

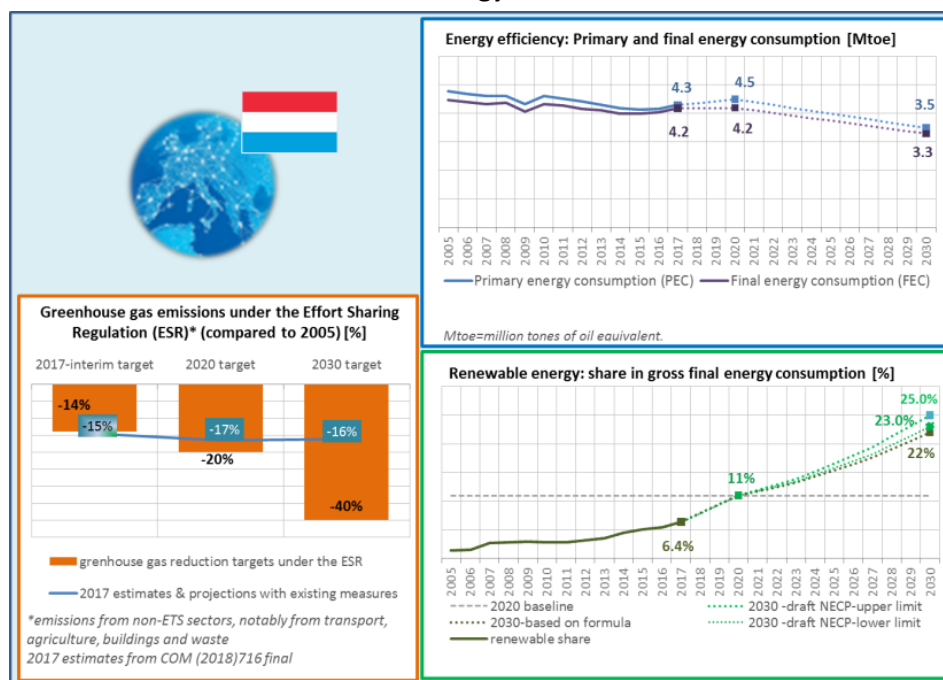


# LUXEMBOURG

## Summary of the Commission assessment of the draft National Energy and Climate Plan 2021-2030

The EU has committed itself to a clean energy transition, which will contribute to fulfilling the goals of the Paris Agreement on climate change and provide clean energy to all. To deliver on this commitment, the EU has set binding climate and energy targets for 2030: reducing greenhouse gas emissions by at least 40%, increasing energy efficiency by at least 32.5%, increasing the share of renewable energy to at least 32% of EU energy use and guaranteeing at least 15% electricity inter-connection levels between neighbouring Member States. To ensure that the EU targets are met, EU legislation requires that each Member State drafts a 10-year National Energy and Climate Plan (NECP), setting out how to reach its national targets, including the binding national target for reducing greenhouse gas emissions that are not covered by the EU Emissions Trading System (ETS). The European Commission has analysed each draft NECP. The summary of this assessment for Luxembourg is outlined below. The final NECPs for the period 2021-2030 are due to be submitted by Member States by the end of 2019.

### LUXEMBOURG - National targets and contributions foreseen in the draft National Energy and Climate Plan



Sources: Luxembourg's draft National Energy & Climate Plan, Eurostat (PEC2020-2030, FEC2020-2030 indicators and renewable SHARES), COM(2018)716 final (2017 GHG estimates)

- The draft National Energy and Climate Plan (NECP) has been drafted in accordance with the new coalition agreement 2018-2023 with the objective of doing the utmost to comply with the Paris Agreement and to take into account the findings of the Inter-Governmental Panel on Climate Change's (IPCC) Special Report (1.5 degrees Celsius) and strengthening the link between energy and climate policies on the one hand and the economic development of Luxembourg on the other. A range of policies and measures are included for almost all dimensions except for research, innovation and competitiveness, even though they vary in detail. The projections of planned measures and their impacts still have to be developed for the final plan.
- Luxembourg's target for **greenhouse gas (GHG) emissions** not covered by the EU Emissions Trading System (non-ETS), is -40% compared to 2005, as set in the Effort Sharing Regulation (ESR)<sup>1</sup>. It is well noted that Luxembourg plans to overachieve by 10 to 15 percentage points this target while complying with the Land Use, Land use Change and Forestry (LULUCF) no-debit commitment (i.e. emissions do not exceed removals).
- The final NECP would benefit from the inclusion of a more precise ambition level, a more detailed elaboration of the package of existing and planned policies measures, in particular in the **transport and building sector**, and their expected impacts, particularly in light of the reference scenario indicating an expected continued growth of GHG emissions. Likewise, the draft NECP would gain in clarity from explaining how Luxembourg is planning to achieve its LULUCF no-debit commitment<sup>2</sup> (e.g. application of the accounting rules, intended use of flexibilities), and the intended use of flexibilities between the LULUCF and ESR sectors.
- The planned range of 23% to 25% of **renewable energy** by 2030 is above the share of at least 22% in 2030 that results from the formula in Annex II of the Governance Regulation. An indicative trajectory is partially provided (for the 25% overall contribution level in 2025); reference points<sup>3</sup> are still to be provided for the years 2022 and 2027. The final plan would benefit from elaborating further on the policies and measures allowing the achievement of the contribution and on other relevant sectorial measures.
- The planned 40% to 44% reduction in final **energy consumption** sets a sufficient level of ambition. It is expected that the final plan provides more precise national contributions (also for primary energy consumption) and provides more clarity on the expected impact of planned policies and measures.
- In relation to **energy security**, the final NECP would benefit from being more forward looking, taking into account the specific challenges from Luxembourg, notably its strong dependence on supply from neighbouring countries, deserving also specific attention to the development of national flexibility measures, such as demand side response and storage.

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<sup>1</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013.

<sup>2</sup> Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU.

<sup>3</sup> Pursuant to Article 4(a)(2) of Regulation 2018/1999.

- In relation to the **internal market**, the plan describes the already very high level of interconnection of Luxembourg, and the integration in the neighbouring gas and electricity markets. Within this context, the final NECP would benefit from a more structured approach to retail markets and system flexibility, providing concrete and quantifiable objectives with a view to 2030. As regards **energy poverty**, the draft plan provides already some information. The final plan should include the assessment as required by the Governance Regulation.
- As regards **research, innovation and competitiveness** the plan currently does not yet focus on energy and climate issues to be addressed by 2030, instead providing national objectives to be achieved by 2020. This needs to be addressed in the final plan.
- The draft NECP does not contain an assessment of the overall **investment needs** or information on the financial sources to be mobilised to achieve its targets and objectives thus not yet fully taking advantage of the role NECPs can play in providing clarity to investors and attract additional investments in the clean energy transition. The draft NECP does not yet contain an **impact assessment** of planned policies and measures, which should be included in the final plan.
- The final plan would benefit from complementing the analysis of the interactions with **air quality and air emissions** policy and presenting the impacts of policies and measures on air quality.
- The issue of a **just transition** to a climate neutral economy could be better integrated throughout the plan by considering social and employment impacts, e.g. shifts in sectors/industries, distributional effects and revenue recycling. The draft plan would benefit from providing more details on the question of skills and training.
- A list of all **energy subsidies** and actions undertaken and planned to phase them out, in particular for fossil fuels, needs to be included in the final plan.
- An example of **good practice** is the approach taken in relation to regional cooperation, where Luxembourg foresees mainly to use existing regional platforms in order to discuss and align its climate strategy with its neighbouring countries, notably the Pentalateral Energy Forum and the North Seas Energy Cooperation. Under the Pentalateral Energy Forum a political declaration was adopted on 4 March 2019 that covers the precise scope and governance structure for cross border cooperation in the frame of the NECPs. Another good practice is the Climate Pact, where Luxembourg has shared best practices among its 98 municipalities, engaged local administrations to initiate projects and mobilised EUR 55.2 million in terms of investment, paving the road for the implementation of the NECP.

#### Related links:

- [National Energy & Climate Plans](#) – for links to the Commission recommendations and Staff Working Document for Luxembourg and all other Member States, to the Commission Communication assessing all draft NECPs, and to the draft NECPs themselves.
- More information about the [Clean energy for all Europeans package](#)
- More information about the [2030 climate & energy framework](#)