

Working Group for Environmental Auditing
Spring Session
2020

**European Court of Auditor's work
on climate and energy 2019-2020:
Key aspects**

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European Court of Auditors' mandate in the climate and energy areas

Treaty on the Functioning of the European Union

Article 4(2): Energy and environment (climate included) are areas of shared competence between the Union and the Member States

Article 287: *"The Court of Auditors may also, at any time, submit observations, particularly in the form of special reports, on specific questions and deliver opinions at the request of one of the other institutions of the Union."*

ISSAI 300:

Materiality *"can be understood as the relative importance of a matter in the context in which it is being considered"* taking into account *"not only the financial, but also the social and political aspects of the subject matter"*. When it comes to performance audit, *"the auditor should consider also what is socially or politically significant"*.



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Key risks the area of energy and climate change

Risks to climate change mitigation

- Long-term trend in emissions reduction may be levelling off
- Significant additional efforts required
- Certain policies or lack of policies undermine the greenhouse gas reduction effort

• Risks to the EU energy policy

- The political dimension of the Energy Union
- Energy security
- Sustainability of energy supply (energy efficiency and renewable energy)
- Energy projects-related risks



Recent ECA audits relating to climate and energy

2019-2020

- **SR 08/2019: Wind and solar photovoltaic power for electricity generation**
- **SR 18/2019: EU greenhouse gas emissions:** well reported, but better insight needed into future reductions
- **SR 01/2020: EU action on eco-design and energy labelling:** important contribution to greater energy efficiency reduced by significant delays and non-compliance
- **SR 06/2020: Sustainable urban mobility:** No substantial improvement is possible without Member States' commitment
- Rapid case review: **Sustainability reporting** (in EU institutions and agencies)
- Briefing papers:
 - Research and Innovation for climate and energy
 - EU system for measuring vehicle emissions



Ongoing ECA audits relating to climate and energy

2020-2021

- Cost-effectiveness of energy efficiency investments in buildings
- EU Emissions Trading Scheme post 2020
- EU cohesion spending for improving energy efficiency in enterprises
- Financing sustainable investment
- Climate change and agriculture
- Electrical recharging infrastructure
- Review: Climate action spending



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Audit methodology in the area of climate change

SR 18/2019 on EU greenhouse gas emissions

ISSAI 300

(10): *“Performance auditing seeks to provide new information, analysis or insights and, where appropriate, recommendations for improvement. Performance audits deliver new information, knowledge or value by:*

- *providing new analytical insights (broader or deeper analysis or new perspectives);*
- *(...) providing recommendations based on an analysis of audit findings.”*

(26): *“a system-oriented approach, which examines the proper functioning of management systems”.*



Audit methodology in the area of climate change

SR 18/2019 on EU greenhouse gas emissions

- Has the Union **reliable data on past years' greenhouse gas emissions** (2013-2017)?
 - European Commission and European Environment Agency quality assurance and reporting processes
- Has the Union the **right data for sustainable policy making and climate change mitigation**?
 - The framework for sustainable policy making: long-term plans for all policies, impact assessments and evaluations assessing climate impacts
 - The preparedness for the future:
 - European Commission and European Environment Agency quality assurance processes for Member States' projections
 - The quality of Union projections (scenarios)

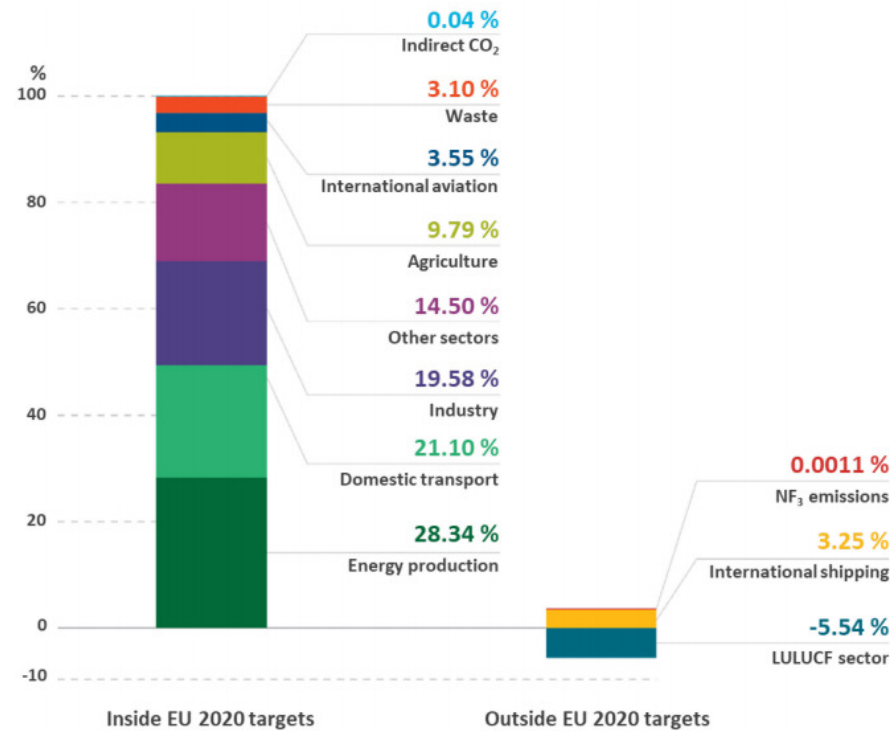


Key findings and challenges

SR 18/2019 on EU greenhouse gas emissions

Past emissions: well reported, but LULUCF improvements needed

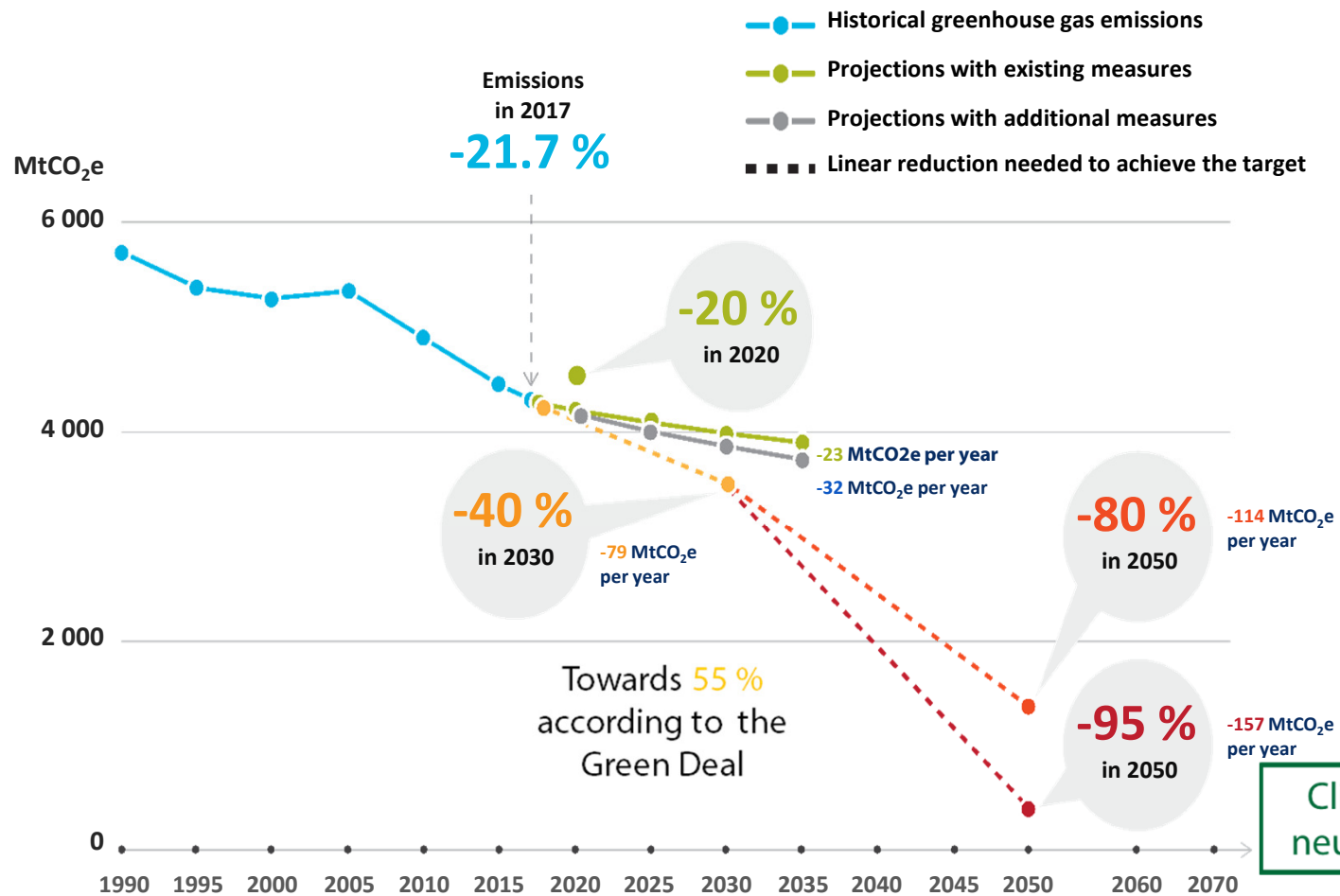
The Commission and the European Environment Agency contribute to the improvement of the quality of the EU data



Key findings and challenges

SR 18/2019 on EU greenhouse gas emissions

Sustainability of the future reductions: more insight needed



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Audit methodology in the area of energy

“Were EU cohesion funds for energy efficiency in enterprises well spent?”

ISSAI 300

“10. (...) to provide new analysis or insights (...), knowledge or value by (...) making existing information more accessible to various stakeholders (...).”

How?

- European Regional Development and Cohesion Funds 2014-2020
- Review of Commission’s work for strategic planning and monitoring
- Preliminary analysis of expenditure and other information relating to 105 Operational Programmes and more than 100 managing authorities
- Review of the procedures for selection and monitoring of the selected projects in the corresponding Operational Programmes
- Analytical review and documentary review of project documents and project results (evidence from projects and authorities)



Key challenges

EU funds for energy efficiency in enterprises

Risks addressed

- Weak prioritisation in general and in project selection
- Limited impact
- Lack of monitoring data

Challenges

- Extended sample (> 10 000 projects for analytical review and 200 projects for detailed review)
- Data availability and complexity
- Recommendations in view of the shared competences
- Situation of crisis (Covid-19): difficult communication with managing authorities and so is expected for the selected projects



Thank you for your attention!

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