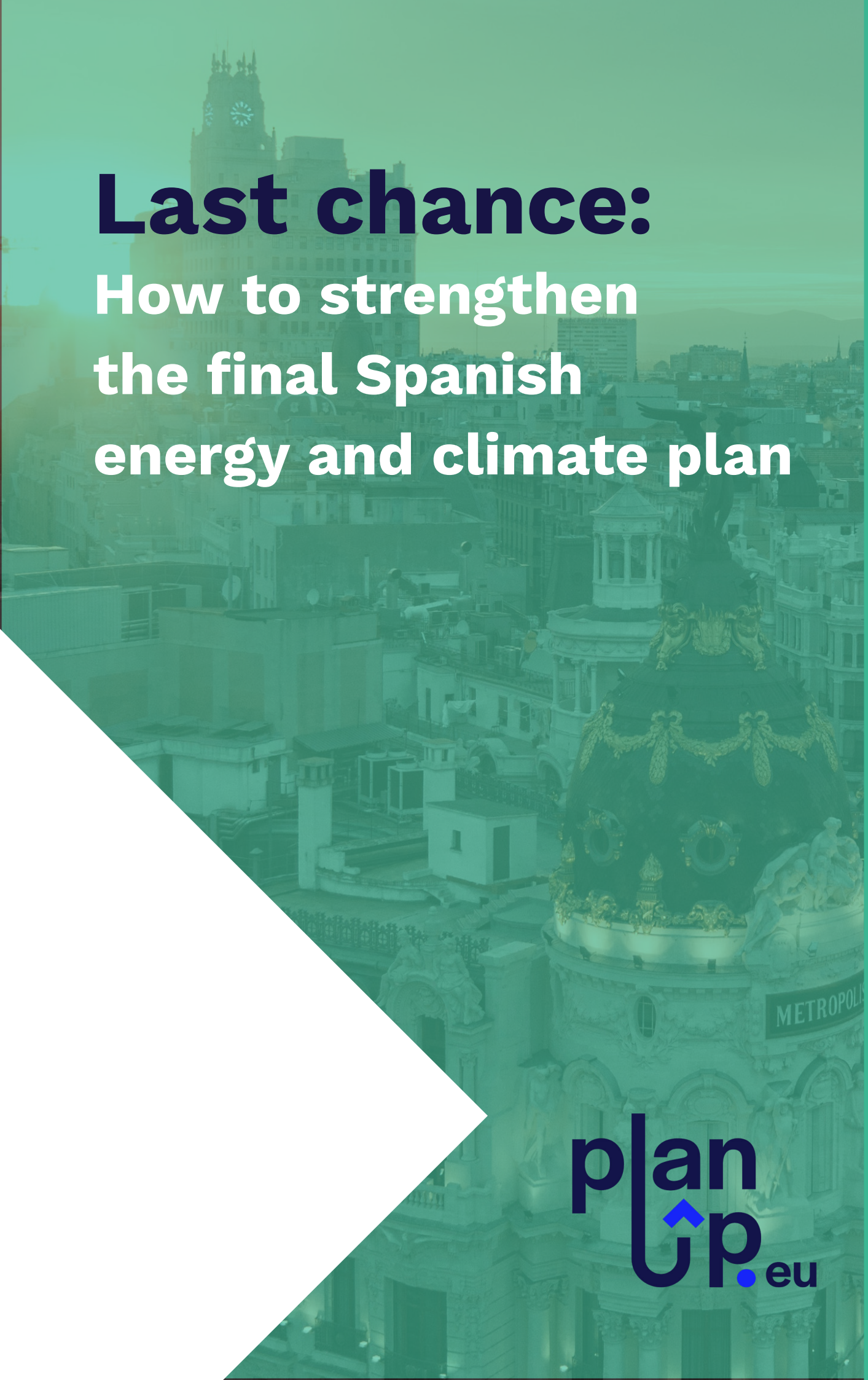
Last chance:

How to strengthen the final Spanish energy and climate plan



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Further Information

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Executive summary

Building on the assessments of the draft National Energy and Climate Plans (NECPs) and the European Commission recommendations, this publication aims to support the EU Member States in implementing the Commission recommendations for selected measures in the transport, buildings and agriculture sectors.

The last chance: how to strengthen the final Spanish energy and climate plan briefing matches key measures in the draft NECP with the relevant recommendations of the European Commission and suggests additional policies and solutions that will help strengthen the final NECP, especially in the transport, agriculture and building sector.

Transport is the largest source of greenhouse gas emissions in Spain. While the Spanish government acknowledges the importance of tackling the problem and sets targets, the draft energy and climate plan lacks details and concrete measures to achieve the set goals. A series of tax reforms[1] based on the "polluters pay" principle would be the most effective way to encourage industry and consumer investments in electric vehicles. Furthermore, the establishment of low-emission zones in cities above 50,000 inhabitants should be made compulsory. At the same time, measures are needed to ensure that non-polluting modes of transport are available. The national government should work closely with the regional and local ones and provide incentives to implement low-emission zones and the uptake of zero-emission vehicles.

With regard to the building sector, the plan prioritizes investments in renovating facades, roofs and enclosures. In this context, housing programmes such as the ones implemented in Santa Coloma de Gramanet and Zaragoza represent a good practice to follow. Further effective measures include reforming the real estate tax in collaboration with local authorities to facilitate renovation and rehabilitation of the existing building stock.

The European Commission does not provide detailed recommendations on how to improve the agriculture section of the Spanish climate and energy plan. However, Including concrete and ambitious measures to address all sources of GHG emissions in the agricultural sector such as farming intensity, herd size and density of livestock production and emissions from soils beyond crop rotation on irrigated land would ensure that the agricultural sector does its share of climate action.

The government should do more to involve the public in the finalisation of the plan and its future updates. For the set-up of its multi-level dialogue, Spain can build on the experience of its already existing Commission for the Coordination of Climate Change Policies to set up a similar permanent coordination body with representatives from Spanish local authorities and civil society organizations.

[1] https://www.transportenvironment.org/news/spain-will-need-tax-reforms-drive-evs-roll-out

Transport

The Spanish draft national energy and climate plan (NECP) sets an implicit greenhouse gas emission reduction target of 43.5% (compared to 2005) by 2030 for the transport sector.

To achieve this goal, the Spanish government foresees that five million electric vehicles (EVs) will be sold by 2030 and all cars sold on the market will be zero-emission vehicles (ZEVs) by 2040.

These targets are still too unambitious and should be revised upwards. In addition, it would be good to differentiate between the types of vehicle, in particular between battery-electric (BEV), plug-in hybrid (PHEV) or hydrogen. Spain also plans to establish low-emission zones in all cities with more than 50,000 inhabitants. This is a step in the right direction that could encourage more public transport utilisation and cycling. However, it would need to be accompanied by measures to improve non-polluting modes of transport.

Measure 1 - Development of electromobility

European Commission recommendation:

"As regards electromobility, the draft plan aims at having 5 million electric passenger cars and light duty vehicles on the market in 2030. New vehicles of these categories should have zero emissions by 2040. This will be supported by grants for the purchase of electric vehicles and infrastructure development. Greater detail on the above-mentioned measures could be integrated in the final NECP (SWD, p. 6)".

How to implement the recommendation given the national context:

The target of having five million electric vehicles in circulation by 2030 corresponds to only 15% of the current national car fleet. To encourage industry and consumer investments in electric vehicles, incentives and charging infrastructure are required. A series of tax reforms[2] based on the "polluters pay" principle would be the most effective way to achieve these set goals.

To encourage the uptake of electric vehicles, the Spanish government should:

- **Re-design the registration tax**:
  As the conditions that currently define the amount to pay and the exemptions are obsolete, 6 out of 10 cars sold in Spain do not pay registration tax although they emit over 120g C02/km. This means that vehicles with real-life emissions of up to 35% more than declared levels are allowed to get tax exemptions. To promote electric vehicles, only zero-emission vehicles should be exempt from this tax.

- **Reform of the road tax**:
  Currently, hybrids and gas vehicles enjoy the same benefits under the "road tax", which is based on the vehicle's horsepower, as zero-emission cars. This tax needs to be redefined based on local impact emissions and all the externalities related to each type of vehicle.

- **Support EV use in companies**
  Reform the benefit-in-kind taxation of company cars to steer the market more forcefully towards zero-emission cars, electric carsharing, and electrifying light commercial vehicles for urban delivery systems.

[2] https://www.transportenvironment.org/news/spain-will-need-tax-reforms-drive-evs-roll-out

- **Boost charging infrastructure through measures including**:
    1. A national plan for fast and ultrafast charging points (over 100 kw) for the highway network. The plan should lay out how the administrative process for the installation and maintenance of charging points can be simplified.
    2. Incentives for companies to instal charging points in their facilities.
    3. Creating charging hubs in the urban space as a service specifically for passenger transport, last-mile delivery, urban freight transport and car-sharing schemes, always prioritising zero-emission vehicles.

- **Apply a bonus-malus system to purchase subsidies**
  This system would penalize, through registration taxes, the most polluting vehicles while promoting the purchase of zero-emission ones.

- **Update the vehicle labelling in Spain**
  Spain needs to improve the car labelling system, since it currently includes CNG vehicles (natural gas vehicles) and large PHEV SUVs within categories 0 and ECO, when the actual emissions of those vehicles are higher than those of smaller vehicles which get labels C or B under the current system.

Other measures to drive the uptake of zero-emission vehicles:

- Adopt a plan to phase out internal combustion engines by 2035 at the latest.
- Employ other technologies such as electrification for heavy-duty vehicles instead of relying only on advanced biofuels.

Measure 2 - Low Emission Zones (LEZ)

The Spanish government plans to establish low-emission zones in cities with more than 50,000 inhabitants. Regional and local administrations will play a key role in implementing these plans.

European Commission recommendation:

"It is worth highlighting that concrete measures to this end have been identified, e.g. low emission zones in every larger cities, and that the quantitative impact of certain measures has been calculated. [...] Greater detail on the above-mentioned measures could be integrated in the final NECP. (SWD, p. 6)"

How to implement the recommendation given the national context:

The establishment of low-emission zones in cities above 50,000 inhabitants should be made compulsory. At the same time, measures are needed to ensure that non-polluting modes of transport are available. The national government should work closely with the regional and local ones and provide incentives to encourage the implementation of low-emission zones and the uptake of zero-emission vehicles.

Following actions would help achieve the set goal:

- Creating a "mobility round-table" with stakeholders, including civil society representatives.
- Adopting legislation which makes the implementation of low-emission zones mandatory by law and which includes financial instruments to support the regional and local governments in its implementation.
- Improving public transport and rail infrastructure and ensuring coherent urban planning. Reducing the need for private cars and providing alternatives is key to the success of the low-emission zones.

Buildings

The Spanish draft energy and climate plan includes a goal to achieve a highly energy-efficient and decarbonised building stock by 2050.

This will be further detailed in the 2020 ERESEE (Long-term Strategy for Energy Retrofitting in the Construction Sector in Spain), which is due to be presented by March 10, 2020. It will also include intermediate objectives for 2030 and 2040.

Measure 1 - Promoting Energy Efficiency

European Commission recommendation:

"With regards to buildings, the information provided for the renovation of the national stock of residential and non-residential buildings, both public and private, into a highly energy efficient and decarbonised building stock by 2050, ***is limited to 2030 and it does not include specific milestones, measurable progress indicators, estimation of expected energy savings and wider benefits for 2040 and 2050 as required****. The targets on the energy renovation of buildings for 2030 are:*

- *energy efficiency improvement (thermal envelope) of 1.200.000 dwellings.*
- *energy efficiency improvement (renovation of heating thermal installations and ACS) of 300.000 homes/year.*

"The draft plan mentions the application of the energy efficiency first principle in the context of climate change policies, and an allocated budget to this end. However, no further information is provided as regards the measures to implement it.
The draft plan mentions the transition to a "resource efficient, circular and low-carbon economy". ***However, while describing several policies that relate to circular approaches, it includes few explicit references to the circular economy.*** *(SWD, p. 8, 12)"*

How to implement the recommendation given the national context:

The plan prioritizes investments in thermal envelopes (facades, roofs and enclosures) over upgrades to thermal installations.

In order to prioritize the thermal envelope and specify the measures to achieve the goal of zero-energy buildings by 2050, milestones should be established for the number of homes to be upgraded annually. Considering the housing stock built before 1979, to which the first regulation governing the thermal insulation (NBE C7-79) of buildings was applied, for 13,800,000 homes it would be necessary to renovate some 460,000 homes a year[3], from 2020 to 2050.

The following actions would help achieve the set goals:

- Following examples of the Building Rehabilitation, Regeneration and Urban Renovation programmes implemented in Santa Coloma de Gramanet[4] and Zaragoza Vivienda (City of Zaragoza housing programme).[5]

- Facilitating the management of property home owner associations through changes in the Horizontal Property (condominium) Law and the management of condominium reserve funds.

- Integrating the building energy efficiency certificate (IEE) into the building assessment document (CEEE) and using this as a tool to evaluate the renovation project and monitor the building throughout its life cycle. Providing financial incentives through loans, local taxes, or property taxes to promote energy efficiency in buildings.

[3] INFORME DE EVALUACIÓN SOBRE POLÍTICAS PÚBLICAS DE REHABILITACIÓN RESIDENCIAL EN ESPAÑA (2013 - 2017) Reflexiones sobre el desafío 2020 / 2030. Observatorio Ciudad 3 R, 2019
http://www.observatoriociudad3r.com/wp-content/uploads/2020/01/Informe-Eval-Polit-Pub.pdf
[4] http://oa.upm.es/54607/1/1_Formulas%20innovadoras.pdf
[5] https://emsvgetafe.org/wp-content/uploads/2017/05/Juan-Rubio.pdf

Measure 2 - Promoting energy retrofitting

European Commission recommendation:

'To also demonstrate that they have properly taken into account the "energy efficiency first" principle, explaining, in particular, how energy efficiency contributes to achieving, in a cost-effective manner, the national objectives of a competitive, low-carbon economy, a secure energy supply, and the fight against energy poverty[...].

"On energy efficiency, not all the required elements concerning the planned policies and measures, especially with reference to their expected impact, are provided. On building renovation, the draft NECP presents some assumptions for the targets for decarbonisation of the building stock as of 2050. There is no specific information provided on the key elements of the long-term renovation strategy (indicative milestones for 2040, the domestically established measurable progress indicators, an evidence-based estimate of the expected energy savings and wider benefits and the contribution of the renovation of buildings to the Union's 2030 energy efficiency target). No information is provided regarding cost-optimal levels of minimum energy performance requirements (SWD, p. 12). "

How to implement the recommendation given the national context:

The energy efficiency measures in the Spanish draft NECP for the building sector focus on improving insulation of houses and the exploitation of sunlight.

The following actions would help decarbonise the building sector:

- Adding insulation or renovating facade systems to enhance buildings' thermal performance.

- Modifying facades and roofs to install solar panels and better exploit sunlight.

- Integrating new low-carbon and natural materials as well as new technologies in existing buildings to improve their thermal performance and reduce embodied energy[6] for new buildings.

- Promoting urban rehabilitation and regeneration through:

    1) Promotional measures at the municipal level, in particular, simplification of procedures and proper integration into urban planning instruments.
    2) The development and monitoring of best practices with local and regional entities, coordinated by the General Administration of the State.

- Using life cycle analysis methodologies and IEE (International Energy Efficiency Certificate) to promote energy efficiency actions on the basis of circularity. In addition, these certifications and reports will serve as a basis for monitoring the achievements made through the renovations.

- Reforming the real estate tax (IBI) in collaboration with local authorities to facilitate renovation and rehabilitation of the existing building stock. The Spanish government subsidises renovations but the process is still very expensive for the home or building owners and, in the case of rentals, for the tenants.

Agriculture

The Spanish government expects the GHG emissions from agriculture to be reduced by 13% (1990 baseline) by 2030. However, such a reduction would not be sufficient to decarbonise the economy by 2050 and would require a higher contribution from other sectors. The draft does not contain any land use, land use change and forestry (LULUCF) projection. Therefore, it is

[6] Embodied energy refers to the energy used in the manufacturing of the materials used in the project, in transportation to the site, construction, maintenance and the removal and disposal or recycling of materials and restoration of the site at the end of its life.

unclear how Spain is going to achieve the LULUCF no-debit commitment[7]. In the final plan, the Spanish government should indicate how the LULUCF commitment will be achieved.

Measure 1 - Reducing farming intensity:

The draft plan includes several climate measures that are proposed to be financed via the EU's common agricultural policy (CAP). These measures mostly address technical aspects of slurry management plus promotion of crop rotation and the introduction of farm-level fertilisation plans to enable better nutrient management. However, no specific budget has been allocated and the measures lack in detail and targets. Furthermore, the scope of the measures is very narrow and is limited to technological solutions rather than more systemic changes in production practices.

European Commission assessment:

'Policies and measures for agriculture, the second largest effort sharing sector in terms of GHG emissions, and for the LULUCF sector are clearly described, although it is not always clear whether these policies and measures are existing or planned, and information on their expected mitigation impact is not provided. The draft plan refers to the Common Agricultural Policy as a tool for reducing greenhouse gas emissions from agriculture. (SWD, p. 15)"

[7] The Regulation requires each Member State to ensure that accounted CO_2 emissions from land use are entirely compensated by an equivalent removal of CO_2 from the atmosphere through action in the LULUCF sector. This commitment is referred to as the "no debit rule.

How to improve the plan given the national context:

The European Commission does not provide detailed recommendations on how to improve the agriculture section of the Spanish climate and energy plan.

However, the following measures would help address some of the weaknesses of the plan and ensure that agricultural sector does its share climate action:

- Including concrete and ambitious measures to address all sources of GHG emissions in the agricultural sector such as farming intensity, herd size and density of livestock production and emissions from soils beyond crop rotation on irrigated land.
- Allocating the budget for each measure and putting forward quantified and ambitious impact indicators for their achievement.
- Clarifying measures and their impact on climate under the LULUCF.
- Proposing structural measures to help farmers to transition away from the intensive mode of production. Only a reduction of total livestock numbers (which implies also a change in export and consumption patterns) would put the agricultural sector on the right path towards the zero-emission target.

Transparency and public participation

The EC does not provide a specific recommendation to Spain on how to improve transparency and public participation in the preparation of its final NECP. It only notes in the recital of its recommendations that “the public and other stakeholders are to be engaged in the preparation of the final integrated national energy and climate plan”. Spain has organized a public consultation on its draft NECP after submitting it to the EC.

Spain is engaging with its regions and autonomous communities through the Commission for the Coordination of Climate Change Policies, which is a permanent coordination body, in order to identify and capitalize on the interlinkage between the draft NECP and relevant regional policies. Furthermore, in January, Spain launched another public consultation on the NECP in the framework of the Strategic Environmental Assessment procedure.

However, the foreseen measures and policies such as the planned low-emission zones will not only affect regions, but also local authorities and citizens in various areas.

Therefore, in order to design these policies and measures in a way that ensures their effective implementation, meets local needs and enjoys public support, the Spanish government should also establish such a coordination body with representatives from local governments and civil society organizations (CSOs).

How to improve the plan given the national context:

The draft NECP states that a multilevel dialogue will be established for the implementation of the NECP measures, involving citizens, local and regional authorities and all sectoral stakeholders, but there are no details provided on how the participatory process through the multilevel dialogue will occur. This should be included in the final version of the NECP.

For the set-up of its multi-level dialogue, Spain can build on the experience of its already existing Commission for the Coordination of Climate Change Policies to set up a similar permanent coordination body with representatives from Spanish local authorities and civil society organizations.

This would enable Spain to increase transparency and participation of stakeholders (in this case local authorities) and the public (through involvement of CSOs) not only in the preparation of its final NECP, but also subsequently for its implementation.

Conclusions

The Spanish draft energy and climate plan is in line with the EU legislation and even goes beyond the EU targets. However, as the European Commission also points out in itse assessment, more details and concrete measures are needed to clarify how the Spanish government plans to achieve the set goals.

In the transport sector, such policy measures could include tax reforms to encourage the uptake of electric vehicles and.

The Spanish draft energy and climate plan recognises the need to achieve a highly energy-efficient and decarbonised building stock by 2050. Replicating good examples such as the building rehabilitation, regeneration and urban renovation programmes implemented in Santa Coloma de Gramanet and Zaragoza would help achieve this goal.

The European Commission does not provide specific recommendations for addressing the climate impact of the agricultural sector. However, there are various measures that the Spanish government should consider in order to ensure that sector does its share of climate action. These relate to pesticide production and use, consumption choices and farming intensity.

To further improve public participation, the Spanish government should set up a permanent coordination body with representatives from local authorities and civil society organizations, building on the experience of its Commission for the Coordination of Climate Change Policies.

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