

PNEC 2030 - Are we setting energy and climate targets right?"

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THE WAY TO CLIMATE NEUTRALITY

In last years Portugal has been putting in place policies and measures which allows to reply positively to challenges such as:


- Climate Law;
- Diversification of energy suppliers;
- Increasing substitution of fossil fuels (e.g.: *phase-out* of coal-fired power plants during 2021 and previously scheduled to 2023);
- Significant increase and integration of renewables (e.g.: 60% RES in electricity production between 2020-22; solar auctions; agreement with TSO and DSO for grid reinforcement);
- Facilitation of licensing processes for renewable projects (e.g.: Simplex; DL 15/2022; DL 30-A/2022);
- Development in self-consumption and energy communities (e.g.: simplification of permitting for facilities up to 30 kVA; RRP support);
- Strong push for green hydrogen and other green gases (e.g.: RRP incentives; auction for green gases);
- Increase energy efficiency (e.g.: building sector).

ENERGY AND CLIMATE OBJECTIVES FOR PORTUGAL - HORIZON 2030


1. DECARBONISING THE NATIONAL ECONOMY

 Ensure a trajectory to reduce national greenhouse gas (GHG) emissions in all sectors of activity, including energy and industry, mobility and transport, agriculture and forests and waste and wastewater, and promote the integration of mitigation objectives into sectoral policies (mainstreaming)


2. PUTTING ENERGY EFFICIENCY FIRST

 Reduce primary energy consumption in the various sectors in a context of sustainability and cost-effectiveness, focus on energy efficiency and resource efficiency, focus on renovation and renovation of buildings, and promote zero-emission buildings


3. STRENGTHENING THE FOCUS ON RES ENERGY AND REDUCING THE COUNTRY'S ENERGY DEPENDENCY

 Enhance diversification of energy sources through increased and sustainable use of indigenous resources, promote increased electrification of the economy and encourage R & I in clean technologies”


4. ENSURING SECURITY OF SUPPLY

 Ensure the maintenance of a resilient and flexible system with diversification of energy sources and sources, strengthening, modernising and optimising energy infrastructure, developing interconnections and promoting integration, reconfiguration and digitalisation of the energy market, maximising its flexibility


5. PROMOTING SUSTAINABLE MOBILITY

 Decarbonise the transport sector by fostering modal shift and better functioning of collective transport networks, promoting electric and active mobility and the use of alternative fuels


6. PROMOTING SUSTAINABLE AGRICULTURE AND FORESTRY AND BOOSTING CARBON SEQUESTRATION

 Reducing carbon intensity of farming practices and promoting effective agroforest management contributing to increase natural sink capacity


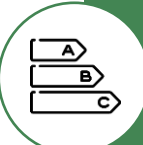



7. DEVELOPING AN INNOVATIVE AND COMPETITIVE INDUSTRY

 Promote industrial modernization based on innovation, decarbonization, digitalization (industry 4.0) and circularity, contributing to increase the competitiveness of the economy

8. ENSURE A JUST, FAIR, DEMOCRATIC AND COHESIVE TRANSITION

 Strengthen the role of the citizen as an active player in decarbonisation and the energy transition, create a level playing field for all, combat energy poverty, create tools for the protection of vulnerable citizens and promote active citizen engagement and territorial enhancement

PORTUGAL'S ENERGY AND CLIMATE TARGETS

	2021	NECP 2030	UPDATE 2030 (Draft NECP)
 GHG EMISSIONS 2030¹	-35%	-45% a -55%	-55% ↑
 ENERGY EFFICIENCY²	35%	35%	35%
 RENEWABLES IN FINAL ENERGY CONSUMPTION	34%	47%	49% ↑
 RENEWABLES IN TRANSPORT	9%	20%	23% ↑
 ELECTRICITY INTERCONNECTIONS	16%	15%	15%

(1) Without LULUCF, compared to 2005, (2) Reduction in primary energy consumption without non-energy uses

BEST PRACTICES - EXAMPLE OF POLICIES AND MEASURES IN UPDATED NECP (1/3)

- **Renewed ambition in energy and climate policy**
 - New greenhouse gas emission reduction targets;
 - New targets for the incorporation of energy from renewable sources;
 - New measures to be adopted to achieve the new ambition.
- The decarbonization of the national economy in all sectors stands out and measures are planned to **reduce greenhouse gas emissions at national level by 55% compared to 2005.**
- As set out in the Climate Framework Law, **the possibility of bringing forward the neutrality target to 2045** will be studied.
- **The National Hydrogen Strategy will be revised**, more than doubling the planned capacity of electrolysers by 2030 (from 2.5 GW to 5.5 GW), thus contributing to the security of supply in the European space and allowing - decarbonize national industry; attract new industries that produce green hydrogen derivatives; export green hydrogen to the European Union.

BEST PRACTICES - EXAMPLE OF POLICIES AND MEASURES IN UPDATED NECP (2/3)

- Ongoing public policies will be strengthened, including through the **creation of a Renewable Energy Mission Structure**, provided for in the new chapter of the national RRP, as well as:
 - the consequent improvement of processes and tools;
 - strengthening the resources of permitting entities;
 - the definition of Go to Areas;
 - the creation of a green lane for the permitting of highly mature projects;
 - improvements in the framework applicable to Collective Self-Consumption and Renewable Energy Communities, accompanied by new tools, new incentives and new dissemination models.
- For **Offshore wind production**, we are committed to launch, by 2030, auctions corresponding to a capacity of 10 GW, and the first auction will be launched this year, allowing to install at least 2 GW by 2030.
- **Onshore wind** installed capacity will be strengthened, improving the framework for the re-equipping of current farms with newer technology, with higher capacity and higher production.

BEST PRACTICES - EXAMPLE OF POLICIES AND MEASURES IN UPDATED NECP (3/3)

- **Less natural gas** due to the increase in renewable generation and assure security of supply, and will move us towards its elimination from 2040 onwards.
- The valorisation of the endogenous resources will allow us to **strengthen energy security**, reducing our external dependence and limiting exposure to the volatility of fossil fuel markets.
- The **stability of the electricity system** will be ensured through the combination of different technologies, complemented by the development of a **National Storage Strategy**.
- The **network infrastructures** are being carefully and adequately planned, and investments in new infrastructure will be accompanied by flexible and dynamic network management mechanisms, involving producers and consumers.
- On the energy consumption side, measures to encourage the **decarbonisation of transport, industry and buildings** will be strengthened.
- Particular attention will be paid to the **most vulnerable households, with an Energy Poverty Strategy**, and the middle class, with policies tailored to their needs.

ENERGY SYSTEM KEY MESSAGES UNDER NECP UPDATE

- DOUBLE THE PRODUCTION CAPACITY CURRENTLY INSTALLED BY 2030 to **47 GW (+20 GW)**
- THE INSTALLED CAPACITY previously planned for 2030 WILL BE ACHIEVED BY 2025 correspondent to **30 GW (+8 GW)**, as a result of the public policies adopted and the improvements underway.
- The biggest increases in renewable power compared to the current situation will be SOLAR (centralized and decentralized | +10 GW), ONSHORE (retrofitting) and OFFSHORE WIND (10 GW auction)
- INCREASED INVESTMENT IN SOLAR PHOTOVOLTAIC, including decentralized production is the MAIN REVISION compared to the previous NECP
- TARGET OF 80% INCORPORATION OF RENEWABLE ENERGY INTO THE ELECTRIC SYSTEM ANTICIPATED TO 2026, with the possibility of reaching **at least 85% by 2030**
- DOUBLING THE AMBITION OF THE NATIONAL H2 STRATEGY to **5.5 GW of electrolysis**;
- Increase in flexibility and storage.

Thank you

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