EU Energy Framework beyond 2030 – Priorities of the Netherlands

The current energy crisis once again highlights our continued dependence on fossil fuels and feedstocks and the vulnerabilities this creates. The EU needs a clear **roadmap for a just, orderly and equitable transition away from fossil fuels and feedstocks**, including EU 2040 energy targets, strong European policy instruments and enabling conditions.

EU 2040 Energy Targets

EU 2040 energy targets are essential to provide long-term investment certainty, support the transitioning away from fossil fuels and to give clear direction. EU 2040 energy targets should contribute to the EU net 90% emissions reduction target by 2040 and the overall objective of a climate-neutral Europe by 2050 and support the transformation of the European energy system. They should safeguard key public interests, including security of supply, strategic autonomy, and the strengthening of European competitiveness. As a guiding principle, energy targets should be ambitious, simple and consistent.

To support the transition away from fossil fuels the Netherlands supports the following targets:

- A binding EU 2040 target for **clean energy**, including both renewable energy and nuclear energy and offering greater flexibility for Member States in shaping their energy mix;
- A binding EU 2040 target for **final energy consumption** ensuring continued efforts on energy savings;
- An indicative EU target for **direct electrification**.
- A continuation of the **targets for transport** after 2030 ensuring increased use of clean energy in the transport sectors.

The Netherlands is in favor of a binding EU 2040 target for clean energy[1], including both renewable and nuclear energy, hence offering greater flexibility for Member States in shaping their energy mix. More (home-grown) renewable energy and nuclear energy in the energy mix contributes to the Union becoming more energy independent.

The Netherlands supports a binding EU 2040 target for final energy consumption, as under the 2030 framework. Energy efficiency helps reduce energy bills, eases grid congestion, strengthens strategic autonomy and limits the spatial footprint and costs of transforming the energy system.

The Netherlands welcomes the Commission's announcement to propose an EU target for electrification. Direct electrification is in most situations the most cost-effective, technically feasible and energy-efficient decarbonisation pathway, reducing both primary and final energy demand, and lowering import dependency if combined with locally produced electricity. Such a target should be indicative, cross-sectoral and well-designed, contributing to a level-playing field between EU Member States. It should focus on sectors where direct electrification is the most feasible and effective decarbonisation pathway, while allowing sufficient flexibility for industry to pursue the most appropriate and cost-effective decarbonization solution. In setting such a target barriers to electrification, such as grid congestion, the time needed to strengthen and expand the grid, effects on network tariffs and international competitiveness should be taken into account, alongside a supportive state aid framework.

Strong European Policy Instruments and Harmonised Standards

EU 2040 targets for energy should be supported by strong European instruments to help ensure an efficient energy transition and support market development across the European Union. This is more efficient than (a large number of) sub-targets implemented differently by Member States or lacking consistency.[2] A strong European policy framework containing European wide policy instruments and

[1] Share of energy from renewable sources and nuclear energy in the Union's gross final consumption of energy in 2040.
[2] E.g. current RFNBO industry targets and transport targets under the RED are being implemented in divergent ways across Member States, which risks creating distortions and undermining a level playing field within the internal market, especially in

harmonised standards can help to leverage economies of scale, the internal market and contribute to a level-playing field, especially in international sectors. For example, demand creation via European product standards should be more robustly leveraged as an instrument for clean energy and circular materials.

The Netherlands is in favor of a (temporary) **European biomethane blending obligation** for energy suppliers, to create a European market as there is significant untapped EU production potential for biomethane that is not realized without intervention. This obligation can contribute to kickstarting the production of biomethane and help the transition of hard to abate sectors. Biomethane can reduce natural gas use, enhance security of supply and energy independence, and improve the use of local waste streams for sustainable carbon production, thereby supporting the circular economy. On the short term biomethane can replace the consumption of fossil fuels for energy production. On the long term, the increased biomethane production capacity should be used to produce sustainable feedstock for the chemical industry. In order for Member States to fully leverage the power of the internal market, ESR accounting rules should be adjusted so that the emissions benefits of biomethane are credited in the country of (administrative) consumption.

More broadly, the Netherlands recognizes the role that biomass can play in achieving our targets for 2040 and beyond, while emphasizing that **biomass must be used sustainably**. The policy framework for biomass should contain robust and harmonized sustainability criteria, promote a cascaded use of biomass to stimulate high value applications of biomass within the European bioeconomy, and ensure that any blending obligations remain within the limits of sustainably available biomass supply.

Furthermore, to support targets for transport we need to work on **European instruments to accelerate the uptake of renewable and low-carbon fuels in the transport sector**, ensuring a level playing field across Europe and long-term investment certainty for fuel suppliers and producers, preserving the current ambition level.

Next to that, a **European policy framework on sustainable carbon** is needed to shift from fossil to sustainable carbon feedstocks. This should include policy on market creation and sustainable carbon availability to create a level playing field and a European market. In that light, we welcome the swift implementation of the recommendations of the Critical Chemicals Alliance.

Enabling Conditions

In regard to targets for clean energy and final energy savings, the current **governance mechanism**—combining binding EU-level targets (and corresponding instruments) with indicative national contributions—should be maintained, as EU-level measures alone are insufficient to deliver on the overall EU objectives. At the same time, a strengthened monitoring mechanism is needed to ensure the EU remains on track and to provide investment certainty.

In addition, a robust **implementation package** is needed to address bottlenecks in the energy transition, like grid congestion and fair distribution of costs and benefits. Furthermore, long term certainty is necessary to stimulate private investments in decarbonisation and clean production processes as well. Finally, targeted adjustments of to the existing State aid framework are necessary to support the electrification of the industry to help achieve a European target for electrification.[3]

The Netherlands strongly supports working towards a shared long-term vision for the European energy system. To achieve our 2040 energy targets efficiently, **enhanced joint long-term energy system planning** between Member States is crucial. This ensures better alignment of national strategies and the timely deployment of cross-border infrastructure.

---

the international (shipping) sectors. Next to that, experience with the current framework shows that greater consistency and clarity are needed between the RED, EED and sector-specific instruments (e.g. ReFuelEU Aviation and FuelEU Maritime).

[3] The current State aid frameworks are too strict regarding electrification in energy-intensive sectors. The current emphasis on direct CO2 abatement in State aid frameworks, such as the Climate, Energy and Environmental Aid Guidelines (CEEAG,) leads to underinvestment in flexible and hybrid electrification technologies. These technologies are critical for decarbonising industrial heat processes. We call upon the Commission to take this into account when revising State aid frameworks, for example in the ongoing revision of the General Block Exemption Regulation (GBER).