

ENERGY & NATURAL RESOURCES - NETHERLANDS

Towards a climate and energy plan: will Dutch polder model succeed?

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Introduction

The new government plans to implement a national climate agreement by Summer 2018 (for further details please see "New government's ambitious climate and energy initiatives"). This will be an agreement in principle, which will form the basis of the integrated national energy and climate plan pursuant to the draft regulation on the governance of the Energy Union. The state and various stakeholders will negotiate and conclude the climate agreement, for which the government recently finalised its objectives and the negotiation format.

Government objectives

In a February 23 2018 letter, the minister of economic affairs and climate policy set out the government's objectives for the climate agreement. The overall goal is to reduce CO2 emissions by 49% compared with 1990 levels by 2030. The letter reiterates the indicative CO2 reduction targets (in megatonnes) for the five sectors identified in the Confidence in the Future coalition agreement of October 2017 (ie, industry, transport, the built environment, electricity and agriculture and land use). The letter also contains various guiding principles for achieving the overall national CO2 reduction goal, including leading roles for:

- cost-efficiency and specificity requirements for the proposed measures;
- the possibility of the Netherlands Environmental Assessment Agency validating the proposed measures.

The government has further specified its objectives for the five sectors in annexes to the letter. For example, the industry sector has a relatively large CO2 reduction target because there is technically a large reduction potential against relatively modest costs per tonne of CO2. As 75% of emissions are from 12 companies (eg, Shell and Tata Steel), these companies play a central role in achieving the industry target. Objectives for this sector include agreements on:

- the renewal of production processes;
- energy savings;
- · demonstration projects; and
- carbon capture and storage, hydrogen and heat projects.

For the built environment sector – where the percentage of gas-based heating must be reduced from the current 90% to zero by 2050 – the measures include:

- making a number of houses gas free by the end of the current four-year coalition period; and
- increasing efforts to:
 - o make the existing supply of houses sustainable;

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- o bring costs down; and
- o empower municipalities to achieve a gas-free built environment by 2050.

Negotiation format

The negotiation format reflects the Dutch polder model – a consensus-based mode of policymaking aimed at securing as much public support as possible by involving the most relevant stakeholders from the beginning. Sector bodies, known as 'tables', have been created for the five sectors in which these stakeholders are grouped and will carry out negotiations. These five bodies are expected to have the mandate to make agreements for their respective sector. A sixth central body, the climate board, will monitor the progress and cohesiveness, including the cross-sectoral themes, of the negotiations and will try to ensure policy and public support. The climate board is chaired by the same person who monitors the execution of the 2013 national energy agreement and comprises the chairs of the five sector bodies, as well as other persons.

In March 2018 the chairs of the five sector bodies finalised the composition of their respective sector bodies. The final negation format of the sector bodies allows a plethora of representative organisations, energy companies, subnational authorities and society organisations, such as environmental non-government organisations. The composition of these bodies has been the subject of intense lobbying and various organisations present on the board represent interest groups. Notable absentees include Uniper (which is expected to close a coal-fired plant), waste incinerators (which also have a significant CO2 reduction target) and the incumbent energy supplier Essent, whereas surprise appearances include:

- the Union of Water Boards in all sector bodies;
- the Union for Cyclists;
- motorist club ANWB; and
- green energy start-up supplier Vandebron.

What's next?

The minister of economic affairs and climate policy is expected to inform the House of Representatives, and thereby the general public, of the contents of the agreement in principle in early Summer 2018. The agreement in principle will then be developed into specific programmes in the second half of 2018. It is expected that this will coincide with the review by the European Commission and the EU member states of the various draft integrated national energy and climate plans. Implementation of the climate plan must then commence in 2019.

The conclusion of a national climate agreement that will achieve the overall goal of reducing CO2 emissions by 49% (or 55% if the government succeeds in making this higher percentage the EU-wide goal) is a herculean task and one of the most challenging tests for the Dutch polder model in modern history.

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