

Multilevel governance in the EU energy and climate policy: why it still matters after the submission of the final updated NECPs

Policy Brief #2

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This policy brief aims to highlight the benefits of multilevel governance processes, specifically the Climate and Energy Dialogues (CED) [1], to meet EU and Member States' climate and energy targets. It also shows the limits of the current framework provided by Article 11 of the Governance of the Energy Union and Climate Action Regulation (1999/2018) and offers recommendations and inspiration for the European Commission and Member States to better leverage the potential of multilevel governance.

<u>Summary of our recommendations:</u>



We encourage the new college of European Commissioners formed in autumn 2024 to revise parts of the Regulation on the Governance of the Energy Union and Climate Change to consolidate its multilevel dimension, following its review report as set in Article 45. In particular, we recommend reinforcing Article 11 in requesting Member States to work on the quality of the climate and energy dialogues and on their role in the implementation of the NECP.



Review the implementing Regulation 2022/2299 accordingly, providing an adequate template for countries to report on the quality of the dialogues (a suggested modified Annex XXIII is included as Annex to this document).



Include a mandatory chapter on the implementation of the NECPs where each Member State can clarify which players will be responsible for implementing the proposed measures and to list the national and European financial and technical resources available to support them.



Explore additional tools and processes to foster more multilevel governance in the implementation of the NECPs.

[1] According to Art. 11 of the Governance Regulation, Climate and Energy Dialogues are fora where "local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public are able actively to engage and discuss" national climate and energy policy





1. Where do we stand?

a) Evaluation of multilevel activities in the draft and final **NECPs**

Overview

In section 1.3 of their draft updated NECPs submitted in 2023, almost all Member States (MS) mention robust consultation or dialogue with relevant stakeholders. However, in its overall assessment of the draft updated NECPs [2] submitted by Member States in 2023, the European Commission points out the lack of precision of most MS regarding the involvement of such and regrets that consultations are not part of a longerterm process:

"Local and regional authorities are important for the implementation of energy and climate policies. However, very few Member States demonstrate concrete evidence of how they involve them in the process of preparing the draft updated NECP and even fewer building on an established multilevel dialogue for this process" -EC's draft updated NECPs assessment.

It is important to note that the activities concerning Article 11, on national multilevel climate and dialogues, are required to be reported in the National Energy and Climate Plan Reports [3] and not necessarily in NECPs, differently from the activities conducted under Article 10 on public consultations. This distinction is somewhat confusing for Member States who generally do a better job implementing Article 10 implementing Article 11. Moreover, this does not encourage Member States to set up these dialogues for NECPs, which in some countries are the cornerstone of the national climate strategy.

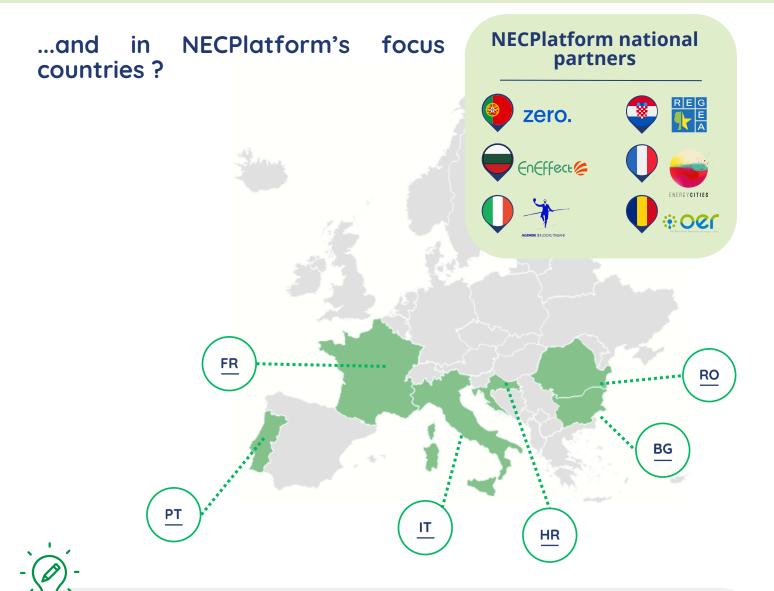
In the individual recommendations provided to each Member State, the European Commission encourages most of them to provide more details on the participants in the dialogues, the timing and how the discussions were while redrafting considered national plan. The following is an the example taken from EC's recommendation to the Bulgarian draft updated NECP [4]:

Bulgaria should take action to "ensure inclusive public participation within a reasonable timeframe and broad participation of local authorities and civil society in the preparation of the plan. Provide a clear and more detailed overview on how the consultation process has enabled participation from all relevant authorities, citizens and stakeholders, including social partners, in the preparation of both the draft and the final updated plan, including information on the timing and duration of the different consultations. Provide a detailed summaru of the views expressed by different actors during the consultations and a summary of how they have been taken into account".

At the time of publishing this briefing, September 6, 2024, only 10 Member Finland, France, States (Denmark, Ireland, Germanu, Italu. Latvia, Luxembourg, The Netherlands, and Sweden) had submitted their final updated NECPs, due June 30, 2024. It is therefore too to conclude earlu States whether Member have considered the recommendations of the European Commission on the multilevel aspects.

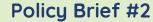
^{[2] &}lt;a href="https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A796%3AFIN">https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2023%3A796%3AFIN [3] According to Art. 17 of the Governance Regulation: by 15 March 2023, and every two years thereafter, each Member State shall report to the Commission on the status of implementation of its integrated NECP by means of an integrated national energy and climate progress report covering all five dimensions of the Energy Union. [4] https://commission.europa.eu/document/download/f224ece3-0a75-4939-a482-b44871a73302 en? filename=Recommendation draft updated NECP %20Bulgaria 2024.pdf.





NECPlatform is a LIFE-funded project supporting six Member States (Bulgaria, Croatia, France, Italy, Portugal and Romania) in implementing Climate and Energy Dialogue platforms, one each meeting up to six times, where all relevant parties can meet and contribute to the co-creation of the national energy and climate policies so to shape together their NECP. These platforms aim to make the process of discussing different scenarios for energy and climate policies a participatory exercise, where national Ministries and national energy agencies participate in concerted action and actively exchange with other important stakeholders and sub-national authorities.

By doing this, the project is supporting countries in complying with Article 11 of the Regulation on the Governance of the Energy Union and Climate Action (1999/2018). In fact, the regulation requires Member States to "establish a multilevel energy and climate dialogue, bringing together local authorities, civil society organisations, the business community, investors and other relevant stakeholders to discuss the different options envisaged for energy and climate policies [...] Integrated national energy and climate plans may be discussed within the framework of such a dialogue". By the end of this 30-month project in March 2025, six Climate and Energy Dialogues will have taken place in each of the six countries, with the objective of making the platforms permanent, e.g. by transferring their ownership to National Authorities or another relevant partner for their continuation after the end of the project. A replication programme with other Member States (MS) will also take place, while material documenting the process will shortly be available.





This table summarises how energy and climate multilevel dialogues were considered in the LIFE NECPlatform countries:

- In the draft updated NECP, according to the individual assessments for each Member State provided by the European Commission [5].
- In the EC's assessment of the 2023 NECPRs [6].
- In the final updated NECP: if available and analysed by the NECPlatform partners, as the assessment of the Commission is not yet available.

	dssessment of the commission is not get available.							
MS	Draft updated NECP (2023)	2023 NECPR assessment	Final updated NECP (2024)					
	The assessment underlines that the role of local authorities is mentioned in different chapters of the plans, in particular climate mitigation, but it states that the NECP does not explain if and how local authorities were involved in the drafting of the plans and does not mention any multilevel dialogues or processes.	The assessment mentions that Bulgaria reported participating in the NECPlatform project.	Not available.					
	The assessment is neutral but mentions the activities organised as part of NECPlatform, in particular a series of thematic workshops where the draft NECP could be discussed with different stakeholders, including social partners.	The assessment mentions that Croatia reported participating in the NECPlatform project.	Not available.					
	The assessment is positive and states that the NECP provides evidence that France reached out to and worked with all relevant authorities to update the draft plan but insists that consultations should continue.	The assessment mentions that inclusion of LRAs is a strong focus for France.	France considered the recommendations and further developed the content of the multilevel workshops and how it has been considered in the drafting process of the final revised NECP. The plans mentioned however a few time that further consultation, especially public consultation, shall be done after the submission of this plan. France drafted a new section on "Territorialisation" detailing the methodology of the ongoing regional Conference of the Parties (see further details in section 2b).					



MS	Draft updated NECP (2023)	2023 NECPR assessment	Final updated NECP (2024)
	Italy has involved local and regional authorities to update the NECP, but the assessment criticises the lack of transparency on results, information channels and timelines.	The assessment mentions that inclusion of LRAs is a strong focus for Italy.	The Italian NECP mentions launching a dialogue with the 9 Italian Mission cities, asked to contribute to the identification of the most important policy areas for achieving the national energy and climate targets. An interinstitutional group was also set up. Two public online consultations were launched, where ANCI (National association of municipalities) and Italian regions have been involved The plan also mentions that a specific governance model will be put in place encouraging the active contribution of all central public administrations, regions and municipalities to the achievement of national energy efficiency targets.
	The assessment is positive about Portugal's efforts to reach out to relevant stakeholders; the draft NECP provides evidence that Portugal collaborated with relevant authorities to update the plan. The assessment acknowledges the role of the LIFE NECPlatform project.		
	The assessment is critical of the lack of transparency regarding the process. The draft NECP does not provide evidence that Romania worked with relevant authorities to update the plan, also, it is unclear to what extent local authorities could contribute to the draft NECP.	The assessment mentions that Romania reported participating in the NECPlatform project.	Not available.



b) Implementation of the Climate and Energy Dialogues

Over and above the content of the national strategies that are the NECPs, it is important to observe how these dialogues are conducted on the ground and how they are perceived by the stakeholders, both in terms of drafting the NECPs and implementing them.

Overview

The assessment of the progress towards the objectives of the Energy Union and Climate Action [7] included in the State of the Energy Union 2023 Report, evaluating countries' National Energy and Climate Plan Reports (NECPRs), includes an assessment of the implementation of the CEDs.

In the assessment, the European Commission notes that almost all Member States have identified activities related to these multilevel dialogues, highlighting some good practices (The Netherlands, Germany, France) and that the degree of maturity varies greatly from country to country:

"Several Member States, however, did not sufficiently describe their multilevel climate and energy dialogues: some do not refer, for instance, to the periodicity of the activities reported, the long-term perspective, the active engagement process with the local authorities or with key stakeholders etc. Some only list punctual consultations or events without explaining the overall approach or how the initiatives listed are interlinked. Other Member States stated that they set-up multilevel climate and energy dialogues without describing sufficiently the parties involved nor the processes put in place"[8].

The report also stresses the fact that these dialogues are not designed to last:

"Many Member States limited the scope of the multilevel climate and energy dialogue to the NECPs development process, while the Regulation seeks for a more comprehensive framework, referring to the 'different scenarios for energy and climate policies including the long term"[9].

^[8] Ibid.



In NECPlatform focus countries

The LIFE NECPlatform project, for its part, is seeking to develop long-term dialogue platforms that can address the NECPs as well as other climate and energy policies and their implementation. After two years, we can report the following updates:

Croatia is a great example of successful multilevel collaboration. The national partner of NECPlatform. RFGFA (The North-West Croatia Regional Energy and Climate Agency), succeeded in involving various stakeholders (ministries, local authorities, energy agencies...) in the platform. These stakeholders participated in a series of thematic workshops with a collaborative approach to improve the Croatian NECP. The Croatian Ministry Economy and Sustainable Development (which was later split into two ministries after the 2024 elections) and the Ministry of Finance took an active role in co-organising the dialogues and intend to sustain this CED platform after the submission of their final updated NECP. Even if being late in submitting its final updated NECP, Croatia is one of the most advanced Member States in the implementation of Article 11 with a multi-stakeholder, collaborative, and long-term process.

Portugal is also a best practice in the implementation of Article 11, as noted in the European Commission's assessment, where the involvement of various stakeholders was noted. The main limit Portugal is facing is time, as the various consultation stages are happening more slowly than planned. Similarly to Croatia, although being late in submitting its final updated NECP, the quality of implementation of Article 11 is higher than average.

France has held several workshops to draft its low carbon strategy, with the participation of businesses and local authorities. One was dedicated to local and regional authorities. For the energy strategy, France has organised workshops that were co-moderated by one member of the National Assembly and one mayor or deputy mayor. In addition to these ad hoc bodies, France has a number of long-term bodies, in particular the National Council for Energy Transition, which includes representatives of local authorities, unions of employees and employers' associations, civil society, youth representatives and national elected representatives. The national partner of NECPlatform, Energy Cities, has therefore intended to focus on improving the governance of such processes, and has focused on dialoques related to implementation of the NECPs and financial support to local authorities.





Romania, Italy and Bulgaria present a more critical situation in terms of the involvement of different stakeholders in the revision of the NECP. The three countries have accelerated and held various dialogues over the last six months. However, it is unclear how these will influence the final version of their NECPs. Romania and Bulgaria have expressed their willingness to implement multilevel dialogues in the long term but have not taken serious action so far. Italy has submitted its final updated NECP, however, the drafting process was not carried out according to Article 11 (see section above).



2. Why is it important to keep investing in multilevel governance?

a) The importance of multilevel dialogues in the coming years

EU legislation, and in particular the European Green Deal, is increasingly recognising the essential role of regional and local authorities to meet the objective set by the European Climate Law [10]. The revised Directives and Regulations of the "Fit for 55" package reinforced or created new obligations for local governments, especially regarding planning aspects. They also recognise their privileged position of proximity to citizens and knowledge of their territories.

Some examples:

 The revised Energy Efficiency Directive [11] introduces obligation for the public sector to achieve an annual energy of 1.9% consumption reduction (Article 5) and extend to local governments the obligation to annually renovate at least 3% of the total floor area of the buildings they own with a useful floor area of over 250 m2 (Article 6). Moreover, municipalities with over thousand inhabitants need to prepare local heating and cooling plans (Article 25).

- The recast Energy Performance of Building Directive [12] requires national governments to involve local and regional authorities in the drafting of national building renovation plans (Article Moreover, it requires all new public buildinas to be Zero-Energy Buildings as of 2028 (Article 7), to equip all roofs of public buildings with solar panels (Article 9), as well as to equip all public buildings with cabling for e-charging station and bike parking space (Article 14). Finally, it requires all regions to have at least one one-stop-shop for building renovation - or one every 80 thousand inhabitants (Article 15).
- The recast Renewable Energy Directive [13] mandates local and regional authorities to include renewables in their planning - e.g. develop heating and cooling infrastructures powered renewables, and to participate in energy communities and selfconsumption initiatives (Article 15). Moreover, public authorities should provide access to third parties to use the roofs of public buildings for RES production (Article 15a) and, together with national governments, determine 'renewables acceleration areas' (Article 15b).

Most of the above-mentioned Directives, on top of listing a series of requirements, mandate national governments to support local and regional authorities, both administratively and financially.

^[10] Energy Cities and Eurocities, 2023, Cities in the European Green Deal: opportunities and responsibilities

^[11] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32023L1791

^[12] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L 202401275#d1e2300-1-1

^[13] https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L 202302413_



These examples of new requirements in the EU legislation make it quite selfevident that increased coordination between different administrative levels. particularly between national and regional/local governments authorities, is crucial. This is exactly where climate and energy dialogues become key, allowing different actors not only to coordinate but also to avoid overlaps, while making sure that overall national legislative framework does not create gaps or obstacles preventing different administrative levels from reaching their goals.

It is even more critical to have multilevel Climate and Energy Dialogues to:

- Ensure that targets set at the national level reflect reality, matching the observations coming from the local and regional levels, as well as from businesses.
- Discuss the implementation of new objectives and plans imposed on local authorities and businesses, the obstacles that may arise and share good practices.
- Define the best and most efficient way to set up new financial and technical support mechanisms or improve existing ones, matching local authorities' and businesses' needs.
- Preparing the ground for the next NECPs due in 2029 or Long-Term Strategy for 2040 and 2050.

b) Concrete examples of what multilevel climate and energy dialogues can achieve

Some of NECPlatform's experiences clearly show that these multilevel dialogues are practical solutions for speeding up the implementation of the Green Deal and removing existing obstacles.



It is the case of Romania where in one of the recent CED meetings (10 April 2024), the Ministry of Energy stated that based on suggestions received during the public consultation phase, the CED exchanges, and the meetings with the NECP inter-institutional working group, the targets for the three dimensions (energy generation, heating/ cooling for buildings and transport) were recalculated, and some assumptions were re-thought.

stakeholders Moreover, many (amongst which the Association of Prosumers and Energy Communities and the Energy Cooperative) stressed the importance of producing and implementing regulations alongside the specific objectives and targets for renewable energy communities, as the current enabling framework for energy communities in Romania has significant gaps preventing to reach the set targets. The Ministry ensured that they would work towards that direction in order to define a realistic model adapted to the national specifics.





France is also working on the implementation of these plans and the appropriation of these national objectives by the regions and local authorities. To this end, the French General Secretariat for Ecological Planning (SGPE), which reports to the Prime Minister, set up in October 2023 regional Conferences of the Parties (COP), one for each French region. In these configurations, the regional authority together with from representative the central government gathers regional stakeholders such as local authorities' representatives, business representatives and unions, and civil society organisations to define regional targets and key measures. The SGPE has set sectoral targets for each region which follow a working methodology consisting of four stages: diagnosis, debate, sharing at sub-regional level and drawing up a regional roadmap to 2030. The roadmaps are intended to be rediscussed each year. It is still early to say whether the results are conclusive, as the regional COPs have been delayed by the French political crisis and should produce results by the end of 2024 or early 2025. Of course, the process is only in its first year, so there will be room for improvement in its governance to ensure that it is useful to all those involved. However, the regional COPs are a commendable, innovative and necessary initiative, showing that France is on the right path to implement the ideas behind Article 11 of the Governance Regulation: to have permanent platforms for discussing energy and climate policies with all stakeholders, including regional and local authorities.



CROATIA

The Climate and Energy Dialogues (CED) in Croatia marked the first comprehensive initiative that successfully engaged all levels of government in a meaningful way. These dialogues served not only as platforms for discussion but also as educational sessions, addressing the fact that local authorities are still not fully familiar with the National Energy and Climate Plan (NECP) and their role implementation. achievement of the CEDs was the participation of nine Croatian ministries in each of the five organized dialogues. Through open discussions and, in some cases, panels designed to present different perspectives and sectoral challenges, these dialogues enabled the active participation of stakeholders and the presentation of local-level challenges. The dialogues were wellattended, and, for instance, during the last session, upcoming obligations related to financial reporting were presented. Importantly, the CEDs also facilitated the significant inclusion of the Ministry of Finance in climate and energy discussions for the first time, fostering synergy between ambitious measures and financing sources.





ITALY

In Italy, the CED organized in the context of NECPlatform produced extremely important discussions among the heterogeneous participants (over 40 subjects - in particular environmental organisations, research bodies, numerous local authorities and regions). Representatives of Ministry of Environment took part to three over five CEDs, while national agencies managed by the Ministry (as ENEA - Italian National Agency for New Technologies, Energy and Sustainable Economic Development, RSE Research on Energy System, GSE -Energy Services Manager) participated in the five CEDs. This enabled to highlight in the presence of the Ministry staff several issues and proposals for integrating the Italian NECP. The emerged points of attention where gathered in a position paper titled Proposals for the Integrated Energy and Climate Plan, within the Italian multilevel dialogue platform, which was presented to the Ministry of the Environment and Energy Security on the occasion of the final drafting of the NECP.



BULGARIA

The dialogues organised in Bulgaria provided Bulgarian municipalities with a platform to voice their perspectives on the importance of implementing climate policies at the local level. On three notable occasions, municipalities united to express their shared positions through special declarations submitted to the national government. These efforts were met with positive feedback, as representatives from the ministries responsible for the NECP affirmed the validity of these positions during the discussions. A key outcome of these dialogues in Bulgaria was the growing recognition by the responsible ministries that the longstanding stakeholder practice of avoiding engagement on critical issues is no longer sustainable. The government acknowledged that stakeholders' voices must be heard and considered in the policymaking process.

This was evidenced by both the platform events organised in a collaboration between the Ministry of EnEffect Energy, and other stakeholders, and the specific reports on each of the five areas of the NECP produced after the events delivered to the Ministry in the process of development of the Plan. This shift, driven by stakeholder pressure, has already led to improvements in the quality of the NECP and an increase in its targets.

POLICY RECOMMENDATIONS

Recommendations Over the next few years, the Member States (MSs) and the European Commission must implement the European Green Deal. Multilevel governance is a $^{\mathcal{D}}$ cornerstone of this success. Therefore, we call on the Member States and the European Commission to improve multilevel governance in the EU. To do so, the NECPlatform project consortium reiterates the request to the European Commission to:

- Continue to assess the quality of the multilevel governance processes set up by MSs in the update of their NECPs as part of the final evaluation of the NECPs and its recommendations to the MSs.
- Continue to assess the quality of the multilevel governance processes set up by MSs, in their general design and in the implementation of national energy and climate policies, as reported biannually by Member States in their NECPR (next due March 2025) and provide MSss recommendations on how to improve their processes.
- Call on the MSs to set up long-term energy and climate dialogues, as indicated in Art. 11 of the Governance Regulation, and remind them of the importance and usefulness of the dialogues for the implementation of the NECPs and the transposition of the Green Deal into national law.

We also encourage the new college of European Commissioners formed in autumn 2024 to revise parts of the Regulation on the Governance of the Energy Union and Climate Change to consolidate its multilevel dimension, following its review report as set in Article 45. In particular, we recommend to:

- Reinforce Art. 11 of the Governance Regulation: following on the opinion of the Committee of the Regions [14], NECPlatform wishes to stress the importance of including criteria to assess the quality of the CEDs which should continue to exist during the implementation of the NECP (reported in the next NECPR) and in the drafting of the next NECP due in 2029. The updated article should consider: the number of meetings, their composition and timeline; if exchanges are organised ahead of deadlines to allow co-construction and enough time to integrate the feedback; if the list of participants is diversified, and the extent to which the conclusions of these dialogues are being incorporated at national level.
- Review the implementing Regulation 2022/2299 setting the structure, format, technical details and process for the integrated national energy and climate progress reports [15]. It would be best to review Annex XXIII where according to Art. 18 of the aforementioned Regulation, MSs should report on multilevel climate and energy dialogue referred to in Art. 11 of the Governance Regulation. We suggest a modified Annex XXIII next page.
- Include a mandatory chapter on the implementation of the NECPs, to enable each Member State to clarify which players will be responsible for implementing the proposed measures and to list the national and European financial and technical resources available to support them. This chapter could also describe the need for manpower and training in public administrations, particularly local administrations, to achieve this. The CED exchanges should enable the Member States to contribute to this chapter.
- Explore additional tools and processes to foster more multilevel governance in the implementation of the NECPs. NECPlatform suggests, in particular, to look at best practices highlighted in its <u>previous briefing</u>, and innovative methods developed such as the regional Conference of the Parties organised in France. NECPlatform will further develop these suggestions in its last policy brief in February - March 2025.



Current Annex XXIII of the implementing Regulation setting the structure, format, technical details and process for the integrated national energy and climate progress reports (2022/2299) [16]

ANNEX XXIII

REPORTING ON MULTILEVEL CLIMATE AND ENERGY DIALOGUE REFERRED TO IN ARTICLE 11 OF REGULATION (EU) 2018/1999

Table 1 : Progress in establishing multilevel climate and energy dialogue referred to in Article 11 of Regulation (EU) 2018/1999 (1)

Details on multilevel climate and energy dialigue	М			
Progress in establishing the multilevel climate and energy dialogue	М			
Notes: M = mandatory; M = mandatory if applicable (1) Member States to provide details of multilevel climate and energy dialogue pursuant to national rules, in which local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public engaging and discussing the different scenarios envisaged for energy and climate policies, including for the long term				

Proposed new version of Annex XXIII

ANNEX XXIII

REPORTING ON MULTILEVEL CLIMATE AND ENERGY DIALOGUE REFERRED TO IN ARTICLE 11 OF REGULATION (EU) 2018/1999

Table 1 : Progress in establishing multilevel climate and energy dialogue referred to in Article 11 of Regulation (EU) 2018/1999 (1)

Composition of the CED	М	
Number of meetings held (date and duration)	Μ	
Summary of points discussed in the meetings	М	
Inputs of the discussion taken into account in the NECP/other national energy and climate policy	М	

Notes: M = mandatory

⁽¹⁾ Member States to provide details of multilevel climate and energy dialogue pursuant to national rules, in which local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public engaging and discussing the different scenarios envisaged for energy and climate policies, including for the long term



Partners















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