



**POSITION  
PAPER**

**UPDATE OF THE GOVERNANCE  
OF THE ENERGY UNION AND  
CLIMATE ACTION**

A photograph showing several European Union flags on tall poles in the foreground. In the background, there is a large, modern building with a curved facade and a grid-like pattern of windows, likely the European Parliament building in Brussels.

**Bellona Europa welcomes the revision of the Governance Regulation as a vital chance to reaffirm the EU's commitment to its climate and energy goals.**

We welcome the Commission's evaluation report and the supporting analyses, which together provide a comprehensive overview of the Regulation's current implementation status and improvement needs. For this reason, we support the initiative to revise the Regulation's architecture. **However, any revision of the architecture must preserve and strengthen the EU's level of ambition to ensure continued progress towards deep decarbonisation.**

In this brief, Bellona presents the main recommendations on four key pillars: the new architecture framework and scope; the role and structure of the NECPs; the energy planning; and transparency and public participation.

## **1. ARCHITECTURE FRAMEWORK AND SCOPE**

We understand the Commission's intention to revise the structure of the Governance Regulation.

However, given the time and effort invested by Member States in adapting to the NECPs and LTSs processes, we favour a gradual evolution of the existing architecture, rather than an overhaul, through targeted improvements to close the gap between commitments and delivery. These improvements should be reinforced with clearer, graduated enforcement mechanisms to ensure Member State accountability.

Moreover, we emphasise the importance of having clear objectives that will contribute to and strengthen EU climate targets. For this reason, we disagree with the absence of the post-2030 framework from the survey, and emphasise the importance of taking a comprehensive approach to this revision as well including a section here with the following recommendations.

## CLIMATE LAW AND POST 2030 FRAMEWORK

### 1. Explicit inclusion of permanent carbon removals

To ensure coherence with the revised Climate Law, which recognises the realistic contribution of removals and foresees a possible interaction of permanent carbon removals with the ETS, the Governance Regulation should explicitly provide for the separate planning, accounting and reporting of permanent carbon removals. **The Regulation should clearly distinguish between: emissions reductions, land-based removals under the LULUCF sector, and domestic permanent carbon removals.** This differentiation should reflect their different characteristics, including sustainability, storage permanence and reversal risks.

Concretely, the following amendments should be considered:

- a) Introduce a clear differentiation throughout the Regulation between sinks that provide temporary removals (LULUCF) and permanent removals
- b) Amend Article 4 (decarbonisation dimension) to require Member States to indicate separately: emissions, net LULUCF removals and domestic permanent carbon removals, including any use for compliance purposes
- c) Revise Article 3 (NECPs) and Article 15 (long-term strategies) to require Member States to set out national strategies for supporting permanent removal projects, including funding instruments, provided that such support is additional to, and does not diminish, the level and pace of investment in domestic emission reductions required
- d) Include in Article 15 a requirement for the Union long-term strategy to identify projected residual emissions across sectors, highlight strategies to minimise them, and including the role of permanent removals to counterbalance those residual emissions
- e) Include in Article 25 a more explicit reference to technologies for removing CO<sub>2</sub> in a separate point
- f) Include in Article 31 a provision to define overreliance on permanent CDR as constituting insufficient ambition, where projected volumes are not substantiated by credible assessments demonstrating their availability and their environmental and social sustainability (including sustainable resource use)
- g) Update Annex III to include permanent removals disaggregated by type/technology, and systematic reporting on any reversals and how they are addressed
- h) Revise Annex I so that NECPs must present : projected volumes of permanent carbon removals by technology, expected impacts and co-benefits/risks for ecosystems and other sectors including energy systems, a separate assessment and disclosure of biomass demand and feedstock types for permanent carbon

removals, and the enabling policies and infrastructures, including an explanation of how these measures do not undermine ambition on domestic emissions reductions

Explicitly integrating permanent carbon removals into the Governance Regulation would enhance transparency and reduce future legal and accounting ambiguities. Moreover, if NECPs are to function as strategic investment roadmaps, they must provide visibility on expected permanent removal volumes, enabling infrastructure (including CO<sub>2</sub> transport and storage), and funding frameworks.

Additional Bellona resources :

- [Carbon Negative Handbook](#)
- [Report on the interaction between permanent CDR and the EU ETS](#)
- [Policy briefing on the post-2030 climate framework](#)

## 2. Separate accounting for international credits

The specific integration of international credits will depend on the legislation implementing the limited flexibility foreseen under the revised European Climate Law (up to 5% for the 2036–2040 period), including whether such credits are centrally managed at EU level or by Member States. Nevertheless, the Governance Regulation will need to ensure basic transparency and consistency.

Article 4 and Annex I should be amended so that Member States must indicate whether and to what extent they plan to use international credits for achieving their targets, with an explanation of the justification for such use (including why domestic action alone was not sufficient), which types of credits they use, and quality criteria (environmental and social integrity of credits).

## 2. ROLE AND STRUCTURE OF NECPs

Transforming National Energy and Climate Plans (NECPs) into investment plans could help to address the persistent investment gaps associated with achieving the EU's energy and climate targets. However, several key considerations must therefore be taken into account when revising the role and structure of NECPs.

1. **Maintain high climate ambition.** NECPs must retain their primary function as policy instruments for achieving climate and energy targets. They should not be reduced to financial planning tools alone. Member States should be further supported in developing and implementing robust policies and measures. This includes strengthened technical assistance and targeted EU funding to facilitate effective policy design and delivery. Robust KPIs on the implementation and investment needs of NECPs and LTSs could help to drive effective delivery. However, KPIs must be used to help reach existing binding climate and energy targets, rather than to substitute or weaken them.

- 2. Strengthen compliance and accountability.** Despite the availability of guidelines and templates for NECPs, Member States often deviate from them. This leads to significant variation in submissions, which makes cross-country comparisons and EU-wide assessments more difficult. Rather than introducing additional guidelines, the priority should be to strengthen accountability mechanisms. Member States that fail to provide the information already required by the Regulation within the existing, sufficiently flexible deadlines should face stronger compliance and follow-up procedures.
- 3. Improve the robustness of investment planning in NECPs.** To transform NECPs into credible investment plans, the quantity and quality of information on investment needs of policies and measures and their sources must be significantly improved. Currently, sections addressing financial requirements and sources are among the weakest elements of the plans, detail and credible investment strategies. NECPs should focus specifically on identifying financing gaps and mobilising and leveraging private finance more effectively.
- 4. Avoid rewarding delayed implementation.** Any supporting measures to prepare or implement NECPs and their measures must be carefully designed to avoid creating perverse incentives, such as encouraging delayed action or underperformance in order to access additional financial support.

### 3. ENERGY PLANNING

In light of the energy mandate under the Governance Regulation framework and the current policy developments in energy planning in the EU, we believe it is important to highlight the following recommendations.

- 1. Ensure consistency between NECPs and EU energy planning scenarios.** Require Member States to include a formal consistency statement in their NECPs that clearly explains how the assumptions in NECP modelling align with those used in EU energy planning (including the future Central Scenario). Member States should also be required to justify any significant discrepancies between their NECPs and the assumptions that inform the Central Scenario.
- 2. Ensure consistency between NECPs and national energy planning.** The energy dimension of NECPs should reflect the outputs of national planning processes. Member States should ensure that the relevant data and assumptions – including demand projections, electrification pathways and spatially granular load data – are reported in an accessible and comparable format. This would allow the energy components of NECPs to feed more effectively into EU-level infrastructure planning, including by aligning NECP submission timelines with the TYNDP scenario cycle.
- 3. Enforcing the Energy Efficiency First Principle.** The Energy Efficiency First principle means giving the utmost consideration to alternative efficiency mea-

asures in investment and policy decisions, with the aim of making energy demand and supply more efficient. In the context of the Governance Regulation framework, we emphasise the importance of incorporating this principle by evaluating the relative efficiency of different investment options in the NECPs. This principle is directly relevant to grid investments decisions: demand-side measures and flexibility mechanisms that reduce or shift peak load should be explicitly assessed before network reinforcement investments are approved and NECPs should document how this assessment has been carried out.

- 4. Reporting on fossil fuel subsidies.** Ensure that the use of fossil fuel subsidies is reported in order to monitor and measure their use, and to plan a phase-out. NECPs should assess how national subsidy measures interact with climate and electrification trajectories.

## 4. TRANSPARENCY AND PUBLIC PARTICIPATION

As highlighted in the evaluation of the Governance Regulation, public participation and transparency of information are significant weaknesses in the preparation of NECPs and LTSs. Therefore, we propose the measures below to improve access to information and effective public participation:

- 1. Bring the Governance Regulation into line with the requirements of the Aarhus Convention.** The revision of the Governance Regulation must ensure full compliance with the Convention, in line with the Aarhus Convention Compliance Committee's findings (Decision VII/8f), which concluded that the EU's current arrangements for public participation in the preparation of NECPs are not compliant. Participation must be both early and effective, taking place while all policy options remain open, rather than after key decisions have been made.
- 2. Strengthen Article 10 to ensure meaningful and timely participation.** Require Member States to organise public participation well in advance of submitting draft NECPs and LTSs to the Commission. The Regulation should establish clear minimum standards regarding timing, dissemination and access to information and proactive outreach to civil society, in particular affected communities and vulnerable groups.
- 3. Reporting on consultation outcomes should be required.** Member States should be obliged to publish a detailed written explanation of how public consultation outcomes were taken into account in the final NECPs and LTSs. This should go beyond generic summaries and clearly demonstrate how feedback influenced specific policies, measures or revisions to the plans.
- 4. Monitor and enforce participation requirements.** The revised Regulation should include mechanisms to monitor compliance with the public participa-

tion provisions, such as Commission checks to verify that Member States meet the standards set out in Articles 9 and 10. Where shortcomings are identified, the Commission should issue country-specific recommendations and retain the possibility of initiating infringement procedures in cases of persistent non-compliance.

- 5. Provide capacity building and technical support for inclusive consultations.** Member States should receive targeted capacity building and technical assistance to organise high-quality, inclusive consultations at regional and local levels. At the same time, weak, rushed or purely formal participation processes should not be justified by limited administrative capacity.
  
- 6. Strengthen Article 11 on multilevel climate and energy dialogues.** Revise Article 11 to prevent these dialogues from becoming one-off or purely formal meetings. Member States should be required to establish well-resourced, permanent platforms with clear minimum standards regarding frequency, inclusivity and transparency. These platforms should ensure the participation of local and regional authorities, as well as civil society. Governments should also be required to provide detailed reports on how these dialogues are organised and how their outcomes are reflected in NECPs, LTSs and related policy decisions. The Commission should assess these reports and, where necessary, require improvements to prevent the dialogues from becoming mere 'box-ticking' exercises.



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## CONTACT

**Amélie Laurent**  
Policy Advisor,

Phone

Online

Email: [amélie@bellona.org](mailto:amélie@bellona.org)

Website: [eu.bellona.org](http://eu.bellona.org)

**Arianna Avallone**  
Policy Advisor,  
Energy Systems

Phone  
Mobile +32 (0) 487 744 145

Online

Email: [arianna@bellona.org](mailto:arianna@bellona.org)

**Guillermo Ramo**  
Senior Policy Manager,  
Energy Systems

Phone  
Mobile +32 (0) 456 384 700

Online

Email: [guillermo@bellona.org](mailto:guillermo@bellona.org)

Bellona Europa is an independent, non-profit organisation that meets environmental and climate challenges head-on. We are result-oriented and have a comprehensive and cross-sectoral approach to assess the economics, climate impacts and technical feasibility of necessary climate solutions. To do this, we work with civil society, academia, governments and polluting industries.