



Towards EU climate neutrality

Progress, policy gaps and opportunities

Chapter 14: Climate governance

Assessment Report 2024

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14 Climate governance

Key messages

National energy and climate plans, LTSs and progress reports are pivotal to the delivery of the EU's climate policies. Their timeliness and quality can be further improved.

Needs. Achieving the EU's climate goals depends on the delivery mechanisms embedded in the Governance Regulation, notably the NECPs and LTSs. The NECPs are required to be in line with the LTSs. Long-term planning is fundamental to climate policies, as it helps to assess and manage the socioeconomic impacts of the transition. The NECPs are an important source of information regarding the ambition and progress of the EU Member States in achieving milestones on the path to net zero, such as reductions in fossil gas, phase-out of fossil fuel subsidies, sustainable sourcing of biomass and demand-side mitigation policies. Without timely and full implementation of the Governance Regulation, the EU risks underdelivering on its climate ambition, including its mitigation and reporting commitments under the Paris Agreement.

Gaps. Many of the NECPs are delayed and not all LTSs were submitted by January 2020, which indicates an **implementation gap** under the Governance Regulation. The 10-year frame of the NECPs seems too short to ensure policy consistency with 2050 objectives, and the connection between the NECPs and LTSs is based on weak consistency processes (**ambition gap**). The quality of information on some of the key milestones on the EU's path to net zero included in the first NECPs submitted, and their updates so far, is insufficient to allow the European Commission to assess the consistency of national policies and measures with climate neutrality (**implementation gap**).

Recommendation G1. The European Commission should rigorously enforce the Governance Regulation to ensure its full and timely implementation by all EU Member States. LTSs should become subject to EU-level reviews with country-specific recommendations, and lay the basis for the NECPs. The European Commission should encourage the Member States to include all relevant information in their updated NECPs and progress reports, notably the following: use of public funds to leverage private finance for climate-related projects (Chapter 12), fossil fuel phase-out plans (Chapter 4), demand mitigation measures (Chapter 7), projected biomass energy use and compliance with the LULUCF Regulation and sustainability and GHG criteria under the RED III (Chapter 4 and 9) and commitment to phase out fossil fuel subsidies (Chapter 12).

Rigorous enforcement of the Governance Regulation should go hand in hand with effective compliance mechanisms embedded in other parts of EU climate legislation. There is a concern that the compliance mechanisms in the ESR are currently too weak.

Needs. Beyond the Governance Regulation, the key role of Member States' compliance with the EU law in climate matters is an imperative highlighted in all chapters of this report. While some acts have more effective compliance mechanisms than others, there is a concern that such mechanisms under the ESR are particularly feeble. According to the European Commission's assessment, aggregated projections by Member States show that the planned measures would reduce EU-wide emissions covered by the ESR by 32 % in 2030 compared with 2005 levels, far short of the EU-wide target to reduce emissions in 2030 by 40 % compared with 2005 levels.

Gaps. The 5-year cycle of the ESR's formal compliance checks leads to a substantial time lag between detected non-compliance and automatic penalties and, if still needed, any enforcement action

(ambition gap). The first comprehensive review will take place in 2027, but academic contributions already warn against the looming compliance deficit and the resulting launch of a formal infringement procedure by the European Commission beyond 2032.

Recommendation G2. The EU should make the Member States' progress towards their respective binding targets set under the ESR more visible to the public and put in place stronger compliance mechanisms to ensure sufficient emission reductions in the non-ETS sectors.

Access to information and public participation at the EU level can be further improved for increased transparency, democratic legitimacy and public understanding of the net zero transition. The consistency and coherence of EU climate and competition policies should be improved.

Needs. Participation, transparency and good communication are essential to climate policy design and effective implementation with minimal public climate-related discontent. The Governance Regulation requires Member States to ensure that the public is given full access to information and effective opportunities to participate in the preparation of the NECPs and LTSs. The European Climate Law requires the European Commission to assess on any relevant draft policy or measure for consistency with climate neutrality, which reinforces the impact assessment requirement under the better regulation rulebook applicable to the European Commission. The EU and its Member States are Parties to the Aarhus Convention: the United Nations Economic European Commission for Europe Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.

Gaps. Deficits in transparency and in public engagement are observed in NECP preparation at the national level (**implementation gap**). Moreover, despite the impact assessment practice having improved significantly in 2022 thanks to the climate neutrality checks, far-reaching non-legislative acts establishing taxonomy criteria for sustainable investment and defining some renewable transport fuels have not been accompanied by appropriate impact assessments including public consultation and climate neutrality checks (**implementation gap**). In addition, the EU is in breach of the Aarhus Convention in relation to access to justice in state aid matters and public engagement in the NECP process (**implementation gap**).

Recommendation G3 The transparency and democratic legitimacy of climate policies should be strengthened by rigorous enforcement of the European Climate Law and the Governance Regulation. Relevant far-reaching acts should be systematically accompanied by impact assessments including public consultations and climate neutrality consistency assessments. This also applies to the upcoming non-legislative acts, namely delegated and implementing regulations supplementing the gas package legislation and the Methane Regulation (see also Chapter 4 'Energy supply'), as well as the legislative proposals under the CAP and the next MFF with their implementing acts. They should be transparent and follow the procedural steps embedded in the European Climate Law and the Better Regulation rulebook, without undue recourse to exceptional circumstances in which effective public consultations can be omitted. Access to information, and access to administrative and judicial procedures for members of the public to challenge decisions taken by the European Commission on State aid measures, should be improved to ensure the effective safeguarding of fundamental human rights, including the right to a high level of environmental protection.

Weak participatory governance at the local and national levels undermines coordination and societal trust in EU climate policies. This calls for better implementation of a permanent climate and energy dialogue in each EU Member State.

Needs. According to the IPCC, subnational actors are important for mitigation because municipalities and regional governments have jurisdiction over climate-relevant matters such as land use, waste and urban policy, and are able to experiment with climate solutions and forge partnerships to leverage enhanced climate action. Article 11 of the Governance Regulation mandates each Member State to establish a permanent multilevel climate and energy dialogue, in which local authorities, civil society organisations, the business community, investors, other relevant stakeholders and the public engage and discuss options for energy and climate policies in the context of the NECPs and LTSs. The needs for multilevel governance and coordinated action are increasingly apparent in the EU's sectoral policies, for example under the new obligations for the Member States to conduct heating and cooling assessments as part of the NECP process and for municipalities with over 45 000 inhabitants to prepare local heating and cooling plans. Article 3 of the European Climate Law invites EU Member States to establish national climate advisory bodies, responsible for providing expert scientific advice on climate policy to the relevant national authorities. Such advisory bodies at the national level can be tasked with (i) providing the relevant authorities with expert scientific advice on climate policy, (ii) monitoring policy and (iii) supporting the multilevel climate and energy dialogue.

Gaps. Recent analyses indicate that multilevel climate and energy dialogues in some Member States are of poor quality. The uncertainty over the quality of implementation of Article 11 of the governance regulation pertains to (i) the number of Member States with permanent multilevel dialogues, (ii) the involvement of all required stakeholder categories and (iii) the coverage of topics discussed. The Committee of the Regions points out that the dialogues are often not permanent and the NECPs are not always in tune with subnational climate policies (**implementation gap**). The European Climate Law only encourages the Member States to establish national climate advisory bodies, without making such bodies mandatory and no link to such bodies is made in the procedural obligations of the NECPs, for example as part of the multilevel climate and energy dialogues (**ambition gap**).

Recommendation G4. Building on the insight available through the EU multilevel cooperation initiatives, and taking into account the voices of the Committee of the Regions, civil society, local authorities, and scientists, the European Commission should strive to ensure stronger compliance with Article 11 of the Governance Regulation so that every Member State has a permanent multilevel climate and energy dialogue in place, allowing coordinated and informed climate action at the EU, regional, national and local levels. The Advisory Board recommends that all EU Member States that have not done so yet should establish independent climate advisory bodies. The upcoming revision of the Governance Regulation should enable a stronger connection to the European Climate Law in this respect.

14.1 Policy planning for target delivery

The EU climate governance can be improved and made fit for 2050 through the upcoming revisions of the European Climate Law and the Governance Regulation.

The **European Climate Law** sets the EU climate neutrality target by 2050 and provides an overall sense of the EU policy direction towards 2050 climate neutrality and the interim targets (ref). The corresponding policy delivery mechanisms are embedded in the **Governance Regulation**. While it is too early to assess EU climate governance effects in terms of delivering the 2030 and 2050 climate targets (Schoenefeld and Knodt, 2021), scientists and stakeholders are already warning that the EU's

climate governance is not fit for the radical transformation ahead of the EU in view of its 2050 climate neutrality target (EC, 2023a; Hancher, 2022; Kulovesi and Oberthür, 2020; Oberthür et al., 2023). The upcoming revisions of both acts can improve the EU's climate governance and make it fit for 2050.

The EU's net zero transition can be facilitated by the swift adoption of a science-led 2040 target.

Climate laws enable mitigation by, among other measures, setting targets and enhancing regulatory certainty (IPCC, 2022p). According to the European Climate Law (Article 4), the intermediate 2040 target is to be set based on a European Commission proposal made no later than June 2024. The Advisory Board issued its recommendations regarding the 2040 target (ESABCC, 2023c) in June 2023. The swift adoption of a science-led 2040 target is important to guide the EU's transition to climate neutrality through the post-2030 policy framework. The adoption of a 2040 target should open up the process of revising the existing legislation so that it is fit for after 2030, reflecting the linked revision clauses, for example under Article 15 of the ESR (EU, 2018c).

Target delivery relies on long-term planning and an EU-level overview of key milestones on the path to net zero.

The EU's climate governance is based on the mandatory planning, monitoring and reporting processes carried out by the EU Member States and the European Commission (Kulovesi and Oberthür, 2020). To deliver on the climate targets underpinned by the EU energy union strategy, which are binding on the EU, the Member States plan the climate policy measures and embed them into their NECPs and LTSs. Long-term climate strategies, including the impact assessments of their socioeconomic aspects (Annex IV of the Governance Regulation), can enable a whole-of-society approach (see Chapter 11) and contribute to the delivery of the climate ambition under the Paris Agreement (UNFCCC, 2023). These plans and strategies are submitted to the European Commission, which assesses if their respective contributions are, on aggregate, sufficient to deliver on the EU's ambition. Through progress reports, the EU Member States allow the European Commission to monitor and assess progress towards targets. In this sense, the European Commission is the guardian of the EU's collective ambition and progress, and is expected to take action should the achievement of the EU's climate targets be at risk (Oberthür, 2019). As part of this process, the European Commission reports the overall progress to the European Parliament and is responsible to it, in line with Article 18 of the Treaty on European Union, and Articles 233–234 of the Treaty on the Functioning of the European Union.

The first NECPs were submitted to the European Commission in 2020. By mid 2023, the EU Member States were to submit their updated versions and progress reports. Many of them are delayed, which is partly because of legal changes driven by the Fit for 55 package, and the resulting adjustments at the national level. Late submission of NECPs risk delaying their assessment and follow-up. The final NECPs are due in June 2024.

The EU cannot afford any further delay to climate action, and needs to provide **long-term policy signals** based on long-term plans for the net zero transition. In this respect, the 10-year time frame of the NECPs seems too short to ensure policy consistency with 2050 objectives. This gap can be bridged by stronger links between the NECPs and the LTSs, which have a 30-year span. Despite the requirement for NECPs to be in line with the LTSs under Article 15 of the Governance Regulation, such consistency may be meaningless in practice given the way the LTSs are developed in the first place. They are not subject to iterative dialogue between the Member States and the European Commission, as the NECPs are. The European Commission merely checks their collective ambition regarding achieving climate goals at the EU level. Moreover, the LTS update clause under Article 15 of the Governance Regulation relies on an arbitrary trigger (i.e. 'where necessary'), effectively weakening the relevance of the LTSs and their already feeble links to the NECPs. The LTSs therefore need a more prominent place in the EU's climate

governance than they currently have. They need to be submitted by all EU Member States – which is already an obligation but is not fulfilled (EC, 2022af) – and become subject to EU-level reviews with country-specific recommendations so they can lay a robust foundation for the NECPs.

Finally, the NECP process is an important source of information regarding the progress and ambition of each EU Member State in achieving milestones on the path to net zero, such as targeted deployment of fossil gas, the phase-out of fossil fuel subsidies, sustainable deployment of bioenergy, and policies and measures in non-ETS sectors including demand-side mitigation policies. It is vital to learn from the first assessment of NECPs, when not all relevant information was included by all Member States; for example, only six Member States included a timeline to phase out some of the existing fossil fuel subsidies, and the NECPs lacked 'details on how to supply the required sustainable biomass, by feedstock and origin and trajectories for forest biomass, and how they are aligned with measures to maintain and increase the carbon sink' (EC, 2020q, p. 24). Moreover, in the assessment of NECP progress reports conducted in 2023, the European Commission observed that the reported information, notably pertaining to building stock decarbonisation and investment, was often incomplete and inconsistent and was thus not helpful for drawing EU-wide conclusions (EC, 2023j). As highlighted earlier in this report, the European Commission can encourage Member States to include the following information in their updated NECPs: fossil fuel phase-out plans, with a focus on the declining business case for fossil gas (Chapter 4); national ambitions regarding RES investments, to give investors a better overview, e.g. volumes of auctions measured against the required pace of progress (Chapter 4); building-related data and sufficiency measures (Chapter 7); compatibility aspects in terms of the projected use of forest biomass energy compared with the targets under the LULUCF Regulation and with sustainability and GHG criteria under the RED III (Chapters 4 and 9); finance and investment data and commitments to phase out fossil fuel subsidies (Chapter 12); and ways public participation and permanent multilevel engagement are facilitated (Section 14.3).

14.2 Compliance and enforcement

Enforcement of EU climate legislation is necessary in cases of non-compliance.

The European Commission examines the NECPs and progress reports, assessing both compliance with EU law and the effectiveness of national climate policies and measures (Higham et al., 2021). Should it identify a gap in ambition, policy or progress, the European Commission issues recommendations to the relevant Member State. It is for the Member State to decide on how to act on the recommended corrective course, and for the European Commission to take the necessary follow-up. If this iterative process does not lead to compliance, the European Commission may decide to initiate **infringement procedures** (Schlacke et al., 2022; Monti and Martinez Romera, 2020). It is therefore up to the European Commission to 'continue to ensure that all relevant legislation is rigorously enforced' in the context of the EU's climate governance (EC, 2019c). In this role the European Commission is supported by other EU institutions (such as the European Parliament) and bodies and by other stakeholders, enabled by transparent and participatory policy and governance. EU-level enforcement is a poor alternative to well-designed policy adoption and implementation, however. As pointed out by legal scholars and practitioners, the EU's infringement procedures are often cumbersome and too lengthy to offer timely remedies in climate-relevant non-compliance cases (Hancher, 2022; Monti and Martinez Romera, 2020; Oberthür et al., 2023). For instance, in September 2022 the European Commission took the first step of the official infringement procedure by sending letters of formal notice to the four Member States that had not submitted their LTSs by January 2020 in line with Article 15 of the Governance Regulation (EC, 2022af). Enforcement of EU law at the national level is outside the scope of this report.

Stronger public visibility of the Member States' progress towards their respective binding targets set under the ESR, combined with stronger compliance mechanisms, is needed to ensure sufficient emission reductions in the non-ETS sectors.

Beyond the Governance Regulation, Member States' compliance with the EU law in climate matters plays a key role. That is an imperative highlighted in all chapters of this report. While some acts have more effective compliance mechanisms than others, there is a concern that such mechanisms under the **ESR** ⁽¹⁾ are particularly feeble. Meeting the binding emission reduction targets for the non-ETS sectors under the ESR relies on the implementation of sectoral policies (see e.g. Runge-Metzger and Van Ierland, 2019). EU policies in this area need to be complemented by ambitious climate action at the national and subnational levels. The ESR emission reduction targets are therefore the EU's main compliance tool to ensure sufficient reductions in the non-ETS sectors on the path to net zero.

The progress towards targets is checked through an annual assessment (Article 8 of the ESR). Should the reported progress, after taking account of the multiple flexibilities at the Member State's disposal, be deemed insufficient, the European Commission opens an iterative dialogue with the Member State that may lead to a corrective action. The annual cycles have limited public visibility, however, compared with similar processes such as the European Semester.

In addition to the annual progress reporting and the dialogue, every 5 years (in 2027 for 2021–2025, and in 2032 for 2026–2030, as set out in Article 9 of the ESR) the European Commission conducts compliance checks, with automatic penalties in the form of emission budget adjustments and transfer prohibitions applicable in the event of excess GHG emissions (ref). Since no direct monetary sanctions are laid down and there is no price estimate in terms of EUR/tonne of CO₂eq in bilateral transfers, Member States have limited visibility of the costs of not achieving their national reduction objectives. This lack of direct financial incentive is exacerbated by a substantial time lag between a detected case of non-compliance and any potential enforcement actions. As a result, the final determination of non-compliance leading to a formal infringement procedure may only start in 2032, and, considering the long lead times of administrative and judicial procedures, any resulting remedy would not be effective in terms of timely emission reductions.

Although the first compliance check will only start in 2027, academic contributions already warn against the looming compliance deficit and the resulting necessity of enforcement action (see e.g. Peeters and Athanasiadou, 2020). This concern grows when the problem is considered together with the EU Climate Action Progress Report (EC, 2023j), in which the European Commission indicates that Member States' aggregated projections show that EU-wide ESR emissions would reduce by 32 % in 2030 compared with 2005 levels, including planned measures, which is 8 pp below the EU-wide target set for 2030 in the ESR.

⁽¹⁾ The ESR aims to reduce GHG emissions in sectors outside the EU ETS (about 60 % of total GHG emissions) by 40 % by 2030 compared with 2005. This overall objective is translated into legally binding national targets, which are differentiated based on Member States' GDPs per capita, ranging from – 10 % to – 50 %. Each Member State is assigned annual emission allocations based on a linear trajectory towards its target. Member States have to ensure that their annual emissions in relevant sectors do not exceed these annual allocations. They can use a range of flexibility mechanisms to achieve compliance in a cost-effective way, including banking, borrowing and trading of allocations and limited flexibilities with the EU ETS and the LULUCF sector.

14.3 Assessments, public participation, and multilevel dialogue

Democratic legitimacy enabled by public participation, transparency and access to justice are essential to effective climate policies. Climate neutrality consistency checks required under the European Climate Law are key in this respect and should be further mainstreamed.

Participation, transparency and good communication are essential to climate policy design and effective implementation with minimal climate-related public discontent (IPCC., 2022p). Public engagement improves the democratic legitimacy and wider understanding of EU climate policies (see for example ESABCC, 2023; IMF, 2023). Article 10 of the Governance Regulation requires the EU Member States to engage the public in the preparation of the NECPs and LTSs. Article 9 of the European Climate Law requires the European Commission to ‘facilitate an inclusive and accessible process at all levels ... for the exchange of best practice and to identify actions to contribute to the achievement of the objectives of’ the European Climate Law. In line with Article 6 of the European Climate Law, the European Commission ‘shall assess the consistency of any draft measure or legislative proposal, including budgetary proposals, with the climate-neutrality objective ... and the [EU] 2030 and 2040 climate targets before adoption’ (EU, 2021c). Climate neutrality consistency checks and public consultation feed into impact assessment and are ‘required for [European] Commission initiatives that are likely to have significant economic, environmental or social impacts or which entail significant spending, and where the [European] Commission has a choice of policy options’ (EC, 2021e).

Impact assessments including public and stakeholder consultations are required under the EU policymaking rules known as ‘better regulation’, developed on the basis of the interinstitutional agreement between the European Parliament, the Council and the European Commission on better lawmaking adopted in 2016 (EP et al., 2016). It is very positive that the European Commission has updated its better regulation instruments to ensure that new EU policies are consistent with climate targets, and applies these climate neutrality checks on new proposals since 2022. This practice has not been applied to proposals submitted before 2022 (e.g. as part of the impact assessment to the EU Taxonomy Climate Delegated Act) and should be further mainstreamed. Many EU delegated acts of binding and general application (Hancher, 2022) are highly relevant to EU’s net zero transition. Supposed to supplement or amend certain *non-essential* elements of the legislated acts, they are not systematically accompanied by impact assessments, however. The omission to conduct an impact assessment may be justified in exceptional circumstances set out in the better regulation toolbox (EC, 2021a). It is not always clear, however, whether the omission to conduct a fully-fledged impact assessment and climate neutrality checks was indeed justified as in the cases of e.g. in the delegated act defining what constitutes renewable hydrogen in transport fuels (EC, 2023h). Moreover, the lack of the dedicated, formal impact assessments goes beyond the delegated acts; e.g. the European Commission evoked previous impact assessments and public consultations under the 2030 climate target plan, the revision of the EU ETS Directive, and other relevant initiatives under the European Green Deal to justify that the social climate plan regulation proposal was not accompanied by a dedicated impact assessment (EC, 2021ad). The need to include systematic assessment of distributional and socioeconomic impacts of draft climate policies and measures has been highlighted in chapter 11 Section 11.2.

In parallel, transparency and public engagement deficits have been observed in the NECP preparation at the national level (European Commission, 2023a). These deficits impact also the EU-level part of the NECP process, in particular the draft NECP assessment by the European Commission, which has been found in breach of the Aarhus Convention (ECE, 2021). As a follow-up, the European Commission has provided a guidance to the EU Member States (EC, 2022c) for the update of NECPs, and sent a remedial action plan to the Aarhus Convention Compliance Committee in 2022 (ref). While it is not certain yet how the guidance has led to reducing the transparency and public engagement deficits in the ongoing

NECP cycle, the civil society have raised concerns regarding this matter in April 2023 (Civil society organisations, 2023).

In this context, the transparency and democratic legitimacy of the EU and national climate policies could be strengthened by a rigorous and timely enforcement of climate neutrality consistency assessments and public consultation clauses in the European Climate Law and the Governance Regulation. Relevant far-reaching acts should be systematically accompanied by formal, dedicated impact assessments. In particular, the upcoming non-legislative acts i.e. delegated and implementing regulations supplementing the gas package legislation and the Methane Regulation (see Chapter 4 'Energy supply'), as well as the legislative proposals under the CAP and the next MFF with their implementing acts, need to be transparent and follow the procedural steps embedded in the European Climate Law and the Better Regulation rulebook, without undue recourse to exceptional circumstances in which full impact assessments can be omitted.

While impact assessments are an important *ex ante* insight into the proposed measures, they need to go hand in hand with *ex post* evaluations and fitness checks in line with better regulation guidelines and toolbox (EC, 2021a), as highlighted also in Section 11.2.

Finally, democratic legitimacy of climate policy depends also on effective **access to justice** in climate matters. Not only can climate litigation affect the outcome and ambition of the overall climate governance (IPCC, 2022p), but also courts in democratic jurisdictions 'possess strong claims to democratic legitimacy in the climate litigation cases as a result of their institutional capacity to weigh intergenerational harms and responsibly assess scientific claims.' (Kuh, 2020). While an analysis of the role of climate litigation in the EU climate policies is out of scope of this report, the Advisory Board flags its concern regarding access to justice in EU State aid control matters. The exclusive competence of the European Commission in State aid control has considerably expanded over time (Schneider, 2023). The European Commission's regulations, communications, and decisions in this area are not subject to the same level of legal guarantees as applicable to other areas of EU law (Council of the EU, 2015). This weakness is particularly acute in the context of the streamlined State aid rules under the crises-induced temporary framework approval which led to significant spending in energy and industry sectors. The scale of State aid indicates its potentially far-reaching consequences for EU's net zero transition (see also Section 12.5). Nevertheless, challenging the European Commission's decisions to approve state financial assistance before the Court of Justice of the EU is difficult for citizens and non-governmental organisations due to, among other impediments, such as timely access to information and high admissibility threshold of the claims, notably restricted to parties 'individually and directly concerned by the decision' (ClientEarth, 2023; Delarue and Bechtel, 2021; Hancher and Maria Salerno, 2021b; Winter, 2020). Due to the legal and procedural obstacles linked to state-aid, the EU was found in breach of the Aarhus Convention in 2021 (ACCC, 2021). The European Commission is in search of the solution to ensure full compliance of its State aid regime with the Aarhus Convention (EC, 2023t). Future policy development in this area is an opportunity to increase transparency and public engagement in EU policies with a view of achieving the climate neutrality objective by increasing consistency and coherence of EU climate and competition policies.

Permanent multilevel dialogue can help to coordinate climate policies development and implementation. Coordinated development of the local heating and cooling plans required under the EED is urgently needed to avoid further carbon lock-ins and attenuate impact of price increases triggered by the EU emission trading policies. The national climate advisory bodies can act as convenors supporting the multilevel dialogue on national climate policy.

According to the IPCC, 'sub-national actors are important for mitigation because municipalities and regional governments have jurisdiction over climate-relevant sectors such as land use, waste and urban policy; are able to experiment with climate solutions; and can forge partnerships with the private sector and internationally to leverage enhanced climate action'. (...) Sub-national institutions play a complementary role to national institutions by developing locally-relevant visions and plans, addressing policy gaps or limits in national institutions, building local administrative structures and convening actors for place-based decarbonisation' (IPCC, 2022p). Multilevel stakeholder involvement and decentralisation of decision-making ('the closest to the citizens the better') are all part of adaptive and fair climate transition frameworks (Willis et al., 2022; Anadón et al., 2022). Moreover, community approaches and other types of 'bottom-up approach driven by citizen engagement' (IPCC, 2022b) have significant benefits in terms of delivering climate justice and driving behavioural and societal transformation (IPCC, 2022f).

While many climate policies are decided at the EU level and implemented by the Member States, the Governance Regulation highlights the need for coordinated action, combining both legislative and non-legislative acts at the EU, regional, national and local levels. Under its article 11 it mandates each Member State to establish a permanent ⁽²⁾ '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 are able actively to engage and discuss the different scenarios envisaged for energy and climate policies, including for the long term, and review progress, (...) discussing the NECPS and the LTS. The needs for multilevel governance are increasingly apparent in the EU sectoral policies, notably under the EED obligation for the Member States to conduct heating and cooling assessment as part of the NECP process and for municipalities with over 45 000 inhabitants prepare local heating and cooling plans (EU, 2023e). EU cities networks call for national- and EU-level adjustments to ensure adequate technical and financial resourcing of local authorities to develop such plans transparently and independently so that they deliver for net zero in coordination with other parts of the energy systems (EnergyCities, 2022), in line with art. 25 of the EED (EU, 2023e).

There is a concern however regarding poor quality of the multilevel climate and energy dialogues in some Member States (CoR, 2023b) and significant uncertainty over the quality of art. 11 of the Governance Regulation implementation based on the reporting under the NECP process (NECPlatform, 2023). The European Commission's assessment of the first round of the NECPs focused on a regional cooperation in the context of multilevel dialogues, although specified that, in an unprecedented process, 'several' Member States organised local, regional, sectoral workshops to discuss the content of their final NECP with stakeholders (EC, 2020i). The uncertainty surrounding the updates to the NECPs pertains to the number of Member States enabling such exchanges on a permanent basis, the involvement of all required stakeholder categories, and the coverage of topics discussed (NECPlatform, 2023). The weakness pointed out by the Committee of the Regions also links to the permanent nature of the dialogues and the limited integration of NECPs with subnational climate policies (CoR, 2023a).

⁽²⁾ The permanence of multilevel climate and energy dialogues is mentioned in the preamble, but not in the art. 11 of the governance regulation.

The EU supports permanent multilevel climate and energy dialogues through funding under the LIFE programme (EC, 2021x). Moreover, the EU policies foster broader multilevel governance and bottom-up action for net zero transition through initiatives such as the Covenant of Mayors for climate and energy (EC, 2023w) and the urban agenda for the EU (EC, 2021ak). The European Commission launched also the European Climate Pact and supports the Energy Communities Repository (EC, 2023x) and the Rural Energy Community Advisory Hub (EC, 2023bc).

Moreover, multilevel climate and energy dialogues can be supported by national **climate advisory bodies**. As set out in the European Climate law, such bodies can play an important role in convening stakeholders and providing expert scientific advice on climate policy to the relevant authorities (Evans and Duwe, 2021). They can also monitor relevant policy developments (EEA, 2021b). Despite being encouraged to do so, not all the Member States have established an independent climate advisory body so far.

14.4 Summary table

Table 21 Policy consistency summary – climate governance

<p>Ambition gaps</p>	<ul style="list-style-type: none"> – The 10-year frame of the NECPs seems too short to ensure policy consistency with 2050 objectives, and the connection between the NECPs and LTS is based on weak consistency processes. – The five-year cycle of the ESR formal compliance checks leads to a substantial time lag between a detected non-compliance and automatic penalties, and if still need be, any potential enforcement action. The first comprehensive review will take place in 2027; but academic contributions warn already against the looming compliance deficit and the resulting launch of a formal infringement procedure by the European Commission beyond 2032. – The European Climate Law only encourages the Member States to establish national climate advisory bodies, without making them mandatory and no link to such bodies is made in the NECP procedural obligations e.g., as part of the multilevel climate and energy dialogues.
<p>Implementation gaps</p>	<ul style="list-style-type: none"> – Many of the NECPs are delayed and not all LTS were submitted. – The quality of information on some of the key milestones on the EU’s path to net zero included in first submitted NECPs, their updates and progress reports, is insufficient to allow the European Commission to assess consistency of national policies and measures with climate neutrality. – Transparency and public engagement deficits are observed in the NECP preparation at a national level. – The EU is in the breach of Aarhus Convention in relation to access to justice in state aid matters and public engagement in NECP process. – Moreover, despite the impact assessment practice having improved significantly in 2022 thanks the climate neutrality checks, far-reaching non-legislative acts establishing taxonomy criteria for sustainable investment and defining some renewable transport fuels have not been accompanied by appropriate impact assessments including public consultation and climate neutrality checks. – Recent analyses indicate poor quality of multilevel climate and energy dialogues in some Member States. The uncertainty over the quality of art. 11 of the Governance Regulation implementation pertains to: (i) the number of Member States with permanent multilevel dialogue, (ii) the involvement of all required stakeholder categories and (iii) the coverage of topics discussed. The Committee of the Regions points out to the weakness in terms of the permanent nature of the dialogues and the limited integration of NECPs with subnational climate policies.



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