



ODYSSEE-MURE

ODYSSEE-MURE fit for 55 (2022-2025)
First regional meeting, 24-25 April 2023, Zagreb

Energy and climate objectives of the Republic of Croatia

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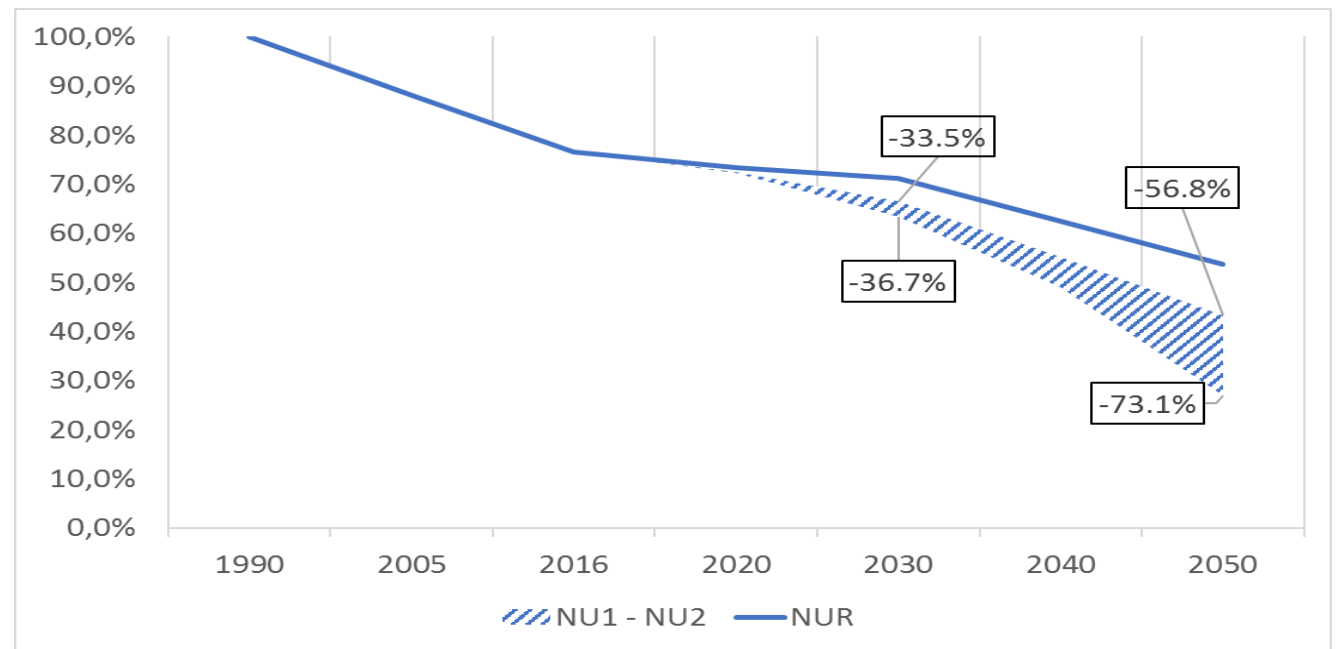
Legislative Framework

- EU
 - Regulation (EU) 2021/1119 (the European Climate Law)
 - Regulation (EU) 2018/1999 on the Governance
- National
 - [Law on Climate Change and Ozone Layer Protection](#) OG 127/2019
 - Strategic documents for climate change
 - Institutional framework – competent authority, adoption procedure
Committee

General objectives of the low carbon strategy:

- achieving sustainable development based on knowledge and a competitive economy
- Increasing security of energy supply, sustainability of energy supply, increasing energy availability and reducing energy dependence
- Reduction of air pollution and health effects

With NU1 and NU2 scenarios, the Republic of Croatia achieves a 33,5 to 36,7% emission reduction in 2030 compared to 1990, and 56,8 to 73,1% in 2050 .



EU and national climate targets for 2030

Paris Agreement

- EU target by 2030 (1990): - 55 % (NDC of the EU)
- EU target by 2050 (1990): climate neutrality

NDC

The EU and its Member States, acting jointly, are committed to a binding target of a net domestic reduction of at least 55 % in greenhouse gas emissions by 2030 compared to 1990.

(submission 18th December 2020)

New EU proposals:

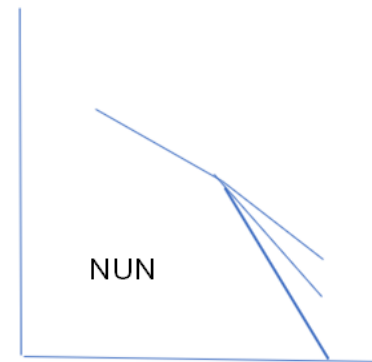
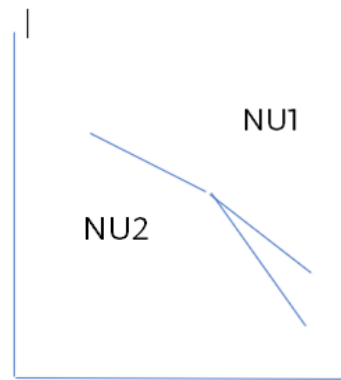
- ETS target by 2030: - 61 %
- non-ETS target by 2030: - 40% (16,7 % Croatia)

Climate neutral scenario

Low carbon
strategy

Climate
neutral
scenario
studies

NU1, NU2  NUN



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- **Revision of the EU Emissions Trading System (EU ETS)**
- a 62% reduction in emissions compared to 2005 levels for plants
- reduction of the total amount of emission units, which will result in an increase in the price of units on the market → the average price in 2022 was 80.10 euros (as of April 20, 2023: 90,68 euros)
- for air transport, reduction of free allocation of emission units in 2024 and 2025. 100% auction in 2026.
- inclusion of maritime traffic in the EU ETS 2024 40%, 2025 70%, 2026 100%
- inclusion of construction, road transport and small industry in a special EU ETS from 2027, 30% more units on the market

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- **Social fund for climate policy**
- mitigating the impact on vulnerable social groups due to the inclusion of building construction and road transport in the emissions trading system
- for the Republic of Croatia funds in the period 2025 - 2032: EUR 1.4 billion
- for the period 2025 - 2027: EUR 460 million
- for the period 2028 - 2032: EUR 943 million
- **Carbon Border Adjustment Mechanism (CBAM)**
- protection of certain sectors from relocation of production to third countries (production of: aluminum, iron and steel, fertilizers, electricity, cement and hydrogen)

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- **Revision of the Effort Sharing Regulation**
- - includes sectors outside the EU ETS, agriculture, waste management, small industry, transport and construction
- - Member States are responsible for reducing emissions - new target for Croatia of -16.7% (significantly higher than the previous -7%)
- **Revision of the Regulation on inclusion of emissions and removal of greenhouse gases from land use, land conversion and forestry**
- the general goal of the EU is to remove greenhouse gases of -310 million tons of CO₂ equivalent by 2030 (for Croatia - 5.5 million tons)
- In 2035, removals from the land use sector must cover emissions from agriculture

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- **Amendment of the Regulation on establishing standard values of CO2 emissions for cars and vans**
- new goal for cars: in 2030, reduce emissions by 55% compared to the level of 2021 (95g CO2/km)
- new goal for vans: in 2030, reduce emissions by 50% compared to 2021 (147g CO2/km)
- from 2035, it will not be possible to put cars and vans with internal combustion on the EU market due to a 100% reduction in emissions compared to the level of 2021.
- **Amendment of the Regulation on heavy vehicles**

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- **Revision of the Directive on energy from renewable sources**
- increasing the EU target from 32% to 40% RES in the final gross consumption - EC proposal
- the latest EP proposal is 45% of renewable energy sources in the final gross energy consumption by 2030.
- In addition to the previously mentioned goal, negotiations are still being conducted on sectoral goals.
- **Revision of the Energy Efficiency Directive**
- - reduction of energy consumption by 11.7% by 2030 compared to 2020.

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- **Revision of the Directive on the Establishment of Infrastructure for Alternative Fuels**
- - increasing the charging capacity
- **The ReFuelEU Aviation**
- initiative for sustainable aviation fuels
- **FuelEU Maritime**
- initiative for a green European maritime space

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- **Amendment of the regulations on ozone and fluorinated greenhouse gases**
- **Proposal for a Regulation of the on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation**
- **Proposal for a regulation of the establishing a Union certification framework for carbon removals**

Integrated energy and climate plans

Section A NATIONAL PLAN

Section B ANALYTICAL BASIS

1. Overview and Process for Establishing the Plan

ENERGY UNION DIMENSIONS
Decarbonisation
Energy efficiency
Energy security
Internal market
R&I and Competitiveness

	2. National Objectives and Targets		3. Policies and Measures		4. Current Situation and Reference Projections		5. Impact Assessment of Policies and Measures

Integrated energy and climate plans

- The NECP enables coordination and dialogue
- It provides planning certainty for the business world
- It coincides with the cycles of the Paris Agreement
- The plans are updated in draft form by June 30, 2023 and in final form by June 30, 2024, then by January 1, 2033 and January 1, 2034, and every 10 years thereafter
- iterative procedure with the Commission through recommendations

Public consultation and regional cooperation

- The public should participate early and effectively in the preparation of the national energy and climate plan (NECP) as well as the long-term strategy (LTS).
- Member States should establish a multi-level climate and energy dialogue to actively participate and discuss scenarios for energy and climate policies, including long-term ones, and to review progress
- Member States to determine the possibility of regional cooperation and consultation with neighboring Member States

Committee for inter-sectoral Coordination for Policies and Measures for Mitigation and Adaptation to Climate Change

Legal basis: Act on Climate Change and Ozone Layer Protection (OG 127/2019)

The process of establishing this Committee is ongoing.

- will consists of:
 1. Coordination group (Director level)
 2. Technical working groups:
 - Mitigation Technical Working Group
 - Technical working group for climate change adaptation
- about 60 institutions (scientific, professional, public, state administration bodies, civil society associations, business entities, entrepreneurs) were recognized and invited to nominate their representatives in individual groups)
- more than 150 representatives were appointed

Integrated progress reports on the implementation of the NECPs

- By 15 March 2023 and every two years thereafter: integrated reporting by Member States on the status of implementation of national plans in all 5 dimensions of the Energy Union, including among others:
- Reporting on progress towards NECP goals, objectives and contributions
- Implementation of policies and measures
- Progress in establishing multi-level climate and energy dialogue
- Adaptation
- Assessments of the impact on air quality and emissions of pollutants into the air
- Information on how the Commission's recommendations are addressed
- National goals for phasing out energy subsidies, especially for fossil fuels

Monitoring and reporting

- 1. Reports on the state of implementation of the Integrated Energy and Climate Plan of the Republic of Croatia
- 2. National reports according to the Convention and biennial reports on climate change in accordance with the article
- 3. reports on policies and measures to mitigate climate change
- 4. reports on projections of greenhouse gas emissions
- 5. reports on planned measures and implementation of the Adaptation Strategy
- 6. reports on financial and technological support to developing countries
- 7. reports on the use of sales revenue and the right to use units from projects
- 8. reports on greenhouse gas emissions, including removal by sinks
- 9 of the approximate report on greenhouse gas emissions
- scope of work

Financial resources - needs

Investments (billions €) 2021-2030	NUR	NUN	Additional investment s
Energy sector	13,8	33,7	19,9
Non energy sector		0,6	0,6
Total		34 ,3	20,5

Sources of financing

- **NATIONAL PLAN FOR RECOVERY AND RESILIENCE**
- 658 M EUR – energy; additional funds for transport, environment, etc.
- REPowerEU chapter - programming in progress
- **COMPETITIVENESS AND COHESION PROGRAM**
- 279 M EUR Energy efficiency in industry, microsolars and heat pumps, geothermal energy, hydrogen, batteries...
- **FINANCIAL MECHANISM OF THE EUROPEAN ECONOMIC AREA (EEA) AND NORWEGIAN FINANCIAL MECHANISM**
- Energy and climate changea total of 20 million euros

Sources of financing

- **MODERNIZATION FUND**

- Extra-budgetary EU fund within the EU ETS Directive intended for 10 member states.
- to support investments renewables and improvement of energy efficiency
- The total amount for the Republic of Croatia until 2030: around EUR 1 billion

- **AUCTIONING REVENUES FROM THE SALE OF EMISSION UNITS FROM 2021 TO 2025.**

- EUR 620.5 million

- **FUND FOR JUST TRANSITION**

- a financial mechanism for supporting the socio-economically most vulnerable areas for the transition towards climate neutrality and preventing the growth of regional differences
- EUR 178.7 million

Thanks for your attention



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