Ensuring the Just Transition Mechanism delivers robust support for regional transitions to sustainability

February 2020

The European Commission proposed a Just Transition Mechanism (JTM) to mobilise at least €100 billion (over the period 2021-2027) to support regions most affected by the transition towards the zero-carbon economy. The three pillars of the JTM are:

- A Just Transition Fund, which will receive €7.5 billion of fresh EU funds, coming on top of the Commission's proposal for the next Multiannual Financial Framework (MFF);
- A dedicated “just transition scheme” under InvestEU to mobilise up to €45 billion of private investments;
- A public sector loan facility with the European Investment Bank backed by the EU budget to mobilise between €25 and €30 billion of investments dedicated to the public sector.

EGEC welcomes the proposal to establish the JTM. However, in order to deliver a successful just transition strategy, the following principles must be incorporated into the final legislation:

1. **Finance**: The JTM must support local and regional governments with targeted, adequate and easily accessible finance. The Commissioned envisaged three instruments:
   a) The Just Transition Fund will primarily provide grants to support workers to develop new skills for the job market of the future, help SMEs to create new economic opportunities and support investments in the clean energy transition;
   b) The Just Transition Scheme, under the InvestEU programme, will seek to attract private investments for sustainable energy and transport which aid high-carbon regions reposition their economies to sustainable growth;
   c) A public sector loan facility with the European Investment Bank will mobilise investments dedicated to the public sector (for instance for investments in district heating networks and renovation of buildings).

These instruments should be targeted, accessible and adequate to deliver real-world investments, employment and regional rejuvenation. In terms of the financial amounts dedicated to the Just Transition, the European Trade Union Confederation (ETUC) stated “the funding proposed for 10 years is what would be needed every year to achieve climate neutrality by 2050 in a fair way”.

Whilst an adequate supply of funds is important, its accessibility by regional and local governments is crucial. The JTM must allow for regional and local governments to be able to access and administer finance directly from the funds available rather than being dependent on Member State co-financing. This requires a new governance architecture.

---


2. **Territorial Just Transition Plans:**
Regional and local governments should prepare Just Transition Plans outlining the investments they will make to:

a) Replace fossil fuel installations with domestic renewable energy sources;

b) Train and equip fossil fuel workers, and other sections of society for opportunities in good-quality, sustainable employment;

c) Invest in the rejuvenation of their localities through improvements to buildings, offices and public spaces.

These plans should be prepared through inclusive participation with all sections of their community to ensure the needs of current and future citizens are integrated accordingly. The plans should have a long-term vision of what the regional will look like in a decade or two and outline a management committee to oversee implementation of the plan.

3. **Deliver transparent investment plans for renewable heating, cooling and electricity:**
The EU Directive 2018/2001 on the promotion of the use of energy from renewable sources (Article 15.3), the EU Directive 2010/31 on the energy performance of buildings (Articles 9 and 11) and the EU Directive 2012/27 on energy efficiency (Article 14.4) should be directly linked to the Regulation of the European Parliament and of the Council establishing the Just Transition Fund.

Just Transition plans must be consistent with improved National Energy and Climate Plans (NECPs), as those submitted to date do not sufficiently contribute to reaching the Energy Union's objectives. Moreover, full implementation of EU Directive 2018/2001 Article 15.3, on the promotion of the use of energy from renewable sources, is a necessity.

---


4 Article 15.3 of Directive 2018/2001 states “Member States **shall** ensure that their competent authorities at national, regional and local level include provisions for the integration and deployment of renewable energy, including for renewables self-consumption and renewable energy communities, and the use of unavoidable waste heat and cold when planning, including early spatial planning, designing, building and renovating urban infrastructure, industrial, commercial or residential areas and energy infrastructure, including electricity, district heating and cooling, natural gas and alternative fuel networks...”
## Amendments

<table>
<thead>
<tr>
<th>Article</th>
<th>European Commission’s Proposal</th>
<th>EGEC’s proposed amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art.1</td>
<td>This Regulation establishes the Just Transition Fund (‘JTF’) to provide support to territories facing serious socio-economic challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050.</td>
<td>This Regulation establishes the Just Transition Fund (‘JTF’) to provide support to territories facing serious social, economic, environmental and climate challenges deriving from the transition process towards a climate-neutral economy of the Union by 2050.</td>
</tr>
<tr>
<td>Art.2</td>
<td>In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective ‘enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate-neutral economy’.</td>
<td>In accordance with the second subparagraph of Article [4(1)] of Regulation (EU) [new CPR], the JTF shall contribute to the single specific objective ‘enabling regions and people to address the social, economic and environmental impacts of the transition towards a climate-neutral economy by 2050, in line with the objectives of the Paris Agreement’.</td>
</tr>
<tr>
<td>Art.3.3</td>
<td>The Commission shall adopt a decision by means of an implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex I.</td>
<td>The Commission shall adopt a decision by means of an implementing act setting out the annual breakdown of resources, including any additional resources referred to in paragraph 2, by Member State in accordance with the methodology set out in Annex I. The JTF shall provide adequate financing for the implementation of the EU Directive 2018/2001 on the promotion of the use of energy from renewable sources (Article 15.3), the EU Directive 2010/31 on the energy performance of buildings (Articles 9 and 11) and the EU Directive 2012/27 on energy efficiency (Article 14.4).</td>
</tr>
<tr>
<td>Art. 5</td>
<td>(d) investment related to the production, processing, distribution, storage or combustion of fossil fuels;</td>
<td>(d) investment related to the production, processing, distribution, storage, combustion or separation of fossil fuels;</td>
</tr>
<tr>
<td>Art.7.1</td>
<td>Member States shall prepare, together with the relevant authorities of the territories concerned, one or more territorial just transition plans covering one or more affected territories corresponding to level 3 of the common classification of territorial units for statistics (‘NUTS level 3 regions’) as established by Regulation (EC) No 1059/2003 of the European Parliament and of the</td>
<td>Regional authorities of the territories concerned shall prepare, one or more territorial just transition plans covering one or more affected territories corresponding to level 3 of the common classification of territorial units for statistics (‘NUTS level 3 regions’) as established by Regulation (EC) No 1059/2003 of the European Parliament and of the Council as amended by</td>
</tr>
</tbody>
</table>
Council as amended by Commission Regulation (EC) No 868/2014 or parts thereof, in accordance with the template set out in Annex II. Those territories shall be those most negatively affected based on the economic and social impacts resulting from the transition, in particular with regard to expected job losses in fossil fuel production and use and the transformation needs of the production processes of industrial facilities with the highest greenhouse gas intensity.

Commission Regulation (EC) No 868/2014 or parts thereof, in accordance with the template set out in Annex II. Those territories shall be those most negatively affected based on the economic and social impacts resulting from the transition, in particular with regard to expected job losses in fossil fuel production and use and the transformation needs of the production processes of industrial facilities with the highest greenhouse gas intensity.

Contact:
Reghina Dimitrisina
Policy Officer, EGEC
r.dimitrisina@egec.org
+32 493 92 48 06