Summary Governance Regulation

The Regulation for the Governance of the Energy Union is a regulation that entered into force on December 28, 2018. It sets out the main planning and reporting duties on energy and climate targets for all Member States. Revised in 2018, the Governance Regulation has been designed to check whether the EU is on track to meeting its commitments under the Energy Union Strategy and the Paris Agreement. Whereas previously responsibilities for climate and energy policies were accounted for under different laws such as the Renewables Directive and the Energy Efficiency Directive, this Regulation aims to bring all of these actions together under one roof.

National Energy and Climate Plans

National Energy and Climate Plans (NECPs) are required under the governance system and are designed to help Member States plan and report on how they will achieve their climate and energy targets. Bringing all energy and climate targets into one strategy, the NECPs cover targets for GHG emissions, renewable energy and energy efficiency.

In particular, NECPs should clearly show Member States’ contribution to achieving the EU collective key targets for 2030:

- reducing greenhouse gas emissions (GHGs) by 40% below 1990 levels by 2030;
- achieving a share of at least 32% for renewable energy sources (RES) of the total final energy consumption;
- increasing energy efficiency by at least 32.5% compared to the 2007 PRIMES projection for 2030.

NECPs will first cover the period 2021-2030 and then every 10 year period after that.

The deadline for Member States to finalise their NECPs is December 31, 2019. NECPs will have to be updated every 5 years after that.

NECP assessment criteria

User manual

We set up five criteria, underpinned by a total of 17 indicators. In addition, a scaling system was introduced to measure and evaluate the indicators.

Partners of the projects with national expertise, shall conduct the assessments on the basis of the following criteria:

1. Scope
2. Transparency
3. Measures in the agricultural sectors
4. Consistency and credibility
5. Trade offs

These criteria should be used to provide a general indication of the strengths and weaknesses of the specific NECP section on a scale from 0 to 4. The score should be properly justified in a dedicated paragraph.

These criteria, and related indicators, rely exclusively on existing data provided within the NECPs. Lack of data or sections in the NECPs should be highlighted but not compensated for. The lack of details and data shall instead be translated into concrete policy asks to be submitted to Member States in public consultations.

When impact assessment of policies and measures is missing in the NECP, the following national projections may be used to explain the point assigned to each indicator.

Each criterion shall be followed with a short explanation of the score given.

**Assessment criteria template**

**Scope**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator description</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistency with Energy Union governance regulation</td>
<td>Does the plan follow the mandatory template as outlined in the Governance Regulation?(^1)</td>
<td>0 = not at all 1 = to a small extent 2 = to some extent 3 = to a moderate extent 4 = to a great extent</td>
</tr>
</tbody>
</table>

**Explanations**

Although the plan follows the structure foreseen in the Governance Regulation, out of the more than 110 points/aspects provided in the mandatory template, the Hungarian (draft) NECP has almost completely ignored to mention about approximately 40 and even in case of many it mentions, there are serious gaps, missing or not sufficiently detailed information, indications to information to be provided only at a later stage. Objectives, policies and measures are not yet fully developed. Often, concrete data, circumstances are missing, targets are not presented in a quantified way. Required policy steps are frequently not defined. There has

been some effort made at least to formally follow the template, if not in the details, contentwise.

| Sectors/policies coverage | Does the plan include policies covering all required sectors including the agricultural sector? | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
|--------------------------|-------------------------------------------------|--------------------------------------------------|

Explanations

Policies are generally discussed in the NECP only to a conceptual depth, there are several fields/sectors that are not sufficiently detailed, for example, climate-friendly transportation, the reform of the tax system, changing consumer behaviour and most importantly from our perspective: the greenhouse gas emissions from agriculture. Even when there is mention of sectoral policies, judging them of their depth, we cannot be sure that there have been any previous analyses of feasibility, alternatives or optimum calculations. It is not clear either whether the government already knows the tools, sources of funds necessary for the implementation of the mentioned sectoral policies.

Within the government's objective to reduce GHG emissions by 40% (compared to 1990 levels), in relation to the agricultural sector, Hungary intends to limit the increase of GHG emissions at 9.28 million tCO2e maximum, of which 1.59 million tCO2e is from energy- and 7.69 million tCO2e of non-energy related sources. At a later point in the NECP, the government still estimates that agricultural emissions will show an increase of 18% in 2030, primarily as a consequence of increased livestock.

| Deadline | Has the plan been published on time/respecting deadline? | 0 = no publication  
1 = considerable delay  
2 = no, reasonable delay  
3 = yes, some delay  
4 = yes, no delay |
|----------|--------------------------------------------------------|---------------------------------------------------|
Explanations

Although the date on the published draft NECP is 2018, the plan itself was publicly available only in May 2019.

### Transparency

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator description</th>
<th>Scale</th>
</tr>
</thead>
</table>
| Public participation     | Does the plan include early and effective opportunities for public participation?²    | 0 = no opportunities/form of consultation
1 = no only limited and not public
2 = no, public consultation but too short time
3 = yes, several opportunities
4 = yes, several opportunities and ample time to participate |

<table>
<thead>
<tr>
<th>Explanations</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In April 2016, a working group has been set up by the National Ministry of Development with the involvement of various ministerial departments and external stakeholders. There was a sectoral consultation in the summer of 2018. The government invited sectoral associations, sectoral actors, civil society organisations, higher-education institutions, research institutes, consultancies and individual experts. Altogether, 134 stakeholders have been contacted for consultation related to the NECP and in the end, 50 recommendations have been received and evaluated.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Publication

**Is the (draft) plan publicly available?**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No</td>
</tr>
<tr>
<td>1</td>
<td>Yes, 6 or more months delay</td>
</tr>
<tr>
<td>2</td>
<td>Yes, 2-3 months delay</td>
</tr>
<tr>
<td>3</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>Yes, plus summary in English</td>
</tr>
</tbody>
</table>

**Explanations**

Although, there are several mentions in various articles to the fact that the NECP has been published by the Ministry of Innovation and Technology, apart from one article, there is no mention of it on any website of the Hungarian government. The document is available on the [https://ec.europa.eu](https://ec.europa.eu) website.

### Multilevel dialogue

**Does the plan cater for a multilevel dialogue where local authorities, NGOs, business, investors and the general public can actively engage and discuss the climate and agriculture policy scenarios, and review progress?**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No provision for dialogue</td>
</tr>
<tr>
<td>1</td>
<td>Very limited effort</td>
</tr>
<tr>
<td>2</td>
<td>Only limited to very few stakeholders</td>
</tr>
<tr>
<td>3</td>
<td>Yes, some effort in including multiple stakeholders and gather input</td>
</tr>
<tr>
<td>4</td>
<td>Yes, effective dialogue and high engagement</td>
</tr>
</tbody>
</table>

**Explanations**

As previously mentioned, in April 2016, a working group has been set up by the National Ministry of Development with the involvement of various ministerial departments and external stakeholders. There was a sectoral consultation in the summer of 2018. The government invited sectoral associations, sectoral actors, civil society organisations, higher-education institutions, research institutes, consultancies and individual experts. Altogether, 134 stakeholders have been contacted for consultation related to the

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NECP and in the end, 50 recommendations have been received and evaluated.

In addition to the above mentioned stakeholder consultation opportunities, there have been various regional consultations with neighbouring Member States.

Public consultation is mentioned in the NECP, but not detailed. There is some indication that public consultation will happen at a later stage.

### Measures in the agricultural sector

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator description</th>
<th>Scale</th>
</tr>
</thead>
</table>
| Alignment with 2030 goals        | Are agricultural policies included in the plan plausible to achieve 2030 climate goals?5 | 0 = not at all
|                                  | (even the effort shall be prorate based it should be 30% reduction target from 2005 agricultural emissions) | 1 = to a small extent
|                                  |                                                                                       | 2 = to some extent         |
|                                  |                                                                                       | 3 = to a moderate extent   |
|                                  |                                                                                       | 4 = to a great extent      |

**Explanations**

Unfortunately, apart from the previously described general estimates and historical information on agricultural emissions, there is hardly any mention of the farming sector in the NECP. When it is mentioned, it is mostly together with other sectors (like waste) or in relation to renewable energy.

| Inclusion of long-term strategy  | Do plans include agricultural policies that go beyond 2030?                             | 0 = not at all
|                                 |                                                                                       | 1 = to a small extent
|                                 |                                                                                       | 2 = to some extent         |
|                                 |                                                                                       | 3 = to a moderate extent   |
|                                 |                                                                                       | 4 = to a great extent      |

5 [https://ec.europa.eu/clima/policies/effort/proposal_en](https://ec.europa.eu/clima/policies/effort/proposal_en)
Unfortunately, apart from the previously described general estimates and historical information on agricultural emissions, there is hardly any mention of the farming sector in the NECP. When it is mentioned, it is mostly together with other sectors (like waste) or in relation to renewable energy.

| Consistency with EU legislation | Are agricultural policies consistent and in line with the LULUCF Regulation?[^6] | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Explanations</td>
<td>Since there are no agricultural policies mentioned in the NECP, the LULUCF Regulation is referred to only in relation to some general estimates of GHG emissions, but not in detail, the indicated numbers are not sufficiently supported by policies or further explanation.</td>
<td></td>
</tr>
</tbody>
</table>

| Consistency with agricultural legislation | Is the relevant agricultural legislation (e.g. Rural development programmes / echo schemes) addressed in the plan | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Explanations</td>
<td>In addition to being no agricultural policies mentioned in the NECP, there is no mention at all of the Rural Development Programme nor the Common Agricultural Policy. These might be added at a later stage.</td>
<td></td>
</tr>
</tbody>
</table>

| Completeness | Are policies and measures covering for ALL agricultural GHG sources (methane, nitrous oxide, carbon dioxide) included in the plan? | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Explanations</td>
<td>There are no concrete or detailed agricultural policies or measures mentioned in the NECP. The different greenhouse gases are mentioned only in a very general context, stating: “In 2016, agriculture contributed to the total emissions by 11%. Agricultural activities go together with the emission of CH4 and N2O, the largest part (87%) of our N2O emission comes from this sector. Since 2011, agricultural GHG emissions show a continuous increase, primarily due to the use of synthetic fertilizers and the increase in cattle stock and dairy production.”</td>
<td></td>
</tr>
</tbody>
</table>
| Infrastructure | Are proposed investments aligned with the long-term climate goals? | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
| Explanations | The NECP estimates a 15.66 million tCO2e emission from the transport sector for 2030-ra. This is more than a 50% increase compared to that of 2015, which means that it will not at all proportionally contribute to reaching climate goals. (For that purpose, emissions should be 7% less compared to 2015 levels.) It is not clear how the government intends to make the transport sector sustainable, since the indicated increase in infrastructure development (more roads, more highways) will inevitably lead to more traffic, higher emissions and higher energy consumption, making it even harder to reach climate objectives. |
| Policies beyond or additional to EU requirements | Does the plan include policies that are additional or go beyond EU requirements? (nitrate directive etc..) | 0 = not at all  
1 = to a small extent  
2 = to some extent  
3 = to a moderate extent  
4 = to a great extent |
Probably the only additional, ambitious goal in the NECP concerns district-heating, in relation to which, the government sets a 2030 target of 60% based on renewables and waste-incineration. It is not clear whether this target is supported by feasibility and sustainability analyses. Not to mention the fact that without the previous energetic refurbishment of buildings, this ambitious goal could easily become a wasted one.

**Consistency and Credibility**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator description</th>
<th>Scale</th>
</tr>
</thead>
</table>
| Adaptation plan    | Has an adaptation plan been devised for the agricultural sector? Is it reflected in the NECP? \(^7\) | 0 = no  
1 = no, unclear adaptation strategy  
2 = yes, but not clearly reflected in the plan  
3 = yes, but limited  
4 = yes, fully developed and integrated |
| Explanations       | Hungary has a National Adaptation Strategy until 2020, but there is no mention of it in the NECP. |
| Use of loopholes   | Does the plan include use of loopholes in the agricultural sector in achieving GHG emission targets? \(^8\)  
Such as, offsetting from land use, land use change and forestry (LULUCP) activities | 0 = yes, full use/no alternative sought  
1 = yes, large use  
2 = yes, most opportunities used  
3 = yes, but limited  
4 = no loopholes used |

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Explanations
The Hungarian NECP does not mention the use of loopholes in the agricultural sector in order to achieve GHG emission targets.

Policy projections
Impact assessment
Does the plan use a strong and effective model used for the impact assessment of planned policies and measures in the agricultural sector? 0 = not at all 1 = to a small extent 2 = to some extent 3 = to a moderate extent 4 = yes, very strong and detailed model used

Explanations
Since there are no concrete policies or measures mentioned in the NECP in connection to the agricultural sector, we cannot talk about a strong and effective model either.

Trade offs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Indicator description</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate</td>
<td>Is there a risk that the policy or measure actually increases emissions? (For instance, afforestation or growing biofuels on peatland (histosols) can release more carbon dioxide from the soil than is saved by biofuels or sequestered by afforestation. (insufficient spatial targeting). Likewise, a focus on efficiency (emission intensity) can cause an overall increase of emissions due to an increase of production (rebound effects).)</td>
<td>0 = Not at all 1 = To a small extent 2 = To a moderate extent 3 = To a great extent 4 = To a very great extent</td>
</tr>
</tbody>
</table>
Yes, unfortunately, there is great risk of an increase in emissions. Even if there are no agricultural policies or measures in the NECP, the governmental estimates obviously indicate significant increase in emissions. Apart from listing the reasons for this increase (synthetic fertilizers, livestock increase etc.), it is not clear how the government intends to tackle these increasing emissions. They might be added to the NECP at a later stage.

<table>
<thead>
<tr>
<th>Air quality</th>
<th>Do proposed policies impact air quality?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Explanations</strong></td>
<td>Since there are no concrete agricultural policies or measures targeting GHG emissions-reduction, only estimates for increased emissions, it can be expected that air quality will be negatively impacted.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water</th>
<th>Do proposed policies impact water quality?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Explanations</strong></td>
<td>Since there are no concrete agricultural policies or measures targeting GHG emissions-reduction, only estimates for increased emissions, it can be expected that water quality will be negatively impacted. Sadly, water pollution is not at all mentioned by the NECP. It might be added at a later stage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Soil quality</th>
<th>Do proposed policies improve soil quality?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Explanations</strong></td>
<td>Since there are no concrete agricultural policies or measures targeting GHG emissions-reduction, only estimates for increased emissions, it can be expected that water quality will be negatively impacted. Sadly, water pollution is not at all mentioned by the NECP. It might be added at a later stage.</td>
</tr>
</tbody>
</table>
Since there are no concrete agricultural policies or measures targeting GHG emissions-reduction, only estimates for increased emissions, it can be expected that soil quality will be negatively impacted. Sadly, soil degradation is not at all mentioned by the NECP. It might be added at a later stage.

**Biodiversity**

| Do proposed policies impact biodiversity? | 0 = yes negatively  
1 = no effect  
2 = small improvement  
3 = moderate improvement  
4 = great improvement |

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Since there are no concrete agricultural policies or measures targeting GHG emissions-reduction, only estimates for increased emissions, it can be expected that biodiversity will be negatively impacted. Sadly, biodiversity is not at all mentioned by the NECP. It might be added at a later stage.

**Energy consumption**

| Do proposed policies reduce energy consumption? | 0 = no effect  
1 = minimal effect  
2 = small improvement  
3 = moderate improvement  
4 = great improvement |

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The NECP builds on the increased share of nuclear energy (by the future addition of new blocks) and to some level, renewables, in its estimated reduction of energy consumption. This is an ambiguous tool with its well-known risks (in Hungary: a lower and warmer Danube that is traditionally used to cool reactors, etc.). Since there are no ambitious, holistic measures or policies targeting the tax system and consumption behaviour, even in the best case, we could only talk about a moderate improvement in the reduction of energy consumption.

### Job creation

Does the plan include investments in local industries, thus promoting job creation in these industries?

<table>
<thead>
<tr>
<th>0 = no investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = almost insignificant increase</td>
</tr>
<tr>
<td>2 = small increase</td>
</tr>
<tr>
<td>3 = moderate increase</td>
</tr>
<tr>
<td>4 = great investment and substantial job growth</td>
</tr>
</tbody>
</table>

There are no concrete investments in local industries mentioned in the plan. Job creation is mentioned only once in a rather general context when discussing the future competitiveness of the nation that is built on innovation and growth. The validity of this argument from an environmental and climate perspective is strongly questionable.