on the European Commission to engage with all parts of society to enable and empower them to take action towards a just and socially fair transition. Unfortunately, the European Commission's instruments to do this are rather limited.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

The key issue to look out for is the discussion and adoption of new EU climate targets for 2035 (in the form of a new Nationally Determined Contribution to the UNFCCC) and 2040. Previously, all such targets were first adopted by the European Council. The Council may be pressured (similarly to, for example, the ratification of the Paris Agreement) to find a compromise either before the soft UNFCCC deadline of March 2025 or the harder deadline of COP30 in November 2025. This international process carries both risks and opportunities as the international pressure could push progressive governments to accept a weak compromise.

> **'That's barely scratching the surface of what science tells us we need. To turbocharge our economy, the EU must slash CO_2 emissions by a whopping 95% by 2040.'** – MICHAEL BLOSS, MEP GREENS, ON THE EUROPEAN COMMISSION COMMUNICATION ON A 90% REDUCTION TARGET BY 2040, FEBRUARY 2024

WHAT'S NEXT?

STATUS
Entered into force on 29 July 2021

Transposition by EU Member States

Not directly applicable. The Regulation builds upon a range of other pieces of EU legislation that ensure the implementation of its key features. Furthermore, it clearly states that the 2050 climate neutrality target is an EU-wide collective target, not binding individual Member State to the same objective.

Revision clauses and reporting duties

Every five years, starting from September 2023, the European Commission (EC) shall assess the consistency of EU measures with the climate-neutrality objective as well as the collective progress made by all Member States through the annual Climate Action Progress Reports. Also, within six months of each United Nations Framework Convention on Climate Change (UNFCCC) global stocktake (happening every five years from 2023 onwards), the EC shall submit a report possibly including proposed amendments to the Regulation on its operation, in light of international developments in the Intergovernmental Panel on Climate Change (IPCC) and UNFCCC. As of 1 September 2024, this report has not been published yet although the first global stocktake ended 13 December 2023.

Delegated acts and other related legislative action

The EC shall, within six months of the first global stocktake, make a legislative proposal to amend this Regulation to include the Union 2040 climate target. As of 1 August 2024, this has not happened yet, though the EC did issue a Communication in February 2024 proposing a 90% reduction of net greenhouse gas emissions by 2040. It is assumed that the EC will only present a legislative proposal once the European Council has endorsed the 90% reduction by 2040 proposal.

HOW TO IMPROVE IT? OPPORTUNITIES

Similar to above, positive international dynamics, including the outcome of the US elections, the Brazilian G20 and COP30 presidencies and policy and real economy developments in China, may influence the outcomes of the debate on the 2035/2040 targets.

FURTHER READING

- Climate Analytics/New Climate Institute: Climate Action Tracker
- Heinrich-Böll-Stiftung EU & Wendel Trio: Getting back on track with new EU climate and energy targets for 2035 and 2040, February 2024

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European Union

GAS MARKET REFORM

Regulation (EU) 2024/1789 and Directive (EU) 2024/1788 on the internal markets for renewable gas, natural gas and hydrogen

WHAT'S IN IT?

OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

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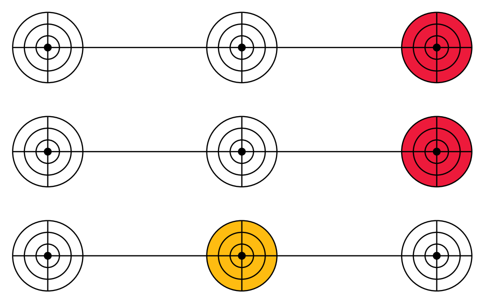

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By December 2024
Delegated Act on greenhouse gas emissions savings from low-carbon fuels

By February 2025
Regulation applies

By August 2026
EU Member States to transpose the Directive

WHAT TO WATCH OUT FOR?

RISKS

LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

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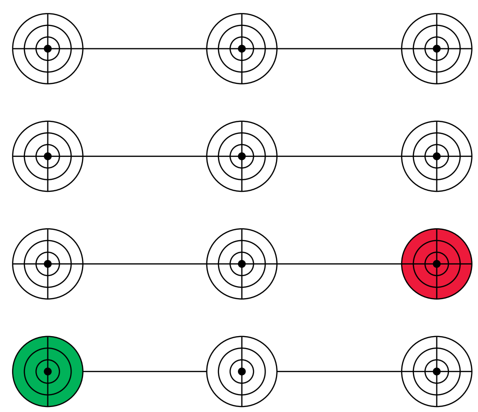

NO RISK
N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Missing a phase-out date for fossil gas. 'Diversifying' of gas supplies instead of targets to reduce import dependency. Supporting the market introduction of 'low-carbon gases' such as hydrogen from fossil gas combined with Carbon Capture and Storage (CCS) technology besides renewable hydrogen. Defining 'low-carbon hydrogen' and gases by a threshold of 70% greenhouse gases (GHG) emission reduction versus a fossil fuel comparator (Directive art. 2.11–2.13, art. 9). This could lead to a fossil fuel lock-in. New binding Network Decommissioning Plans (NDPs, Dir., art. 57), however, indicate that operators of fossil gas distribution networks have to prepare for a gradual fossil gas phase-out.

100% renewables

Missing prioritisation of renewable hydrogen against hydrogen produced with fossil fuels or nuclear power. Missing clear and legally robust rules for allocating scarce and expensive hydrogen potentials primarily to those sectors and industrial processes that are most difficult to supply with renewable electricity, allowing for very inefficient use of hydrogen, e.g. for low-temperature heating.

Fair participation

Allowing future hydrogen network operators to allocate exceptionally their costs among users of the existing fossil gas grid (Regulation art. 5). EU Member States can block third party access, thus limit competition in hydrogen networks until 2032 (Dir., art. 35–38). Unbundling of hydrogen grid operation and supply business is weakened.

Improving consumer rights (comparability of offers, billing and switching) by adjusting them to the level established in the electricity sector (Dir., art. 11–29). Obliging Member States to consult network users when fossil gas grids are decommissioned, providing guidance for protecting vulnerable and energy poor households in this case (Dir., art. 13, 27).

WHAT TO WATCH OUT FOR? RISKS

Speed | Money | Fossil fuels | Nuclear power

Fossil gas network operators could use the provisions of the gas market reform to cross-subsidise their new commercial activities in building and operating a new EU-wide (and potentially oversized) hydrogen network at the costs of remaining fossil gas grid users. There is a risk that gas consumers in many cases will have to finance new hydrogen infrastructure through the gas network tariffs charged on gas grid users. As there are little incentives for the decommissioning of gas grids while the number of customers connected to the gas grid falls continuously, the network tariffs will likely rise massively for remaining gas grid users.

The Delegated Act on the methodology for low-carbon fuels could become an important door opener for a continued use of fossil fuel-based gases, as well as for the potential use of nuclear power for the production of hydrogen.

WHAT'S NEXT?

STATUS
Entered into force on 3 July 2024

Transposition by EU Member States

By 5 August 2026. From 5 February 2025, the Regulation applies, except provisions on liquefied natural gas (LNG), security of gas supply, joint purchasing and the mechanism to support the market development of hydrogen that apply from 1 January 2025 and partly from 4 August 2024.

Revision clauses and reporting duties

By 5 August 2029, optional EC report on synergies across the hydrogen, electricity and natural gas sectors and potentially legislative proposals for integrating the European network operator organisations.

Delegated acts and other related legislative action

By December 2024, suggest a Delegated Act on the methodology for assessing greenhouse gas emissions savings from low-carbon fuels (Dir., art. 9), to be adopted by 5 August 2025.

HOW TO IMPROVE IT? OPPORTUNITIES

With the Network Decommissioning Plans imposed on fossil gas distribution grid operators, the Directive recognises the risks of stranded assets. As these plans do not have a clearly defined template or deadline, policy makers and civil society will need to monitor and leverage this process in view of launching a coordinated and socially just phase-out of fossil gas in general. A methodology for a socially fair cost allocation of gas grids with shrinking utilisation rates is needed urgently.

A potential revision of the Trans-European Networks for Energy (TEN-E) Regulation during the new legislative term could open a window to better prepare the EU's energy infrastructure for a fully renewable energy system, e.g. through joint planning and optimised coordination of all grid operators (electricity, gas, hydrogen and heat).

FURTHER READING

- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): The future role of gas in a climate-neutral Europe, June 2022
- CAN Europe: Gas Package Analysis: The Good, the Bad and the Ugly of the revised Directive and Regulation, April 2024

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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European Union

GOVERNANCE REGULATION

Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action

WHAT'S IN IT?

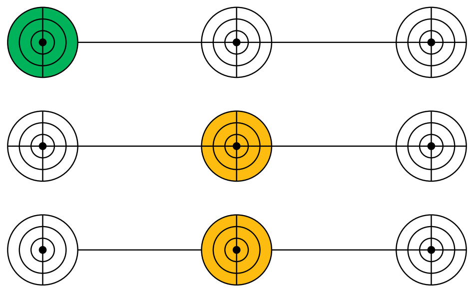
GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables
accelerating the phase-out of fossils and nuclear

Fair participation
of citizens in the benefits of the European Green Deal



WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

September 2024
European Commission review published

By March 2025
EU Member States to submit National Energy and Climate Plans (NECP) progress reports

By January 2028
EU Member States to submit updated NECPs

WHAT TO WATCH OUT FOR?

LIMITED RISK | MEDIUM RISK | HIGH RISK

RISKS

Speed. Slowing down the EU law's progress or implementation.

Money. Conflict on distributional effects or lack of finance for making this EU law impactful.

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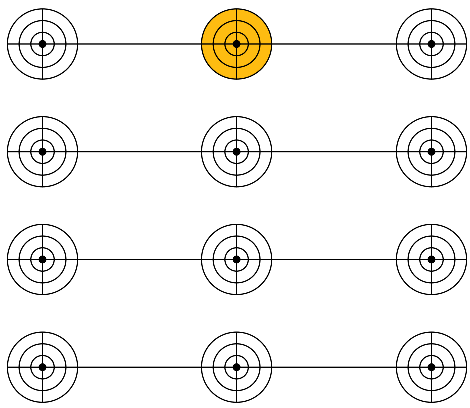

NO RISK   N/A NOT APPLICABLE

Learn more
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WHAT'S IN IT?

Climate ambition

Ensures EU Member States contribute to the achievement of collective climate and energy targets, inter alia through National Energy and Climate Plans (NECPs).

100% renewables

The Governance Regulation aims to bridge the regulatory gap that was created when the binding targets under the Renewable Energy Directive were abandoned. Through the NECPs, countries need to identify their contribution to the collective EU target to achieve a 42.5% renewable energy share of their final energy consumption by 2030. If EU Member States collectively fail to reach the target, the European Commission (EC) can impose specific targets to specific Member States (based on indicators included in the Regulation).

However, it does not reinstall binding targets and misses a long-term 100% renewable energy target.

Fair participation

EU Member States need to assess energy poverty in their NECPs and where needed include a national indicative objective to reduce energy poverty in their NECPs. Many Member States did not consult civil society appropriately on the content and ambition of their NECPs.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

The NECPs are the main tool to achieve the objectives of the Governance Regulation.

Despite request from the European Commission, Member States rarely improve their NECPs. Violations are not even penalised. As a result, the gap between the EU's climate targets and the progress expected on the basis of the NECPs is only growing. With the abolition of nationally binding renewable energy and climate targets, a key risk is that the Governance Regulation will remain unable to close the widening gap between targets and implementation.

> **'Given the major challenges of achieving climate neutrality by 2050, it is crucial to create a more robust governance mechanism that provides clarity and legal certainty.'**
> – ARIADNE PROJECT BRIEF: STRENGTHENING THE EU GOVERNANCE REGULATION FOR THE 2030 CLIMATE TARGETS, JANUARY 2024

FURTHER READING

- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): Accelerating the European energy transition. Impetus for the EU reform debate, September 2024
- Climate Action Network (CAN) Europe: NECP Tracker

WHAT'S NEXT?

STATUS
Entered into force on 24 December 2018

Transposition by EU Member States

The Governance Regulation puts many obligations on Member States regarding planning (NECPs and National Long-Term Strategies) and reporting on policies such as the Effort Sharing Regulation (ESR, see our dedicated scorecard) and land use, land use change and forestry (LULUCF). The most critical element are the 10-yearly NECPs of which the first version had to be submitted in 2019. Given the increased climate and energy ambition of the EU, new NECPs had to be submitted by end June 2024. As of 1 September 2024, only ten Member States have submitted a final revised NECP (DE, DK, FI, FR, IE, IT, LV, LU, NL and SE).

Revision clauses and reporting duties

The European Commission shall report within six months of each global stocktake under the United Nations Framework Convention on Climate Change (UNFCCC) on the operation of this Regulation (June 2024), as well as on progress towards the EU climate and energy objectives, complemented by Annual Climate Action Progress Reports.

NECP progress reports by 15 March 2025, and next draft NECPs by 1 January 2028 (arts. 9, 17).

Delegated acts and other related legislative action

If the EC's assessments conclude that the objectives, targets and contributions of the NECPs or their updates are insufficient for the collective achievement of the targets, it shall propose measures and exercise its powers in order to ensure the collective achievement of those objectives and targets.

HOW TO IMPROVE IT? OPPORTUNITIES

The NECP process needs a more effective gap filler mechanism that encourages Member States to actually make an adequate contribution to meeting the common EU climate targets. In the area of the Energy Efficiency Directive or the ESR, Member States that do not meet their targets are already required to take additional measures. Failure to do so can lead to infringement procedures. This mechanism should also be introduced in the NECP process.

The NECPs also offer opportunities for overachievement. It will be crucial to ensure each EU Member State provides an NECP reflecting its highest level of ambition so as to avoid any progress obtained by countries overachieving on their fair share being nullified by countries underachieving.

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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European Union

NATURE RESTORATION REGULATION

Regulation (EU) 2024/1991 on nature restoration

WHAT'S IN IT?

OBJECTIVE	GOOD PROSPECTS IN VIEW OF THE OBJECTIVE	MIXED PROSPECTS	A STEP BACKWARDS, UNDERMINING THE OBJECTIVE
Climate ambition in view of respecting the limit of 1.5°C global warming under the Paris Agreement			
100% renewables accelerating the phase-out of fossils and nuclear			
Fair participation of citizens in the benefits of the European Green Deal			

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By September 2026
EU Member States to submit draft national restoration plans

By September 2033
European Commission to evaluate the application of the Regulation

WHAT TO WATCH OUT FOR?

RISKS	LIMITED RISK	MEDIUM RISK	HIGH RISK
Speed. Slowing down the EU law's progress or implementation.			
Money. Conflict on distributional effects or lack of finance for making this EU law impactful.			
Fossil fuels. Open door to supporting the use of fossil fuels.			
Nuclear power. Open door to supporting the use of nuclear power.			

NO RISK

N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

The Nature Restoration Regulation sets binding targets to restore degraded ecosystems, in particular those with the most potential to capture and store carbon. It is a core element of the EU's contributions to achieving the Paris Climate Agreement and the Kunming-Montreal Global Biodiversity Framework.

100% renewables

The Regulation states that renewable energy, grid and storage infrastructure development should be presumed by EU Member States as being of overriding public interest, while putting in place the necessary conditions to limit the impact of this infrastructure and promoting activities that combine restoration activities and renewable energy projects, including in renewables acceleration and dedicated grid areas.

Fair participation

EU Member States should promote a fair and cross-society approach in the preparation and implementation of their national restoration plans. They should put in place the necessary measures to engage all relevant stakeholders and the general public, in all phases of the preparation, review and implementation of the national restoration plans. These plans should also include an estimation of financing needs for the implementation of the restoration measures, which shall include a description of the support to stakeholders affected by restoration measures.

WHAT'S NEXT?

STATUS

Entered into force on 18 August 2024

Transposition by EU Member States

Member States must prepare substantive national restoration plans and carry out the preparatory monitoring and research needed to identify the restoration measures that are necessary to meet the collective EU restoration targets.

Member States shall submit a draft of their national restoration plans to the European Commission (EC) by 1 September 2026.

Revision clauses and reporting duties

The EC shall evaluate the application of this Regulation by 31 December 2033.

Delegated acts and other related legislative action

The EC has received the mandate to revise, if need be and through Delegated Acts, the seven annexes to the Regulation (which include lists of habitat types, marine species, farmland birds, biodiversity indicators for agricultural and forest ecosystems, and restoration measures).

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

The Nature Restoration Regulation was the subject of huge political divergences in both the Parliament and the Council and was adopted with the thinnest possible majorities. While not being targeted by conservative forces at the moment, and given also, as an example, the delay EU Member States have with submitting their National Energy and Climate Plans (NECPs), it is unclear to what extent Member States will be able and/or willing to (a) submit their national restoration plans in time; and (b) have these plans reflect the necessary ambition to achieve the collective targets.

> **'The EU's flagship nature law is bad and needs to be revised after the June European Parliament elections.'**
> – ALEXANDER DE CROO, BELGIAN PRIME MINISTER, POLITICO EUROPE, 31 MARCH 2024

HOW TO IMPROVE IT? OPPORTUNITIES

As with the NECPs, the development of the national restoration plans should be seen as an opportunity for improving EU Member States' plans and policies to improve biodiversity and the ability of ecosystems to capture and store carbon.

FURTHER READING

- WWF fact sheets on health benefits, economic benefits and climate benefits of nature restoration

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

HEINRICH BÖLL STIFTUNG
BRUSSELS
European Union

PESTICIDES REGULATION

Proposal COM(2022) 305 for a Regulation on the sustainable use of plant protection products

WHAT'S IN IT?

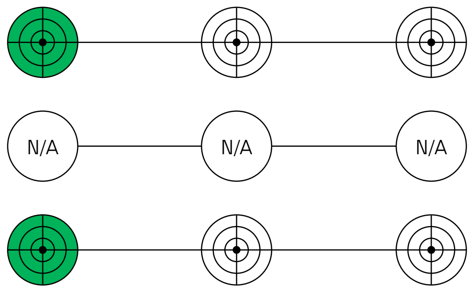
OBJECTIVE

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

100% renewables
accelerating the phase-out of fossils and nuclear

Fair participation
of citizens in the benefits of the European Green Deal



WHAT'S NEXT?

STATUS

N/A, withdrawn

MILESTONES

No milestones
Withdrawn

Every two years the European Commission would have to provide an analysis of overall progress made

WHAT TO WATCH OUT FOR?

RISKS

LIMITED RISK | MEDIUM RISK | HIGH RISK

Speed. Slowing down the EU law's progress or implementation.

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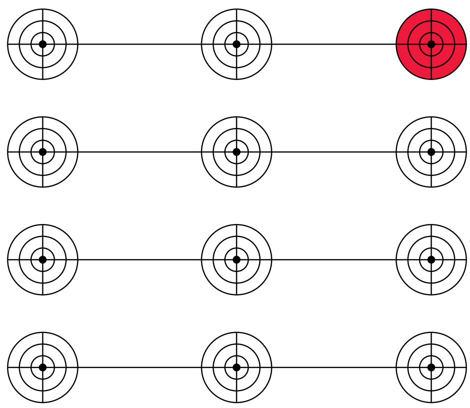

NO RISK N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

Pesticides Regulation

WHAT'S IN IT?

Climate ambition

The Regulation set a target to reduce the use of chemical plant protection products by 50% by 2030 (as compared to 2015–2017 levels). Widespread pesticide use is a major source of pollution – contaminating water, soil and air, thereby strongly impacting human health, and driving biodiversity loss. Furthermore, pesticide production is highly energy intensive, while pesticide use increases nitrous oxide production in soils. Phasing out pesticide use is thus a crucial element to achieve climate neutrality.

N/A 100% renewables

Not directly relevant for the increase of renewable energy capacities.

Fair participation

Supports efforts to educate, raise awareness and train farmers and professionals.

WHAT'S NEXT?

STATUS

Withdrawn by the European Commission in March 2024

Transposition by EU Member States

Member States would have to develop national action plans and annual progress and implementation reports.

Revision clauses and reporting duties

Every two years the European Commission would have to provide an analysis of overall progress made.

Delegated acts and other related legislative action

N/A

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

The withdrawal of the proposed Pesticides Regulation marks both a victory for the agro-industrial lobby and a setback for the implementation of the European Commission's Farm To Fork Strategy. In light of the upcoming debate on the future EU budget and its Common Agriculture Policy (CAP), there are clear risks for further attacks on greening European agriculture.

> **'I will present a Vision for Agriculture and Food in the first 100 days looking at how to ensure the long-term competitiveness and sustainability of our farming sector within the boundaries of our planet.'** – URSULA VON DER LEYEN, POLITICAL GUIDELINES FOR THE NEXT EUROPEAN COMMISSION 2024–2029, 18 JULY 2024

> **'A substantial part of the Green Deal projects would have to be cancelled if the EU wants a functioning agricultural sector.'** – IVAN DAVID, MEP EUROPE OF SOVEREIGN NATIONS, POLITICO, 3 JULY 2024

HOW TO IMPROVE IT? OPPORTUNITIES

European Commission President Ursula von der Leyen's political guidelines of July 2024 promise a new 'Vision for Agriculture and Food', which will include instruments to reward farmers working with nature, preserving our biodiversity and natural ecosystems, and helping to decarbonise our economy.

FURTHER READING

- Pesticide Action & Agroecology Network (PAN) North America: Pesticides and climate change: a vicious cycle

Authors: Wendel Trio (climate and energy policy expert) and Jörg Mühlenhoff (Heinrich-Böll-Stiftung EU) • designbysoapbox.com

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RENEWABLE ENERGY DIRECTIVE

Directive (EU) 2023/2413 on the promotion of energy from renewable sources

WHAT'S IN IT?

GOOD PROSPECTS IN VIEW OF THE OBJECTIVE | MIXED PROSPECTS | A STEP BACKWARDS, UNDERMINING THE OBJECTIVE

OBJECTIVE

Climate ambition
in view of respecting the limit of 1.5°C global warming under the Paris Agreement

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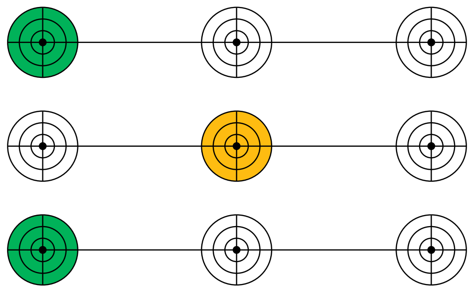

WHAT'S NEXT?

STATUS

Entered into force

MILESTONES

By July 2024
EU Member States to transpose accelerated permit-granting procedures

By March 2025
National Energy and Climate Plans (NECPs) progress reports

By May 2025
EU Member States to transpose new legislation

By December 2027
European Commission proposal for the promotion of renewables after 2030

By January 2028
EU Member States to publish new draft NECP

WHAT TO WATCH OUT FOR?

LIMITED RISK | MEDIUM RISK | HIGH RISK

RISKS

Speed. Slowing down the EU law's progress or implementation.

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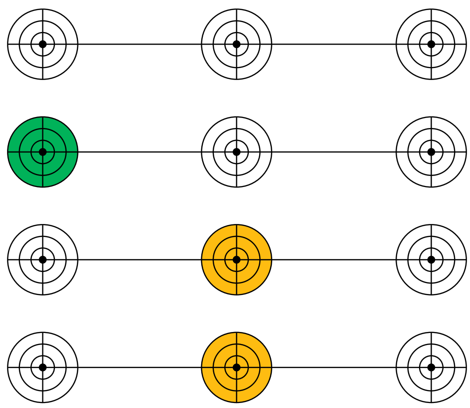

NO RISK   N/A NOT APPLICABLE

Learn more
eu.boell.org/green-deal-risk-radar

WHAT'S IN IT?

Climate ambition

Increasing the EU-wide target for the share of renewables in gross final energy consumption from 32% to at least 42.5% and an indicative target of 45% to promote the growth of renewable energy for achieving 55% reduction of net greenhouse gas emissions by 2030 (art. 3.1).

Introducing a reduction target for greenhouse gas intensity of the transport sector of 14.5% by 2030 as an alternative to a target of 29% renewables share in its final energy consumption (art. 25). Unsustainable bioenergy carriers, however, are still supported by the Directive.

100% renewables

Missing a long-term 100% renewable energy target but introducing the overriding public interest of installing more renewable energy technologies (art. 16f).

Sub-targets for renewables in heating and cooling (49% by 2030), in industry (42% of hydrogen from Renewable Fuels of Non-Biological Origin, RFNBOs, in 2030).

Acceleration areas for a swift installation of more renewable energy capacities (art. 15c). Prioritising permitting of renewables with maximum durations of procedures (art. 16a-e).

Watering down the renewable energy target for transport by allowing Member States to take into account recycled carbon fuels (art. 25.3). The Delegated Regulation (EU) 2023/1184 on RFNBOs allows counting non-renewable electricity as renewable.

Fair participation

Obliging EU Member States to ensure participation in designating acceleration areas and engagement of local communities (art. 15d). Introducing single points of contact for simplified permitting processes for renewables (art. 16).

HOW TO IMPROVE IT? OPPORTUNITIES

Strengthen the gap filler mechanism both financially and legally, launch EU-wide renewable energy auctions, couple EU Member States' progress on NECPs with access to EU finance. Prioritise EU public funding e.g. through a Renewable Energy Investment Plan, to reduce distance between renewable forerunners and laggards amongst Member States.

Reintroduce binding renewable energy targets for more effective policy coordination between EU and national levels. In the context of the adaptation of a new 2040 climate target (see scorecard on the European Climate Law), consistent and ambitious renewable energy targets for 2035 and 2040 will need to be adopted.

FURTHER READING

- Heinrich-Böll-Stiftung EU & Environmental Action Germany (DUH): The 100% Renewable Energy Action Plan for the next European Commission, April 2024

WHAT'S NEXT?

STATUS
Entered into force on 20 November 2023

Transposition by EU Member States

By 21 May 2025, accelerating permit-granting procedures (arts. 15c, 16–16f) by 1 July 2024.

Revision clauses and reporting duties

European Commission legislative proposal on the regulatory framework for the promotion of renewables for the period after 2030 due by 31 December 2027 (art. 33.3).

The Governance Regulation (EU) 2018/1999 obliged Member States to publish updated National Energy and Climate Plans (NECPs) by 30 June 2024 to show how they contribute to the more ambitious EU-wide renewable energy target of 45% share by 2030. NECP progress reports by 15 March 2025, and next draft NECPs by 1 January 2028 (arts. 9, 17).

Delegated acts and other related legislative action

Delegated Regulation (EU) 2023/1184 on RFNBOs from additional renewable electricity for defining contributions to the combined sub-target of 5.5% of advanced biofuels and RFNBOs in the transport sector, will be key for the market introduction of renewable hydrogen.

WHAT TO WATCH OUT FOR? RISKS

Speed **Money** **Fossil fuels** **Nuclear power**

The slow growth of renewables foreseen in many NECPs (39% by 2030 expected according to draft NECPs assessed ahead of the May 2024 meeting of energy ministers) will make it difficult to reach the EU-wide 45% target. This ambition gap will be difficult to bridge.

A few EU Member States promote the replacement of the Renewables Directive by a 'Low Carbon Directive' that would set a target including nuclear energy. The definition of low-carbon hydrogen in the Delegated Act under the Gas Market Reform could further water down the dedicated support of renewable energy to the benefit of nuclear. A low default value for fossil gas upstream methane emissions in the European Commission's rules could facilitate the uptake of hydrogen produced from fossil gas with carbon capture and storage technologies, thus 'greenwashing' the continued use of fossil fuels.

While the principle of overriding public interest is legitimate in view of the urgency of the climate crisis, it entails a risk that EU Member States use this principle to cut public consultation and environmental impact assessments in general.

> **'We're not looking at the origin of the electrons.'** – ADVISOR TO FRENCH ENERGY MINISTER ROLAND LESCURE ON WHY THE FRENCH NECP COUNTS NUCLEAR POWER TOWARD THE RENEWABLE ENERGY TARGET, POLITICO EUROPE, 15 JULY 2024