

Energy and Climate Governance in the Energy Community: Towards EU-Compatible Planning and Implementation

Policy brief summarizing the assessment of adopted National Energy and Climate Plans 2025-2030 and 2025 progress towards the energy and climate targets in the Energy Community



Executive Summary

Conclusions



The first National Energy and Climate Plan (NECP) cycle has established an integrated, EU-aligned energy and climate governance framework across the Energy Community, enabling Contracting Parties to undertake planning and reporting exercises comparable to those applied in the European Union.



National governance structures for integrated planning and reporting are being developed, including institutional responsibilities, reporting processes and coordination arrangements. These structures require further consolidation, stronger administrative and analytical capacity, improved data coordination and sustained political ownership.



Formal compliance and timeliness remain a concern. Delays in the notification of final NECPs and—with one exception—late submission of the first National Energy and Climate Progress Reports (NECPRs) undermine predictability and should be avoided in future planning and reporting cycles. The first NECPRs revealed significant gaps in data availability, institutional coordination and consistency. These shortcomings should be addressed ahead of the 2027 reporting cycle, including through clearer responsibilities, stronger coordination with statistical authorities and closer alignment between NECP and NECPR reporting on policies and measures.



The adopted NECPs generally reflect the individual 2030 targets required by the Energy Community framework. However, credible delivery requires stronger links and consistency between targets, policies and measures, projections, investment needs and financing assumptions.



NECP implementation appears heterogeneous, and the first NECPRs—submitted too close in time to adoption of the NECPs—cannot yet provide a sufficiently complete and reliable picture of progress towards the 2030 targets or of implementation of the underlying policies and measures.



Greater policy attention is needed in several areas. Future NECPs should strengthen implementation of the energy efficiency first principle, accelerate renewable energy deployment (particularly in transport and heating and cooling), integrate just transition considerations more systematically, provide more robust analysis and targets on energy poverty and affordability, and better reflect the role and expected effects of carbon pricing in modelling and investment choices.



The definition of objectives and targets, as well as the required description of the internal energy market dimension, requires greater clarity. Future guidance should distinguish more clearly between infrastructure projects, market development objectives and security-of-supply measures, while supporting Contracting Parties in defining measurable objectives for improving market functioning and maturity.



NECPs should increasingly evolve into strategic investment blueprints, translating policy objectives and measures into clearly identified, priced and financeable investment priorities capable of guiding public, private and donor support.



NECPs also provide an outlook on greenhouse gas emission trends with projections extending to 2040 and beyond. These projections already highlight potential climate ambition gaps for certain Contracting Parties, where greenhouse gas emissions are projected to rise after 2030.



The focus in the next phase of the governance cycle should shift from establishing structures, capabilities and processes to implementation, mobilising investment and preparing the next iteration of NECPs for the 2030–2040 period, while maintaining alignment with the evolving Union governance framework and 2040 ambitions.



01

Taking stock and looking ahead: the first cycle of energy and climate governance in the Energy Community

It has been five years since the Energy Community introduced integrated energy and climate planning and reporting through adoption of the Governance Regulation¹ at the Ministerial Council meeting of 2021. Contracting Parties were required to submit the first iteration of their integrated National Energy and Climate Plans (NECPs) by 30 June 2024, covering the period 2025–2030 and setting out how they intended to achieve their 2030 targets defined by the Energy Community Ministerial Council² across the five dimensions of the Energy Union.³ The first cycle of integrated progress reports (NECPRs) was due by 15 March 2025, with Contracting Parties required to provide information to the Energy Community Secretariat (Secretariat) on the status of progress and implementation.

As the first exercise bringing together energy and climate targets, objectives, policies and measures and assessing them against projections in all areas, this cycle provides valuable insight into the ambition, credibility and feasibility of attaining the stated policy goals. It also highlights the importance of coordinated planning—in terms of both content and processes—in the Contracting Parties. As both NECPs and NECPRs in the Energy Community follow a framework closely aligned with that applied in the European Union (Union), Contracting Parties are progressively conducting comparable planning and reporting tasks and providing information according to standards that mirror, to the extent possible, those applicable to the Member States of the Union.

This report takes stock of Contracting Parties' alignment with the Union's governance framework while also assessing progress in particular policy areas. Given

the short interval between the first iteration of the NECPs and the NECPRs, as well as delays in the submissions by some Contracting Parties, the Secretariat assesses the processes and the results of those two activities together.⁴ Such a combined assessment provides an opportunity to identify best practices and strengths, as well as areas for improvement, to ensure consistency between the two processes.

The aim of this report is twofold:

- **First**, it provides an overview of the level of ambition, objectives, policies and measures of Contracting Parties across the five dimensions of the Energy Union up to 2030. It also provides a snapshot of progress towards reaching the 2030 targets adopted by the Energy Community Ministerial Council.
- **Second**, it serves as a basis for preparation of the next cycle of NECPRs in 2027 and for development of the next iteration of NECPs covering the period 2030–2040.

The findings are intended to inform and support the work of stakeholders involved in energy and climate governance across the Energy Community, including the administrations of Contracting Parties, the private sector, development partners and regional cooperation fora. In light of the ongoing revision of the Governance Regulation in the Union, the present conclusions may also contribute to the broader policy discussion on the future governance framework.

1 Regulation (EU) 2018/1999 of 11 December 2018 on the Governance of the Energy Union and Climate Action, as adopted and adapted by Ministerial Council Decisions 2021/14/MC-EnC and 2022/02/MC-EnC.

2 Decision 2022/02/MC-EnC on amending Decision 2021/14/MC-EnC and incorporating Directives (EU) 2018/2001 and 2013/2002, Regulations (EU) 2018/1999, 2020/1044 and 2020/1208 in the Energy Community acquis.

3 Decarbonisation (including renewable energy), energy efficiency, internal energy market, energy security and research innovation and competitiveness.

4 All the findings are based on seven submitted NECPs and the submitted NECPRs, covering the majority, of Contracting Parties, though not all.



02

NECPs as the backbone of the Energy Community's 2030 energy and climate governance framework

2.1 NECPs as central policy instruments

The introduction of the Energy Union governance model through the Governance Regulation has been a **crucial milestone in aligning Contracting Parties' methodologies, practices and standards in energy- and climate-related policy planning and reporting with those of the EU Member States**. Such accelerated integration with the Union's energy and climate governance standards through early alignment supports the comparability and measurability of Contracting Parties' pathways, including their commitments and planned actions, and provides valuable reference points for the required pace of reforms in the accession process. The fact that Contracting Parties are already carrying out the same planning and reporting exercises as EU Member States and progressively applying the same requirements is an important element of accession preparedness: it builds necessary governance structures and administrative practices, strengthens data and policy coordination systems, and enables the Energy Community to support the establishment of these standards well before accession.

NECPs, as integrated instruments bringing together sectoral strategies and policies, have already demonstrated a number of benefits, including:



highlighting synergies across sectors, both actual and potential, such as the use of energy efficiency measures to tackle energy poverty or increasing the share of renewable energy to support decarbonisation;



identifying policy objectives that need to be balanced, such as ensuring security of supply, including for fossil fuels during the transition, while pursuing decarbonisation;



revealing inconsistencies between domestic policy instruments, for instance in their priorities, timelines and projections; and



providing an outlook for future development through greenhouse gas projections extending until 2040 and beyond.

The diverging timelines for adopting domestic policy documents create a risk of reduced consistency, especially in cases where only an outdated sectoral strategy is available during NECP development and the relevant strategy is updated only after the NECP has been adopted. Experience has shown, however, that inconsistencies or even conflicting commitments may emerge in terms of targets, assumptions and timelines even where the NECP is developed in parallel with a Long-Term Strategy⁵ (also developed pursuant to Article 15 of the Governance Regulation) or other strategic documents. In several cases, the objectives and targets are copied directly into the NECP from sectoral documents without sufficient critical assessment, explanation or reconciliation with broader strategic policy considerations and the integrated planning framework. Quality shortcomings in sectoral documents therefore directly result in lower-quality NECPs. **The first iteration of NECPs indicates that their role should be further strengthened and clarified, especially in relation to sectoral policy developments within public administrations. The consistency of NECPs should be further improved, at least with regard to strategic and sectoral documents developed in parallel. The added value of an NECP lies in using the gathered multi-sectoral information to identify new policy synergies and to manage conflicting sectoral priorities, rather than serving merely as a simple, uncritical takeover and summary of information from other sources.**

2.2 2030 targets and their achievement

On 15 December 2022, the Ministerial Council adopted a decision setting individual targets for Contracting Parties to reduce greenhouse gas (GHG) emissions and primary and final energy consumption and to increase the share of renewable energy in gross final energy consumption by 2030. These targets provide regulatory certainty regarding the pace and depth of necessary decarbonisation policies and measures in Contracting Parties and reflect the level of ambition in a format comparable to that applied in the EU Member States. The definition of mid-term (10-year) targets is essential for placing the long-term (2050) climate neutrality objective into context.

⁵ The Long-Term Strategy (or Low-Carbon Development Strategy) of each Contracting Party outlines the main objectives over a 30-year timeframe, contributing to fulfilment of commitments under the UNFCCC and the Paris Agreement to reduce anthropogenic greenhouse gas emissions, enhance removals by sinks and promote increased carbon sequestration, as well as to limit the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1,5 °C above pre-industrial levels, in line with the Energy Community's objectives.

Figure 1:

Timeline of energy- and climate-related planning and progress reporting



Note: The dates next to the names of the documents refer to the period the document covers and not to the year in which it is expected to be submitted. Abbreviations used for obligations under the Governance Regulation (EU) 2018/1999 (in green) include **LTS**—Long-Term Strategies, **NECP**—National Energy and Climate Plan, **NECPR**—Integrated National Energy and Climate Progress Report, **GHG** inventory—greenhouse gas inventory; additional requirements for Parties to the Paris Agreement (in blue) include **NDC**—Nationally Determined Contribution and **BTR**—Biennial Transparency Report.

The first NECP cycle confirms that the Energy Community's 2030 target framework has introduced a new level of medium-term predictability into energy and climate policy planning. The adopted NECPs generally demonstrate good alignment with the Energy Community's 2030 targets.⁶

However, the robustness of those commitments requires continuous monitoring, as in some cases the political declaration (Chapter 2 of the NECP) is not fully consistent with the outcome of projections (Chapter 5) or with the expected impacts of policies and measures (Chapter 3) within the same document. This means that alignment with

the 2030 targets does not yet, in itself, demonstrate the credibility of delivery. Future iterations of the NECP should therefore ensure that the targets are reflected not only in a descriptive manner in the NECPs, but also that the underlying policies, measures, projections and investment assumptions provide a credible and robust base for their achievement.

Only one Long-Term Strategy and only one adopted NECP foresee climate neutrality by 2050, and those concern two different Contracting Parties. This indicates that neither the level of ambition nor alignment are visible in the majority of cases. **Future iterations of the NECPs must ensure an**

⁶ All NECPs are in line with the individual targets for reducing greenhouse gas emissions. However, with regard to the targeted increase in the share of renewable energy by 2030, Serbia provided justification for lowering its ambition due to relevant circumstances affecting renewable energy deployment. In energy efficiency, all adopted NECPs are in line with the 2030 target for reducing primary energy consumption. Regarding the reduction in final energy consumption, only Serbia set a lower-level ambition for 2030 than outlined in the Ministerial Council decision.

adequate level of long-term ambition in line with Long-Term Strategies that reflect political commitments. They should also demonstrate more clearly how the mid-term targets are embedded in a credible trajectory towards 2050.

Looking beyond 2030, projections extending to 2040 and 2050 indicate that, in some cases, compliance with the 2030 targets does not yet reflect the transition needed. Certain indicators—such as greenhouse gas emission level and final energy consumption—are actually projected to increase compared to achievements in the previous period.⁷ As the detailed planning and analysis in the NECPs currently extend only to 2030, the drivers for post-2030 growth trends are neither discussed nor addressed in this iteration of plans.

Overall, the projected increase in certain indicators beyond 2030 for some Contracting Parties highlights the need for a more robust and ambitious transition pathway in the next iteration of NECPs covering the period until 2040.

This issue should be addressed in the next planning cycle, particularly in the context of preparing 2040 milestones and assessing consistency with the 2050 climate neutrality objective. It must be recognised that postponing the peak in greenhouse gas emissions until after 2030—or even later—will make it significantly more difficult (and therefore more expensive) to achieve climate neutrality by 2050.

Only two of the five dimensions of the Energy Union⁸ establish quantified targets on the level of Contracting Parties, enabling trackability and comparability of ambition in NECPs and NECPRs.⁹ The current formulation of the Governance Regulation requires Contracting Parties to

list key gas and electricity transmission infrastructure projects as objectives and targets under the internal market dimension, alongside a range of other broadly defined policy areas and technical solutions.¹⁰ Some of these elements—such as flexibility, demand response and storage—are also addressed under the energy security dimension, creating overlaps and reducing clarity. At the same time, there is no guidance for Contracting Parties on how to define actual objectives and targets for improving the functioning and maturity of their energy markets. **The scope of qualitative objectives and targets in the internal market dimension should be more focused and narrowed down, with clear guidance on what information is expected. Required information from Contracting Parties on key infrastructure projects should be explicitly listed and should not duplicate information already provided in other documents, such as transmission system operators' Ten-Year Network Development Plans or annual reports on Projects of Energy Community Interest (PECI) and Projects of Mutual Interest (PMI). As projects cannot, in themselves, be considered targets or objectives, the related information should be included in a dedicated section of the NECP.**

2.3 Formal compliance of NECPs

The development of NECPs requires substantial analytical, modelling, coordination and drafting capabilities within state administrations, which received support from various donors in the first iteration. This was also reflected in the overall timely submission of draft NECPs, on all of which the Secretariat issued [Recommendations](#).¹¹ However, the finalisation and adoption of NECPs proved more challenging, as fewer NECPs were notified to the Secretariat on time and two NECPs had yet to be submitted at the time of this report.¹²

7 In terms of greenhouse gas emissions, Albania, Georgia and North Macedonia record continuous increases, although these remain below the 2030 limits. Final energy consumption is projected to increase in the majority of Contracting Parties after 2030, driven primarily by growth in industry and transport.

8 Decarbonisation, including renewable energy, energy efficiency, energy security, internal energy market and research, innovation and competitiveness.

9 Regarding the internal energy market, the Ministerial Council decided not to establish an interconnection target as in the EU, given the adequate level of cross-border capacities in electricity between Contracting Parties.

10 The listed policy areas and technical solutions include increasing system flexibility, in particular through policies and measures related to market-based price formation in compliance with applicable law; market integration and coupling, aimed at increasing the tradeable capacity of existing interconnectors; smart grids; aggregation; demand response; storage; distributed generation; mechanisms for dispatching, re-dispatching and curtailment; and real-time price signals, including a timeframe for implementation, as well as other national objectives.

11 Six of the nine draft NECPs were submitted to the Secretariat by, or shortly after, the deadline of 30 June 2023, with delays in the remaining three draft NECPs ranging from six months to 18 months.

12 Five of the nine NECs were adopted and notified on time, by or shortly after the deadline of 30 June 2024. Two NECPs were notified late, with delays ranging from nine months to 18 months. Two NECPs had not been notified at the time of finalising this report.

The role of donor support was essential for the timely delivery of draft NECPs, and it should be explored to what extent state administrations have been able to establish their own capacities for the next iteration of NECPs. The substantial delay in notifying the Secretariat of final NECPs indicates that, in some cases, the formal adoption and notification of the plans were hindered by political or institutional circumstances, such as elections, changes in government or insufficient engagement of decision-makers. Such delays should be minimised in the upcoming iterations as they represent formal non-compliance and undermine the predictability of the domestic policy framework.



The legal value of the NECP also impacts its ability to function as a truly integrative document. This legal value will be maximised in Contracting Parties where the NECP is underpinned by **transposition of the relevant provisions of the Governance Regulation**. To date, only Moldova and Serbia have completed transposition of the provisions relevant for NECPs.

As a commendable result of the first iteration, **NECPs are generally complete and follow the prescribed structure, including all elements required under the Governance Regulation**, except for an annex setting out the methodologies and policy measures for achieving the energy savings requirement in accordance with Article 7 of Directive 2012/27/EU, which is absent from all NECPs.

The number, elaboration and maturity of **policies and measures** vary significantly across NECPs. In those NECPs where policies and measures are listed in a tabular format, overview and assessment is much easier than in those cases where extensive textual descriptions are provided. Experience from the first NECP exercise in 2025—in which Contracting Parties were required to provide detailed reports on the implementation of their policies and measures—highlighted the importance of defining policies and measures in concrete and detailed terms, rather than merely outlining general principles and intentions. **In future iterations of the NECP, submitted reports on the key characteristics, effects and progress towards implementing policies and measures (under Annex IX of**

Implementing Regulation 2022/2299) could serve as the basis for the drafting exercise.¹³

In the first iteration of NECPs, **the role and contribution of individual policies and measures to the achievement of the 2030 targets, as well as their impact on the trajectories of the analytical section, were often unclear**. In the next iteration of NECPs, the descriptions of policies and measures should include an indication of the measurable output expected upon their successful implementation, such as additional renewable energy capacity installed. This would enable a better understanding of their overall effect and strengthen the link between policies and measures, technical parameters describing the energy system and economy, and energy and climate targets.

All NECPs were subject to stakeholder consultations, and almost all¹⁴ involved consultation with neighbouring Contracting Parties or EU Member States.

2.4 Issues in selected policy areas

The Governance Regulation contains only limited requirements for consideration of the **just transition**, primarily in the form of assessing the impacts of policies and measures in its context. The overarching social and economic impacts of the energy transition make **NECPs the most appropriate instruments to integrate just transition principles and priorities alongside energy and climate action dimensions**. **An enhanced role for the just transition in the next iteration of NECPs is therefore strongly encouraged.**

The energy efficiency first principle is elaborated in fewer than half of the NECPs. As the Governance Regulation provides no further methodological guidance, there is significant variation in how Contracting Parties address it in their NECPs. The principle requires that, in energy planning and in policy and investment decisions, maximum account should be taken of alternative measures to improve energy efficiency, in particular through cost-effective end-use energy savings, demand response initiatives and more efficient conversion, transmission and distribution of energy, while still achieving the objectives of those decisions. **Contracting Parties should ensure the consistent integration of the energy efficiency first principle into their NECPs and establish clear frameworks to ensure its systematic monitoring and implementation.**

¹³ In practical terms, the lead reporters responsible for policies and measures in the NECP exercise should play an integral role in the NECP development process, sharing their expertise and the content submitted in the most recent NECP.

¹⁴ Georgia has no common border with either Contracting Parties or Member States, so a cross-border consultation is not required. In the NECPs of Albania and North Macedonia, it is not clear how regional consultations took place and which countries were included.

Energy poverty is addressed in all the NECPs, albeit with varying levels of detail and differing methodological approaches. However, no Contracting Party has indicated a significant number of households affected by energy poverty. In light of increasing concerns about affordability, **future NECPs should include the results of the latest assessments of the number of energy-poor households and define realistic targets.**

In the area of **energy subsidies**, the majority of Contracting Parties have provided a description of currently applicable schemes, although with varying levels of detail. As there is no legal obligation to do so, **none of the adopted NECPs outline any policies and measures on phasing out fossil fuel subsidies.**¹⁵ As energy subsidies affect competitiveness and may have an impact on the functioning

of energy markets, **provision of more comprehensive and comparable information in the NECP and the NECPR exercise should be established.**

The majority of Contracting Parties have indicated policies and measures to introduce **carbon pricing** in their NECPs, with differing preferences between an emissions trading system and a carbon tax. There is limited information on the assumed future carbon price levels (both in the EU and domestically), although such extra costs could substantially alter the cost-benefit ratio of several policy choices. **Future NECPs should therefore give greater prominence to assumptions of carbon price levels—stemming both from domestic policies and the EU ETS—in scenario development and the costing of alternative pathways.**



¹⁵ The obligation to report on the phase-out of energy subsidies exists only in the NECPR exercise. However, focusing solely on the phase-out, Contracting Parties are not required to provide an overview of the full scope of applicable subsidies, which may result in new schemes introduced after adoption of the NECP not being captured. Such asymmetry between the NECP and the NECPR requirements prevents a comparative assessment between the plans and the progress reports.



03

NECP as a blueprint for investments



The Governance Regulation requires NECPs to include a general overview of the required financing for achieving the overall objectives and targets. In addition to providing an overview of existing and assumed investment flows, NECPs are also expected to list how existing policies and measures will mobilise new sources of financing and identify prevalent sectoral or market risk factors.



The challenges of mobilising investments are particularly evident in the case of infrastructure development.

The ageing of the electricity transmission network is a topic that warrants special attention and should be addressed in both transmission system development plans and NECPs. Given the significance of this issue in the transmission networks of Contracting Parties, carefully planned and gradually implemented actions, as well as the necessary funding for network modernisation and revitalisation, should be analysed in more detail and implemented in a timely manner.

While there is a visible improvement in data availability between draft and final NECPs, **gaps still remain in detailed cost indications for several policies and measures, as well as in the identification of funding sources.** Based on the available information, the adopted Energy Community NECPs indicate an overall investment need of approximately EUR 151 billion for the period until 2030.

When relating total NECP investment needs to the annual GDP of Contracting Parties for benchmarking purposes, the Energy Community average is 0,4, which is higher than the EU average of 0,3. NECPs generally identify the private sector as the main source of funding, while 10–30% of funding is typically planned to come from public budgets. More detailed descriptions of funding sources are needed, especially where financing needs to come from interlinked sectors (e.g. blended finance with donor assistance or public incentive schemes for the private sector).

Further guidance to Contracting Parties on the scope and nature of the financing information to be included in the NECP would improve comparability and enable aggregation and assessment.

Ukraine has taken a practical approach, leveraging the potential of its NECP as a blueprint for investment.

In its efforts to mobilise international resources for its post-war green reconstruction and transformation, the NECP and the related investment opportunities were presented through a roadshow—in the United Kingdom, Sweden and Poland—to government institutions, international financial institutions, companies and development agencies.



04

From plans to delivery: the governance cycle and the role of NECP progress reporting

Through biennial integrated progress reports, Contracting Parties provide regular updates on the status of implementation of their NECPs, on progress in reaching their 2030 energy and climate targets, and on the latest developments in their domestic policy framework. The deadline for submission of the first reports was 15 March 2025. As a result of support from the Union, **Contracting Parties were able to submit their NECPRs via the same EU IT platforms and using the same methodology as EU Member States.** This approach facilitates the accelerated integration of Contracting Parties into Union frameworks, in line with developments in other areas of governance.

With the support of the European Commission's Directorate-General for Enlargement and Eastern Neighbourhood, the European Environmental Agency (EEA) assisted the Energy Community Secretariat in collecting the integrated progress reports, carrying out quality assessment and quality control and submitting the data package for the Secretariat's assessment. The EEA did so by integrating Contracting Parties into its ReportNET IT platform and by providing capacity-building support to lead reporters. As in the EU Member States, part of the NECPRs was submitted via the European Commission's Policy Reporting Platform—managed by the Directorate-General for Energy—where the IT solution was provided by Commission services, while administrative tasks, quality assessment, quality control and capacity-building activities were carried out by the Secretariat.

The preparation and submission of the first NECPRs effectively served as a pilot exercise for all participating institutions, involving initial challenges related to establishing processes, identifying the competent authorities and lead reporters, and carrying out the actual reporting exercise, including assessment of the results. This was compounded by the limited period—nine months—available to Contracting Parties between the deadlines for adopting the NECPs and submitting the NECPRs.¹⁶ In addition to the administrative challenges of establishing the reporting structure within such a short timeframe, this period was also insufficient to capture any substantial changes compared to the data and projections in the NECP. In some cases, the relevant reporting form was submitted but with empty fields, which does not necessarily constitute a shortcoming, particularly

for questions that are mandatory only if applicable or are entirely voluntary. However, due to the technical design of the reporting tool, there is no information on whether the absence of data is due to lack of relevance, unavailability of information or failure to provide it.

With the exception of Ukraine, all Contracting Parties submitted their NECPRs after the applicable deadline. Lessons must be drawn from the first reporting cycle and translated into concrete improvements to ensure more timely and effective reporting in March 2027.



The Energy Community Secretariat organised a series of six webinars between October 2025 and March 2026 for Contracting Parties to facilitate their reporting activities in 2025 and 2027. The events brought together EU Member State reporting practitioners from Austria, Bulgaria, Croatia, Germany, Ireland, Latvia, Poland, the EEA and Eurostat, who shared practical experience in relation to NECPRs on progress towards greenhouse gas emission reduction, energy efficiency and renewable energy targets, reporting on policies and measures, bioenergy and related topics.

In their first integrated energy and climate progress reports, Contracting Parties reported on a period (2022–2023) when NECPs were still under development. Accordingly, the reported figures mainly reflect the starting point of NECP implementation rather than actual progress towards achievement of 2030 energy and climate targets. Nevertheless, some Contracting Parties already appear to be on track to meet their 2030 targets. For others, the reports underscore the urgency of implementing their NECPs and planned policies and measures for alignment with their 2030 target trajectory. For all Contracting Parties, the first NECPR cycle provided an important learning experience, highlighting both capabilities and gaps in readiness to monitor and report. Building on these findings, Contracting Parties will be better equipped for the 2027 NECPRs, which in turn will provide the data necessary to inform development of the next iteration of NECPs.

¹⁶ In comparison, EU Member States had 39 months between finalising their NECPs and submitting their first NECPRs.

Submissions on the detailed current and projected **progress towards the 2030 greenhouse gas emission targets** indicate a **substantial need for improvement in reporting, due to largely missing data**. However, NECPRs also draw on the greenhouse gas inventories submitted by most Contracting Parties, enabling evaluation of recent trends and overall progress in greenhouse gas emission reduction. **For many Contracting Parties, the data on greenhouse gas emissions in recent years underline the need to begin implementing the additional policies and measures and structural changes outlined in their NECPs in order to achieve their 2030 greenhouse gas emission reduction targets.**

In terms of renewable energy, **only three Contracting Parties have managed to maintain or surpass their 2020 target share**. This requirement represents a minimum baseline on their path to complying with the more ambitious 2030 targets. While the rollout of renewables in electricity generation is progressing, there have been **hardly any advancements in the transport sector; a stronger policy focus on that area is therefore needed**. In the heating and cooling sector, the traditional use of biomass (mostly firewood), which is currently the dominant renewable source, is decreasing largely due to energy efficiency measures. While this supports progress towards energy efficiency targets, it makes achievement of renewable energy targets in heating and cooling more challenging. **The current trend of demand reduction in heating and cooling, which also reduces renewable heat consumption, should therefore be accompanied by an increased uptake of renewable heat technologies and sustainable management of resources.**

Regarding energy efficiency, the 2030 targets reported in the NECPRs are generally in line with, or more ambitious than, the legal obligations set out in the decision of the Ministerial Council.¹⁷ However, various developments in recent years, including the COVID-19 pandemic, Russia's full-scale invasion of Ukraine and the electricity price crisis, have affected energy consumption trends in different ways. This makes careful monitoring all the more important in order to determine whether reductions in energy consumption result from effectively planned and implemented policies and measures or from temporary external factors, and whether economic growth is becoming less energy-intensive.

A comparison of the list of **policies and measures** reported in the NECPs and the NECPRs reveals gaps and shortcomings in consistency. As only a limited time (nine months) elapsed between the deadline for finalising NECPs and submitting NECPRs, such discrepancies are unlikely to be the result of new developments in implementing the policies and measures. While there is no explicit explanation in the NECPRs for the difference, consistency could be improved via two avenues:

- **Defining policies and measures** in the NECP as closely as possible to the format and the scope of information required in the NECPR;
- **Closer coordination** between the lead reporters for policies and measures in the NECPR and the experts responsible for drafting the NECP.

Information regarding **progress on financing** has been limited, partly due to gaps in information provided in the NECPs, partly because implementation has only just begun (time lag of statistical data), and partly because of the likely need to **establish or strengthen information and reporting channels between the public authority responsible for the NECPR and other parts of the administration. Due to the increasing relevance of NECPs as blueprints for investments, a more in-depth assessment of the reasons for the lack of data and cooperation with Contracting Parties is necessary.**

An important element of coordination concerns information exchange between the national statistical offices and the authorities responsible for the NECPR. A considerable share of the information provided in the NECPRs is automatically sourced from the Eurostat database (including data submitted by national statistical offices), with no opportunity for lead reporters to amend or update that information.

A more closely coordinated approach within each jurisdiction, as well as with Eurostat, would ensure maximum consistency between statistical information submitted by Contracting Party authorities and processed by Eurostat and the data submitted in the NECPR.

¹⁷ With the exception of Moldova (lower ambition in NECPR than the 2030 target) and Ukraine (higher level of ambition in NECPR than the 2030 target).





05

Looking ahead: why the 2040 context matters for 2030 implementation

NECPs are operational documents with a ten-year planning horizon, setting out the mid-term pathway and actions of Contracting Parties to reach their long-term decarbonisation goals. Although two further iterations of NECPRs—in 2027 and in 2029—will address implementation of the current NECPs, **work on the next generation of plans covering the 2030–2040 period must already begin now.** The information reported by March 2027 will provide an important foundation for several elements of the new NECP, including the identification of outstanding policy gaps, the further development of policies and measures, and the assumptions and starting point for modelling. It is important that Contracting Parties prepare complete and robust submissions.

A particular challenge in preparing the next iteration of NECPs is that, while most Contracting Parties already have a legal and procedural framework in place under the Governance Regulation and corresponding national implementing legislation, the Energy Community's 2040 target framework and its implementation architecture have not yet been determined by the Ministerial Council. At the same time, discussions on the future shape of the post-2030 climate and energy governance framework are ongoing in the EU, under similarly tight timelines for EU Member States. Developments in the Union relevant to the preparation of NECPs by future Member States should therefore be closely monitored in the Energy Community.

The central guiding element for the next iteration of NECPs will remain the end-of-decade, 2040 targets, to which the entire analytical base—scenario building and modelling processes—and policy architecture must be adapted.

The preparation of upcoming Energy Community NECPs should be coherent with the future EU 2040 climate and energy framework and informed by relevant European Commission guidance. At the same time, decisions on future Energy Community targets and their implementation remain the responsibility of the Ministerial Council.

In the absence of an agreed Energy Community 2040 target framework, there is a risk that Contracting Parties may begin shaping their next NECPs and related levels of ambition on the basis of their existing plans and Nationally Determined Contributions (NDCs) rather than the future EU 2040 architecture.

The current challenges in ensuring a clean, secure and stable supply of energy require complex solutions with significant investment needs. **Contracting Parties are encouraged to make better use of the advantages of cross-border cooperation in the development of NECPs**, especially concerning policies and measures and their regional impacts, as well as in leveraging comparative advantages.

The ongoing review of the governance and NECPR framework in the European Union has no direct legal impact on Contracting Parties; however it indicates the direction that the Energy Community and its Contracting Parties should follow. In this respect, it will be important to maintain alignment with EU standards and priorities (to ensure comparability with the NECPs and NECPRs of EU Member States) while preserving the predictability and stability of requirements in the Energy Community acquis for public authorities responsible for the NECPs and NECPRs.



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