



THE MALTA CHAMBER

FEEDBACK BY THE MALTA CHAMBER

National Energy & Climate Plan 2021 – 2030 **(2024 update)**

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1. Introduction

On **Energy**, our country needs comprehensive infrastructure upgrades, energy diversification, improved maintenance, energy storage solutions, public awareness campaigns, emergency preparedness, and a stable energy supply for residents and businesses.

Before delving into how the green transition can happen in Malta, we need to **address the basics**, which include:

- a) A substantially **larger investment in the distribution network** to ensure reliable energy supply and operational efficiency, particularly as the country transitions towards greener energy and mobility targets.
- b) **A modern grid enhances** energy efficiency, reduces maintenance costs and prevents blackouts, thereby supporting commercial operations and improving competitiveness.
- c) A long-awaited **implementation plan on reducing traffic congestion** which is still conspicuously absent.

A roadmap prioritising **capital investment over recurrent expenditure** will help in establishing the basics for the transition in place. As a country we can concurrently **update our value proposition and educate our society** for a stronger cultural shift towards one that protects and strengthens the fabric of environmental, social and economic sustainability. **Such shift** requires us all to adapt an **immediate effective strategy to model a future that is resilient**, while removing those processes which are not required. **The Malta Chamber cautions that achieving this goal requires making difficult and potentially unpopular decisions. While targeted and effective incentives are required, punitive measures to drive certain changes are necessary.**

The Malta Chamber of Commerce Enterprise and Industry remains committed to contributing to Malta's National Energy and Climate Plan (NECP) by providing detailed feedback, while **registering its serious concern that path of implementation is slow moving, incoherent and fragmented.**

The Malta Chamber re-iterates therefore the importance of **aligning the NECP with its [Energy](#) and [Sustainability recommendations](#)**, which include [Manufacturing](#), [Mobility](#), [Waste Management](#) and [Water](#). Addressing the disjointed transition, restructuring energy subsidies, reducing energy waste, improving Malta's transport system and heavily investing in adaptation measures are critical to achieving our energy and climate objectives, as well as creating a resilient future.



8 KEY POINTS TO ADDRESS TO MEET ENERGY & CLIMATE TRANSITION FROM A BUSINESS COMMUNITY PERSPECTIVE *(related to Questionnaire Section 3 and 4)*:

1. **Infrastructural investment:** Aimed to increase productivity, climate change adaptation and lesser disruptions. A robust infrastructure is required to protect against extreme weather events, while minimising supply chain vulnerabilities for continuity, will improve our competitiveness and increase salaries.
2. **Utilities:** Map out and implement the necessary investment to ensure an adequate electricity supply and a stable distribution network, adequate water supply and sewage systems that meet the demand.
3. **Renewables:** Businesses are faced with ever increasing responsibilities and pressures to go green and to embark on to the green transition. The following proposals will support sustainable renewable take-up.
4. **Traffic Congestion:** Tangible measures are needed to reduce traffic congestion. A strong infrastructural foundation is essential to address the root cause of the problem, rather than expanding road networks to accommodate more private car commuters, with clarity regarding a mass transport system.
5. **Sustainable Tourism:** Our country is unique in terms of our history, culture and character, offering quality experiences to visitors. To remain competitive against other competing Mediterranean countries, quality should be sustained throughout all elements of the supply chain, not least, our infrastructure.
6. **Planning and Upkeep of Public Areas:** Planning should be a forward-thinking process to safeguard the right equilibrium between the built and non-built environment ensuring a good quality of life. The ad hoc planning approach adopted over the years has uglified Malta and put untenable strains on infrastructure. The upkeep of public areas is equally important for people's wellbeing and country's attractiveness.
7. **High Value-Added Employment:** Incentives to shift away from labour-intensive activities to more value-added streams to increase the quality of our offering and put less stress on our infrastructure caused by unsustainable population levels.
8. **Proper Employment of Laws and Regulations:** Ensure proactive, co-ordinated and unselective enforcement at all levels.

2. The Malta Chamber Feedback

MEER's identified **6 key questions for stakeholder feedback**. Kindly refer to TMC responses and recommendations below.

2.1: *Initiatives & Support (linked to Consultation Questionnaire Question 2):*

Which are the current policies and measures that you consider to be the most effective towards enabling this transition?

Improving Return-on-Investment of existing grant schemes on current schemes related to Energy Audits, Green Mobility, Smart and Sustainable, as well as addressing cash-flow issues upon purchasing home battery storage and electric vehicles (EVs) can render them more successful and should be expanded. A way how to address the financial gap is by providing applicants with favourable credit terms and financial assistance in the interim. Reintroducing grants for plug-in hybrids and extending grants for systems smaller than 10 kWh are recommended.

Refunds for purchases of BEVs, PHEVs, and charging stations, as well as incentives for installing PV and vacuum tube panels, should be continued with payments to beneficiaries accelerated.

Incentives for PV systems and wind energy projects are effective; however, policies should also support supplementary follow-ups emerging from energy audits, grants for energy-saving measures and improvements in public transportation.

Introducing a zero % VAT rate on PV systems and their installation to promote more solar PV is also recommendable.

2.2: *Policy Measures and Investment needs (Linked to Consultation Questionnaire Sections 4 & 5):*

What additional policies and measures should be actively considered to significantly contribute to (have the greatest impact) Malta's efforts in enabling and accelerating the green transition?

- a) A **5–10-year Energy Investment Plan** developed in consultation with the private sector with clear milestones and deliverables based on realistic growth projections considering the available skills. The plan must ensure that:
- the investment in distribution network is adequate not only for the immediate but one that serves us for the **next three decades**.
 - it supports a wider **renewable energy generation and distribution**.
 - it addresses the **liberalisation** of the energy distribution.
 - A transparent roadmap and stakeholder discussions **to liberalise the distribution market by 2027**.

The energy investment plan must be **revisited** on a yearly basis and updated as required, both technically and financially.



- b) Incentivisation of **rainwater harvesting in both businesses and households** through the mandatory implementation of **cisterns in new buildings** and **subsidised rates for renovations**. Adequate incentive schemes should target:
- storage and use of rainwater in **industrial estates**
 - treatment and reuse of grey water in the **hotel industry**
 - investments in technology to improve **irrigation** efficiency in agriculture, public and private landscaping
 - rainwater harvesting from **domestic** structures for use as secondary water
 - reduction of water uses through **consumer** behavioural changes.
- c) **Transitioning away from energy subsidies** to finance the green transition is essential. A gradual reduction in subsidies with a minimum 6-month advance notice is required to avoid subsidising excessive consumption and increase take-up in renewables. This should be supplemented by:
- a **widespread national campaign on climate change and the water and energy nexus**, informing businesses and citizens about the real cost of energy.
 - **energy bills that display the real and subsidised price for energy**, the respective carbon emissions and data comparisons (monthly and yearly) in units and percentage increases or decreases that help the user to track energy use.
 - access to **real-time energy consumption data through a free Smart Grid metering app** on phone or device.
- d) A **well-designed feed-in tariff (FIT) for businesses** which gives **better return-on-investment (ROI)** in privately owned or privately leased commercial premises and those leased from INDIS. With respect to INDIS, rental charges for the installation of PVs on INDIS roof space should be removed while companies which opt not to invest in PVs on their industrial roofs should be charged. FIT remit should be extended to bi-directional e-vehicles and charging stations having the capability to not only draw power from the grid to charge the vehicle but also to supply excess energy generated by the vehicle back to homes and businesses.
- e) **Pre-set energy performance criteria for new builds with respect to the construction industry** based on a Planning Authority scoring system which supports fast-tracked permitted processes and a reduction in planning fees for application which are in line with the pre-set criteria. This should be supplemented by:
- providing **fiscal incentives** specifically designed to support green products/services.
 - providing **innovative financing options** such as Energy Performance Contracting.
 - providing **low tax rates for lessors** renting buildings having an energy performance higher than the minimum required.
 - providing **higher support and no stamp duty for first time buyers** buying property having an energy performance higher than the minimum required.
 - granting a **reduction in capital gains / final withholding tax for developers** using sustainable construction materials.



- Ensure **enforcement of mandated minimum solar installations** on new buildings and major renovations.
 - Introduce stronger incentives for **zero-emission energy generation and efficient building standards**.
 - Since economic incentives alone for new builds are ineffective, these should be accompanied by **raising planning fees for traditional building methods** which bridge the cost gap.
- f) Support for appropriate **disposal-and-replacement mechanisms for existing solar arrays that are older than 8 years** and would therefore experience a doubling or more of capacity in the same footprint if renewed.
- g) Increase in **net-new installations, especially in novel formats such as by covering parking areas, or on the facades of buildings**.
- Hyper-local energy storage solutions for homes and businesses, including home battery storage systems and BEVs with Vehicle2Home and Vehicle2Grid capabilities.
 - Financial incentives for energy storage solutions.
- h) The **bureaucracy of grants that align with the urgency of the transition needs to be reduced**, acknowledging the limited financial and human resources available to apply for grants and engage in the process. An example of this in practice is EENergy, which was administered by Enterprise Europe Network, through its network of sustainability advisors. Through this grant, which provides 100% funding of up to Euro 10,000 per company for energy efficiency (and reduction) measures, companies could benefit from any investment (including solar pv). The simplified application procedure was of great help to the companies that applied. Furthermore, TMC recommends **intra-government departmental facilitation** through measures, such as:
- Automating customer care and verification levels where possible.
 - Introducing a real-time status tracking technology giving relevant and pertinent information to the applicant, across all Government entities, particularly at Lands Authority, INDIS, Malta Enterprise, WSC, REWS and ARMS.
 - Accelerating the process of setting up an integrated portal for reporting and payments of VAT, Tax, Financial Incentives and Schemes.
 - Accelerating the process of rebates and disbursements for successful beneficiaries.
- i) Introducing **green bonds and other financial incentives** to attract investments in sustainable projects.
- j) Promote **waste-to-energy projects and resource efficiency in industries**, steering away from procurement mismanagement which affects our reputation as a country and exacerbates pressure on achieving transition targets.



- k) A **Centralised Data Collection for Materials and Waste** which would be mandatory for tracking of imported materials, conversions and waste generation could be introduced. Tied to this, Plastic Waste Reduction Incentives could offer credits to companies that effectively reduce plastic waste on a comparative period. This will encourage investment in advanced packaging machinery and materials, offsetting higher initial costs and promoting sustainable practices.
- l) **Immediate review of SPED 2015** without any further delay. This must be done **in tandem** with a **comprehensive review of all planning policies** to ensure that (i) all policies are aligned with the revised SPED, (ii) all policies are clear and unambiguous, leaving no room for a 'pick and choose' approach, and (iii) it is unequivocally determined which planning policies take precedence over others to prevent abuse, misinterpretation and misapplication of policies.
- m) Introduction of an **e-mobility wallet** with government allocating an annual amount to every e-wallet to be used for various environmentally sustainable or shared transportation options (by land and sea), coupled with the introduction of **parking fees** in central urban areas with fees paid being transferred into e-mobility wallet for use of sustainable means of transport, and additionally **attaching car license fees to usage** and **restricting certain congesting activities during peak hours** with incentives for night shifts and pooling delivery fleets.
- n) Incentivisation and support to businesses promoting **shared transport** or other green options through a mix of **tax deductions and vouchers that increase incrementally according to the number of passengers** in each pool while **lowering the passenger thresholds** stipulated in the Employee Transportation Deduction Act to encourage more car-pooling.
- o) A **moratorium on applications for tourism accommodation** to prevent oversupply and instead, amongst others, attract well **established quality international symposiums/exhibitions to Malta during off peak months on an annual basis** to position Malta as the place-to-go to for these events thereby creating a niche that is currently underexploited.

2.3: How are/can these measures align economic development objectives with environmental sustainability and energy security? (Linked to Consultation Questionnaire Question 6)

Renewable energy projects and energy efficiency measures can **create quality jobs and attract investment**. Clear and stable policies can attract both domestic and international investment in green technologies. This needs to be supplemented by more far-reaching fiscal measures, which include:

- a) Provision of **tax exemptions for the first 5 years** to entice **highly qualified Maltese people who are working and residing overseas to return to Malta**.



- b) **Revision of the corporate taxation structure** to support ethical business that is compliant on tax payments, but also to help companies to be more conducive to a shift in our economic model by offering **lower tax rates or targeted tax incentives for high-potential companies** (both foreign and local companies) in specific sectors to **encourage innovation**, attract more investment, **increase workers' compensation and stimulate economic development**.
- c) **Encouragement of inquisitive minds within our academic institutions, industry and broader society, by working together** and develop new technologies with a high commercialisation potential. This can be achieved by:
 - scaling up the **public expenditure on RD&I closer to 2% of GDP from the current low 0.6%** and by increasing the **current 150% tax deduction of R&I expenditure to companies to 200%**.
 - **short placements for secondary school students in manufacturing and tech-based companies**, to cultivate a STEM mindset as well as to expose students to the real-world application of STEM and effective communication principles, as this will help cultivate a pool of young people who are inclined to pursue careers in research and innovation.
 - promoting **interest in technology from an early age** by introducing a new core subject that includes computation thinking, coding and robotics at primary school level to develop digital skills at par with traditional core subjects
 - revisiting the **funding eligibility criteria and application success criteria to emphasise productivity and how digitalisation can help to decrease workforce dependence**, rather than increase the number of jobs created.

Furthermore, increased investments in zero-emission energy generation and electromobility can **stabilise fuel and electricity prices and reduce emissions**, which **increasing the share of locally produced renewable energy** can reduce the dependency on imported fossil fuels, enhancing energy security.

2.4: What do you consider as the main risks and barriers that can influence the ability to deliver this transition? (Linked to Consultation Questionnaire Question 3)

The transition requires **alignment and cooperation among all stakeholders**. Current disjointed efforts and bureaucratic obstacles hinder progress. It is paramount that efforts across all ministries and agencies are co-ordinated to support the green transition.

High initial costs for renewable energy projects and energy efficiency measures pose a challenge, especially in the context of budgetary constraints. Limited technological infrastructure and expertise can delay the adoption of advanced green technologies.

Lengthy permitting processes and public resistance to large-scale projects are significant barriers.

From an industrial perspective there is need to **de-bureaucratise ESG**. The focus of current and upcoming legislation is on reporting rather than action. The amount of reporting required will consume resources that could be utilised to improve business and industrial processes to reduce impact across ESG especially E and S. **Malta has not yet transposed the CSRDD obligations in our**



national legislation. EU Member States had to do so by early July 2024. There are central requirements which are mandatory for Member States while leaving some discretion of the EU Member States in a few key areas which allows them to obligate companies to more stringent rules.

Finally, as already explained, **public awareness and engagement** needs to be robustly enhanced, not just with incentives but also with deterrents where required.

2.5: What are the main opportunities that Malta could benefit from by further enabling and accelerating the green transition? (Linked to Consultation Questionnaire Section 2)

The green transition circles around the **wellbeing of us citizens**. Breathing cleaner air, accessing better public transportation and enjoying more green spaces, all contributing to improved quality of life.

It is also an opportunity for business since it **positions Malta favourably for green technology and innovation** which can attract investment and skilled professionals enhancing sustainable economic growth. Today we have an economy that is largely based on tourism, financial services and real estate development. These activities decelerate our transition. A more balanced shift in focus towards activities that improve the transition is required. Malta has the potential to foster innovation and attract investments in green technologies and industries. Implementing smart grid technologies and support R&D in renewable energy and energy efficiency with well attuned incentives may help in steering more sustainable growth in our economy.

2.6: What additional support do you believe is essential to ensure an equitable (just) transition to a more sustainable economy, minimizing negative impacts on vulnerable groups? (Linked to Consultation Questionnaire Section 6)

The cost-benefit of transitioning could be **negative in the short run**, so it is key to make local populations understand that **the cost of non-action can be even higher in the medium-long run**.

In practical terms, we refer to loss of agricultural productivity, heat-induced mortality and morbidity, loss of labour productivity, infrastructure losses from extreme events and sea-level rise, and biodiversity losses. Nevertheless, beyond proper communications, vulnerable groups should be ensured a smooth and costless transition, avoiding indiscriminate all-round incentives for those who can afford it. Developing **targeted programs to support vulnerable communities** and ensure they are not left behind in the transition.

Assistance to low-income families can also be addressed with a **change in culture of how we indulge in distributing handouts across the board**. Support on energy subsidies should in fact distinguish between beneficiaries.

There are **three important measures** that Government could implement in this regard:



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- a) **Incorporate any planned tax refunds by cheque into the revised tax bands** to eliminate the administrative burden of the issue of these cheques and to **improve the monthly take-home-pay of people in employment**. Additionally, **COLA should not be taxed**.
- b) Correct the **anomaly in tax progression that was introduced when tax bands were tapered with the introduction of the second 25% tax band** with a lower subtracted amount in the tax calculation which has the effect of a very high marginal tax rate on pay rises that shift employees from the first to the second 25% tax bracket.
- c) Encourage the uptake of **supplementary pensions**, particularly by younger employees, through the implementation of an **auto-enrolment with opt-out mechanism for employees**. Employers who contribute should be granted attractive tax incentives (better than the current).

Furthermore, on the labour market front, Government can offer **retraining programs for workers transitioning from traditional industries to green jobs**, particularly the ones whose salaries are below national average.

Of crucial importance is to firstly, involve **all society in planning and implementing green transition policies** and secondly, conduct **public awareness campaigns** to educate the public on the benefits and how they can behaviourally contribute.



3. Major take-aways and Conclusion

The Malta Chamber believes that Government has protected businesses and consumers from the repercussions of escalating energy costs through heavily subsidised electricity tariffs and water rates, however, providing **subsidies without discernment between those genuinely in need and those financially stable is untenable**. Such subsidies promote inefficient energy consumption at unrealistically low prices and hinder the allocation of financial assistance to those struggling to afford necessities.

The **distribution network should be made accessible to other operators after 2027, as there is the possibility of alternative energy sources**. Without such liberalisation, private companies could have wind turbines or solar farms but are unable to use the energy they generate except for feeding the national grid at a predetermined price. Government's announcements on alternative energy projects and the "hydrogen ready" pipeline will make it harder to extend the derogation as the push towards multiple sources weakens natural monopoly arguments and challenges Government's resolve to retain absolute control on energy prices.

The Energy Performance of Buildings Directive stipulates very ambitious targets. This transition gives us the opportunity to build a comprehensive energy performance database through the systematic collection of relevant data for both public and private buildings, which database should be kept updated in a timely manner as upgrades or changes occur. To help with the transition, Government should **engage expertise to develop a set of mandatory design and building features that future-proof Malta's building stock against the impacts of climate change**. This involves blue-green solutions with a focus on rainwater harvesting and cisterns, domestic water recycling systems, renewable energy sources, energy-efficient water piping, design for increased weather extremes, passive design features to protect against solar irradiation, passive cooling designs and the incorporation of reconstituted or recycled building materials.

Legislators, both locally and at EU level, must adopt a practical approach to sustainability reporting. Businesses are constantly being burdened with new reporting obligations which go little beyond a mere box-ticking exercise. Carbon emission reporting is no exception.

Carbon accounting can help identify inefficiencies. Voluntary carbon offsets can help offset emissions with high-quality, local projects. However, addressing potential abuse, misrepresentation, and fraud is crucial to establish trust in these programs.

We cannot delay further decisions to address congestion. Reducing cars from the road should be seamlessly and concurrently coupled with initiatives towards **greener and sustainable transport options**, while promoting co-working spaces and hybrid work. A balanced policy stance, collaboration among stakeholders and punitive measures, such as parking meters and increased license fees, are crucial.



A green and just transition requires a new set of green skills. Anticipating and accelerating the development of these skills has become a cliché but remains crucial. There are ways how technical and core skills could be incentivised through paid study leave and in-house upskilling programmes respectively. Funding geared towards preferential grants and tax incentives for on-the-job courses locally and abroad, that support the green transition, should be increased.

The current situation with **waste management** will not be sufficient to meet these targets unless all actors including individuals, businesses and government contribute towards this goal. The present set-up, in which **WasteServ competes with private industry and monopolise the most profitable waste streams.** Current practices do not allow for private enterprise to provide the essential services that could contribute towards optimal and efficient operations and valorisation of waste. There is a large and yet untapped potential for industrial symbiosis to take place in Malta. Collaboration and exchange of resources, materials and energy between different industries and entities can result in mutual benefits. Improved environmental performance through resource efficiency, waste reduction and sustainable economic growth poses a great opportunity for the country if the current lethargic mindset across the community is overturned.

Malta continues to face increasing **water demand due to climate change and limited freshwater supply.** Groundwater extraction is causing aquifer depletion, affecting soil productivity, biodiversity, ecosystems, and food security. Improved management is needed to secure adequate water, energy and food supply. Water scarcity and degradation have been a reality for centuries, and international water management is crucial. Public awareness campaigns and a mix of supply and demand instruments are needed to combat wasteful water consumption and improve circular practices.

Food security concerns are intertwined with energy, water, and sustainable practices. Investments should focus on resilience, minimising resource exploitation, and promoting biodiversity. **The sector is one of the largest water consumers in Malta and requires dedicated disbursement of funds towards smart technologies, research and innovation projects and reskilling the workforce towards sustainable farming practices.** This shift holds the potential to conserve water resources and therefore also energy, as well as protecting soil quality and quantity, together with its biodiversity, apart from food security.

Ultimately, The Malta Chamber of Commerce, Enterprise and Industry, as explained above, recognises that **the country needs to transition towards a more sustainable approach to infrastructural development that considers economic growth, competitiveness and environmental and social sustainability. Malta's infrastructure is crucial for its attractiveness. Investment in infrastructure should seek to exploit synergies with other crucial factors, like skilled human resources, rather than be thinly spread over piecemeal projects of lesser or no value.**



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