

*Ariadne brief***STRENGTHENING THE EU GOVERNANCE REGULATION FOR THE 2030 CLIMATE TARGETS**

The Governance Regulation (EU) 2018/1999 is the central procedural steering instrument for achieving the EU's energy and climate targets. However, since it came into force in 2018, it has been judged to be deficient. As part of the "Fit for 55" package and the "REPowerEU" plan, more ambitious targets and stricter requirements for the sectoral measures to realise these targets were agreed. It is therefore to be welcomed that the EU Commission has finally

considered revising the Governance Regulation. It is imperative that the governance mechanism regulated therein is strengthened in the near future. As part of the upcoming reform, all sectoral governance provisions, which are currently fragmented and anchored in various legal acts, should be integrated into the Governance Regulation as a central steering instrument. The upcoming reform of the Governance Regulation should therefore be used to seamlessly embed new

governance provisions into a more binding and robust governance mechanism. In addition, the reform should include the consolidation of the provisions in the Governance Regulation as the central procedural legal act as well as increasing its binding nature and effectiveness. Against this background, this policy brief discusses two options to address structural (Option 1) and substantive (Option 2) shortcomings of the current Governance Regulation through a revision.

**SHORTCOMINGS**

The current governance system is designed to be integrative and cross-sectoral. However, its structural weaknesses were already apparent when the Governance Regulation was drafted and adopted: the EU only has limited legislative powers in the area of energy policy. Despite its status as a binding and directly applicable legal act, the Governance Regulation is overall an instrument of soft governance. It is mainly based on non-binding recommendations and framework-setting regulations. Even some tougher elements in relation to ensuring sufficient progress in the area of renewable energy (cf. Art. 32 Para. 3 Regulation (EU) 2018/1999) cannot mask this fact.

The revision of the Renewable Energy Directive (RED) and Energy Efficiency Directive (EED) as part of the "Fit for 55" and "REPowerEU" reforms has raised the

sector targets. Governance-related provisions were also included in sectoral legislation and the reporting obligations of the Member States were extended. This approach, which focuses on amending sectoral legislation, is in sharp contrast to the original idea of summarising governance-related provisions in a single regulation. As a result, the overarching governance mechanism becomes increasingly fragmented and loses its central function as an "umbrella" mechanism.

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.

**GOVERNANCE REGULATION**

Since the Treaty of Lisbon, the EU has had a competence title for energy policy, which is set out in Art. 194 Para. 2 TFEU. However, this competence is severely restricted by the reservation of sovereignty in favour of the Member States. In order to nevertheless create an effective steering instrument, the Governance Regulation (EU) 2018/1999 was established. It provides for a system of strategic climate planning that is designed as an iterative process between the Commission and the Member States. The latter have planning obligations with regard to their energy and climate targets and the measures to be taken to achieve them (NECP) as well as reporting obligations. The EU Commission is responsible for monitoring.

# OPTIONS FOR A REVISED GOVERNANCE REGULATION

The Governance Regulation should integrate all governance-related provisions, in particular planning, reporting, monitoring and measures in case of insufficient ambition and progress, into a revised, coherent and robust governance mechanism. This offers two advantages: (1) bundling regulation leads to time savings as regulations qua natura do not require national “translation”; (2), the direct effect of the regulation prevents discrepancies in national implementation, which ensures legal certainty and clarity.

The European legislator should therefore consider the following reform options:

## Option 1: Clarify and introduce sanctions for target and implementation gaps

The Commission should clarify the role of infringement procedures. In the event of gaps in European target achievement, i.e., if the reference values of the EU target pathway in the area of renewable energies are not achieved, infringement procedures are permissible if a Member State, that has also failed to achieve at least one of its national reference values, does not take additional measures to close the gap to its national reference value. A similar mechanism has now been introduced for the area of energy efficiency: Member States that exceed their indicative targets for final energy consumption must take additional measures to “get back on track”. Otherwise, an infringement procedure can be considered.

The Commission should consider introducing conditionality instruments to better enforce the implementation of its re-

commendations. In doing so, it should compensate for the lack of competences in the energy sector by linking them to financial support for the Member States in other policy areas. In this way, cross-sector conditionality, similar to the European Semester or the EU rule of law mechanism, can be implemented.

## Option 2: Strengthening the coherence and legal certainty of the governance mechanism

The mechanism set out in the Governance Regulation to ensure a sufficient level of ambition for national contributions is ineffective. It is not able to close identified ambition gaps against the will of the Member States. Also, insufficient implementation of the announced measures to achieve the national ambition level cannot be sanctioned. This must be improved.

**Energy efficiency:** The governance requirements of the EED have been significantly strengthened (Art. 4 Para. 2 to 7 EED). These include the use of the “indicative formula with objective criteria” to calculate national contributions (Art. 4 Para. 3 EED) and a strengthened review mechanism by the EU Commission to monitor the level of Member State ambitions (Art. 4 Para. 5 EED). In order to standardize and tighten the requirements for target achievement, all governance provisions of the EED should be transferred to the Governance Regulation and further strengthened there.

**Renewable energies:** The governance mechanism must also be streamlined, inter alia by obliging Member States to

## IN A NUTSHELL

A timely revision of the Governance Regulation is imperative. Firstly, we propose that the Member States be more strongly obliged to comply with the governance requirements and that the possibility of sanctions be introduced in the event that the targets are not achieved and the requirements are not met. Cross-sector conditionality can be introduced for this purpose. Our second option focuses on coherence as a means of strengthening the governance mechanism: the governance requirements should be tightened overall and standardized more strongly in the Governance Regulation. In addition, a system for the uniform development of the various types of sector-specific sub-targets in the area of renewable energies should be created in order to harmonize the different national processes in this respect as far as possible.

take the “indicative formula with objective criteria” into account when determining their national contributions. In addition, the latest amendment to the RED contains new and revised sector-specific sub-targets for the use of renewable energy. These can be differentiated according to the extent to which they are legally binding and to whom they are addressed (Member States or EU), including Art. 15a Para. 1 or Art. 22a Para. 1 of the RED. In order to ensure uniform application of the law in all Member States, it is necessary to define these types of targets in the Governance Regulation. The same applies to the process of determining national contributions and other parameters for their achievement: here, too, a standardised procedure with uniform projects differentiated according to target type is required.

SPONSORED BY THE

Pub: Kopernikus-Project Ariadne,  
Potsdam Institute for Climate Impact  
Research (PIK), Telegrafenberg A 31,  
14473 Potsdam | [ariadneprojekt.de/en](http://ariadneprojekt.de/en)

Authors: Sabine Schlacke, Fabian Pause,  
Michèle Knodt, Eva-Maria Thierjung,  
Ronja Busch  
Contact: [ariadne-presse@pik-potsdam.de](mailto:ariadne-presse@pik-potsdam.de)  
Online version with further references:  
<https://ariadneprojekt.de/en/publication/brief-strengthening-eu-governance-regulation-climate-targets/>