eurelectric
powering people

Proposal of the European Commission for a Regulation establishing the Just Transition Fund

Eurelectric voting recommendations

July 2020

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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WG Social Sustainability

WG Thermal and Nuclear

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KEY MESSAGES

- Measures to limit the distributional effects of the climate and energy policies are essential to bring citizens on board and accompany countries, regions, industrial sectors, technologies, workers and consumers towards net-zero emission in the European Economy by 2050.

- The proposal for a Just Transition Fund is a cornerstone of the European Green Deal and is necessary to mitigate the negative effects of the energy transition in the most vulnerable regions. It is even more important in view of the COVID-19 crisis and its economic aftermath.

- The European electricity sector welcomes the initiative and highlights the importance of shaping an instrument that is fit for purpose. The following aspects are particularly crucial:

The JTF should provide substantial support and be fuelled with EU “fresh money”

The JTF has been substantially increased but it must not undermine other EU funding mechanisms that are already dedicated to climate issues. In particular, the proposed mandatory transferring mechanism could create counterproductive effects by diverting resources from other essential projects and funds. Member States should be able to assess the best way to voluntarily allocate resources.

The JTF should benefit the most vulnerable regions and facilitate the right investments

The funds should prioritise highly carbon-intensive regions and with GDP per capita below the EU average, as well as islands and outermost regions which often relies on imported oil for electricity generation. These are the regions where citizens are faced with the biggest challenges. This should be reflected in the methodology for the allocation of funds, by taking into account the employment in mining, energy use and carbon intensive industries as well as considering the specific challenges in islands and outermost regions.

Enterprises bigger than SMEs, which are the biggest employers in transforming sectors of the economy can significantly contribute to the just transition. Clear signals for the right investments are essential and large companies should be able to participate with projects under the JTF.

The JTF should support investment in renewables, smart electricity solutions and related infrastructure, circular economy and remediation

The supported activities must help address the social impact of the energy transition but also offer economic and job opportunities. The scope of support should therefore always take into account the contributions of the activities to the creation of new jobs, the decrease of CO_2 emissions, the security of supply as well as circular economy, air quality, site restauration and upskilling and reskilling or workers.

There should be a bigger focus on the energy aspects of the transition, by easing the transition away from coal in the power sector and by harnessing the economic opportunities smart electricity solutions can offer.

Amendment	Article	Topic	Eurelectric recommendation	Justification
Compromise amendment (CA) 1	Article 1	Subject matter and scope	Support	The JTF is one of the necessary measures to support the countries, regions, industrial sectors, technologies, workers and consumers that will be the most affected and accompany them towards net-zero emission in the European Economy by 2050.
CA 2	Article 2	Objective	Support	
CA 3	Article 3 Article 3a Article 3b	Resources Geographical coverage	Reject	Eurelectric welcomes the significant increase of the JTF. However, the fund should focus on the regions facing the biggest challenges. In particular, it should prioritise highly carbon-intensive regions, notably those heavily reliant on coal-mining (and coal power plants) and with GDP per capita below the EU average as well as regions isolated from Continental Europe like islands and outermost regions. Many of them depend on imported oil for electricity generation are have difficulties developing new economic activities. The methodology for the allocation of the funds must make sure to prioritise areas that need external financing the most.
CA 4	Article 4	Scope of support Enterprises bigger than SMEs	Reject Support amendments (AM) 355-360, 363, 364, 372, 374, 378, 388,389, 399-405, 410, 411, 412, 414, 416, 422, 423, 426, 427, 429, 437,	Supported activities under the Article 4 of the proposal must bring added value in comparison to the business as usual scenario. Eligible funds should be earmarked for investments in renewable energy, power generation, smart and sustainable mobility and related infrastructure, storage technologies or building renovations. Moreover, activities like environmental remediation and energy-related repurposing projects (incl. regeneration and decontamination of sites, land restoration, etc.) should be in the scope of Art. 4, as originally foreseen by the European Commission (i.e. AMD 447).

Amendment	Article	Topic	Eurelectric recommendation	Justification
			447, 465, 473, 477, 478, 536	All these activities can significantly contribute to the energy transition as well as allow both social and economic opportunities. However, large enterprises play an important role in the transition away from carbon-intensive economies and should be allowed to contribute to the challenge. The wording and conditions about the possibilities for projects of enterprises bigger than SMEs to be considered under the JTF are still ambiguous and do not provide clear signals for the right investments.
AM 573, 574, 576, 577, 579, 582	Article 5 Paragraph 1 – point d	Exclusion of all fossil fuels from the scope of support	Support AM 573, 574, 576, 577, 579, 582	The JTF should be an accelerator towards the most effective technologies, as smart electric based solutions and related infrastructure, renewables, circular economy or environmental remediation. The JTF should not be an instrument for supporting the continuation of use of natural gas but a great opportunity for the regions to phase out coal or energy intensive activities.
CA 6	Article 6	Transferring mechanism Aid intensity	Support	Member States receiving the most funds from ERDF and/or EFS are those who need it the most. Mandating a transfer from these funds could create unintended consequences, by discouraging local authorities to apply for the fund or reallocating resources that are already committed for other essential projects. Therefore, the resources for the JTF shall not be transferred from allocations of other existing funds. Member States should instead be allowed to assess the best way to allocate resources. The transfer can also be on a voluntary basis. Eurelectric support the proposed co-financing rate of up to 75% of relevant costs. The provisions allows to align with the aid intensity rules of the European Investment Bank's Energy

Amendment	Article	Topic	Eurelectric recommendation	Justification
				Transition Package, for the sake of consistency and to make the fund more effective.
CA 7	Article 7	Enterprises bigger than SMEs	**Reject**	There should be no obligation to state an exhaustive list of operation and enterprises other than SMEs in the territorial just transition plans. The needs of affected regions change continuously, it is impossible to set them *ex ante*. Enterprises bigger than SMEs should be provided with clear signals for the right investments to be made in the needed areas.
AM 822 and 838 **AM 821, 823 – 827**	Annex I Paragraph 1 – point a – point ii	Calculation methodology for national allocations	**Support 822 and 838**	The used methodology to calculate national allocations should make sure to prioritise areas that needs support the most. The weight for employment in coal mining, energy use and in carbon intensive industries should be key eligibility criteria and should be increased from the current 25%. Such a change would account for the fact that main aim of the JTF should be easing the transition away from coal in the power sector. Moreover, we propose to take into account the dependency on imported oil for outermost regions (Article 349 of the Treaty), Atlantic, Mediterranean and Baltic islands by introducing a new criteria reflecting the specificity of these areas with a weight of 5% The weight of other criteria should be recalculated accordingly.
AM 852 – 853 **AM 845-851 and 854-856**	Annex I Paragraph 1 – point b	A threshold per Member State	**Support 852 and 853**	A more substantial financial envelope for the JTF should also go hand in hand with a higher cap. The threshold adopted for the maximum allocation of fund for a Member State cannot be limited to EUR 2 billion now that the overall envelope is higher than EUR 7,5 billion. We propose to set the cap at 27%, which is equivalent to the share of the EUR 2 billion cap out of the initially proposed EUR 7,5 billion.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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