

Eurelectric – industriAll European Trade Union – EPSU Joint Statement on Just Transition

1. The energy transition is underway - our commitment

Making Europe the first climate-neutral continent by 2050 necessitates the transformation of our economy and the way we live, in a socially sustainable and acceptable way. The European electricity sector and its workforce are key actors in achieving this ambition while it is undergoing a major transformation. The decisions taken in the coming months will define the profile of the electricity sector for the next years and for many decades. The electricity sector's social partners are fully committed to managing the change and guaranteeing quality employment conditions in the electricity sector.

This statement aims to confirm the strong commitment of the European social partners in the electricity sector to the principles they defined in their 2017 Statement on Just Transition. With the Coronavirus pandemic and European Green Deal accelerating the speed of the energy transition, it is now time to move from talking about the Just Transition to putting the principles into practice to ensure the socially and environmentally sustainable transition of Europe's regions and the women and men working in the sector.

The European social partners fully subscribe to the objectives of the European Green Deal and the mid-century climate neutrality target.

To put Europe on track with this ambitious climate neutrality target, the EU has agreed to revise its 2030 net greenhouse gas (GHG) emissions target to -55% compared to 1990 levels. The updated target will be accompanied by the revision of key energy and climate legislation to be published in the Fit for 55 package.

The challenges are enormous. To achieve -55% GHG emissions target by 2030 requires more consistent EU effort. It also means, according to the European Commission's scenarios, that the final electricity demand will more than double by 2050, due to the electrification of transport, buildings, and industrial sectors, while the sector's decarbonisation and integration of decentralised renewable energy sources accelerates. It also means that, as the latest IPCC reports show, none of the sustainable energy technologies that are available and indispensable for reaching the EU's 2030 and 2050 ambitions can be ignored. Priority should be given to the existing, cost-effective, and carbon free technologies, with a view of supporting electrification. Supporting R&D needs to be foreseen for less mature technologies that may eventually be deployed in the coming decades. Each European country must provide the greatest possible ambition to achieve the 2030 and 2050 EU targets, taking into account the different energy mixes in Europe and bearing in mind the just transition.

To achieve the 55% GHG reduction target, electrification needs to reach a deployment rate of 35% by 2030, whereas current 2030 trends project a rate below 25%.

Therefore, the definition of a European strategy for the electricity sector and the establishment of a coherent regulatory framework are essential, taking also into account that some Businesses in the electricity sector operate an essential public service.

The COVID-19 pandemic and the resulting economic crisis are accelerating deep structural changes in our economies and the electricity sector in particular. They affect trends already in motion in the energy sector, such as decarbonisation, digitalisation and modernisation, the change in the electricity mix, and the steeply growing electricity demand.

Digitalisation and advancement in materials science have been transforming the energy industry, making renewable energy sources increasingly competitive. Renewables, low-carbon dispatchable electricity solutions, storage systems, digitised and resilient grids, intelligent and data driven systems, and an increased share of electricity in final energy consumption in the EU, are the keys to be able to meet the objectives of the energy transition. In order to enable the continuous development of clean energy technologies, it is also necessary to secure the additional demand for natural resources, i.e. minerals, and the sufficient supply of chips for all kinds of application in Europe.

With electricity consumption in Europe set to grow significantly in the next decade, it will be necessary to embrace technology to find new means of production: in fact, many industries are counting on electricity companies to lead the transformation.

Furthermore, the electricity sector needs to be prepared for future and present challenges, such as water scarcity, droughts, and other extreme weather events, by developing climate-resistant energy infrastructure. This requires investment and clear European and national guidelines.

2. The European social partners of the electricity sector recall and confirm the principles contained in the 2017 Joint Statement on Just and Clean Transition

Four years after the previous joint statement, the social partners of the electricity sector consider it essential to recall and confirm the principles of the Just and Clean Transition, so that it becomes a reference for institutional policies, economic actors and social partners.

The Just Energy Transition must contribute to economic growth and the maintenance and creation of sustainable high-quality employment in Europe. A strong social dimension and social dialogue between trade unions and employers, but also the inclusion of social partners in the strategy setting of national and regional governments, are key elements to ensure that no worker and no region will be left behind. We welcome the significant attention that the EU institutions and many stakeholders have been giving to the concept of a Just Transition. However, since this concept has taken on different definitions, we

feel the need to reiterate the globally guiding principles of a Just Transition defined in the ILO Just Transition Guidelines¹. These include:

- strong social consensus on the goal and pathways to sustainability, with social dialogue as an integral part of the institutional framework for policy-making and implementation at all levels;
- policies that respect, promote and realise fundamental principles and rights at work;
- policies and programmes that take into account the strong gender dimension of environmental challenges and opportunities, promoting equitable outcomes;
- coherent policies across the economic, environmental, social, education/training and labour portfolios that provide an enabling environment for enterprises, workers, investors and consumers to embrace and drive the transition towards environmentally sustainable and inclusive economies and societies;
- a Just Transition Framework that promotes the creation of more decent jobs, including the anticipation of impacts on employment, adequate and sustainable social protection for job losses and displacement, skills development and social dialogue, including the effective right to organise and bargain collectively;
- there is no 'one size fits all', and policies and programmes need to be designed in line with the specific conditions of countries, including their stage of development, economic sectors and types and sizes of enterprises;
- to foster international cooperation among countries.

We know that rhetoric is not enough: Just Transition means nothing if it does not deliver on the ground. The European social partners in the electricity sector and their national member organisations are committed to implementing the energy transition through comprehensive social dialogue, the anticipation of change and collective bargaining between labour and management on national, sectoral and company levels.

3. A Just Transition needs adequate financing and improved permitting procedures

The transition to a climate neutral and digital economy will require massive public and private investments to adapt industrial production facilities and related infrastructures, and to ensure a Just Transition for workers.

Next Generation EU (NGEU) and the EU Multiannual Financial Framework for 2021-27 have to act as a massive stimulus to support efforts to decarbonise EU industries. We welcome the establishment of the Just Transition Fund as an important instrument to support the Regions most negatively impacted by the transition, although the level of funding does not fully correspond to the challenge of transition for many regions. In order to have the greatest economic and job creation impact in the EU, funds should be directed towards the power sector to sustainable, carbon-free and cost-effective technologies with a strong European supply chain.

¹ ILO Guidelines for a Just Transition towards environmentally sustainable economies and societies for all, 2016

We also emphasise the need for public planning, as well as the involvement of social partners in addressing obstacles to mobilise investments to further facilitate and accelerate the rollout of renewable energy installations, storage systems and grids. Thanks to the NGEU and the EU Multiannual Financial Framework for 2021-27, the lack of financial resources is not the defining concern of this.

Within the framework of a coherent policy planning at national level, simplifying and speeding up the permitting procedures for new capacity is essential to respect coal phase-out programmes and meet growing demand on time. To meet the 2030 targets, more renewables, low-carbon dispatchable electricity, combined with substitutive power capacity and transition-enabling solutions are needed. Delays in carrying out the authorisation process at national and local level is becoming a concrete barrier to a timely build-up of this capacity. The parties share the commitment to take action towards the competent institutions so that these obstacles are overcome.

Moreover, we emphasise the important role that the public sector already plays in ensuring a Just Transition, be it through the provision of good regulation, public services, support for workers in regions in transition, funding for fundamental research in universities or, more recently, alleviating the impact of the COVID-19 pandemic on the economy. This role must be sustained and strengthened, in particular through a planned public management, for the Just Transition to succeed.

In order to achieve such a strengthened role, electricity must be seen as a service of general economic interest. National Regulatory Agencies should implement the EU legislation bearing this concept in mind. Moreover, EU rules on state aid must allow for public investments promoting sustainable development, quality jobs, sustainable energy access in sufficient quantities and a socially acceptable price, and a Just Transition. Above all, state aid rules should give sufficient flexibility to public authorities to develop effective climate-neutral industrial strategies.

4. A Just Transition needs coherent social policies to ensure that no one is left behind

While EU analysis of various transition scenarios suggests the overall net effect of the energy transition will be increasingly positive by 2030, both in terms of industrial production and employment in the European Union, the transition risks increasing the gap between European regions. Indeed, regions that are reliant on conventional energy systems, infrastructure and industrial fabric, will be negatively impacted if no Just Transition Framework is put in place that alleviates the potentially adverse impacts of the transition and supports their long-term sustainable development.

The European social partners therefore call for policies providing for a European Green Deal based on equal ambitions of the green, digital and social transitions, that include:

- the ambition to maintain and create high-quality employment in Europe's regions, supporting high-value investments;
- well-funded active labour market public policies to facilitate the transformation;

- comprehensive industrial strategies at regional level as keys to shape the markets, promoting an effective value chain conversion, and ensuring economic and industrial diversification in Europe's regions;
- up/reskilling to avoid employees' skills to turn vulnerable to changes and redeployment programmes;
- adequate social protection systems to catch workers at risk of losing out in the transition;
- effective and strong social dialogue at European, national, sectoral and company level to anticipate and manage the transition in a socially just way.

Collective bargaining will be an essential tool in that respect and support for strong and far-reaching collective agreements for existing as well as newly created jobs will be essential.

Lastly, the Just Transition EU acquis should aim at addressing the regressive distributional effects of the energy transition, with a special attention to low-income households and workers from transitioning sectors, to make sure that all EU citizens can have access to affordable energy. European and regional just transition measures should complement social policies in combatting energy and fuel poverty and deterioration in purchasing power and quality of life. It should also be compatible with the requirements of a public service which could be entrusted with universal service obligation, providing more accessible tariffs, continuity of service, and equal treatment. The right to access to energy is recognized in the European Pillar of Social Rights.

5. The energy transition needs a highly skilled and competent workforce

The transition to a carbon neutral economy will inevitably bring about changes in sectors and occupations, and therefore, in workforce skills and competences. It will cause job losses in certain sectors as carbon- and resource-intensive industries are scaled down. Run in the right way, this can be offset by new job opportunities if the EU supports renewables, low carbon, and energy transition solutions, as well as a strong European energy supply chain. The transition will inevitably require new skills sets for new entrants in the labour market, but also for the existing workforce in the electricity sector. This demands the strong anticipation of skills needs and commitment to training as well as re- and upskilling programmes from employers and the educational sector in partnership with the industrial ecosystem. The European social partners in the electricity sector have been committed in recent projects to anticipating skills needs in the context of the energy transition and to bringing together national social partners and the education authorities with the objective to building skills intelligence.

The social partners in the electricity sector look with interest to the initiatives of the Commission concerning skills, as a Pact for Skills, and invite their members to seize the opportunities offered by the funds and initiatives at European and national level. It could represent a good occasion to strengthen the cooperation between social partners, and to promote public and private investments across industrial and skills ecosystems.

It is equally important to involve our members, public institutions, universities, research and innovation, providers, start-ups, in order to foster a culture of skills and support innovation. The

building of specialised learning courses, carried out in collaboration with academic partners, would contribute to the development of technical, soft, and managerial skills.

The European social partners in the electricity sector also emphasise the importance of guaranteeing access to training and life-long learning opportunities to every employee in the sector. They are fully committed to implementing this on the ground through agreements on an adequate level, i.e. national, sectoral, or in the companies.

6. A Just Transition needs collective bargaining and the full involvement of social partners

The European social partners in the electricity sector are fully engaged in promoting social dialogue and the anticipation of change throughout their membership. Good practices have already been undertaken in our sector, and not only in large utilities. Our experience demonstrates that effective social dialogue and collective bargaining are essential to avoid or cushion disruptive effects, and it is also the best way to seize the opportunities that can arise from the Energy Just Transition.

Our companies have the ambition to be actively engaged in the training, qualification, and reallocation of workers involved in the closing process of fossil fuel power plants. At the same time, there is a need to continue to strengthen the investments in acquiring and developing the skills necessary to support digitalisation and the new technologies and new activities linked with customers' demands. Companies are also committed, with a view to sustainability, to reorienting their suppliers towards new activities, and promoting the development of the territories most impacted by the transition. In the projects planned in just transition regions, the public sector has an important role in defining the areas suitable for renewable power plants construction, taking into consideration local needs specially in regions that are, or will be, particularly affected by, the transition.

Indeed, collective bargaining at national, sectoral and/or company-level is the best tool to address and shape the transition of the workforce, including training, reskilling of workers, redeployment and job placements within the sector or a company, as well as defining plans for early retirement and redundancy packages where redundancies cannot be avoided. More importantly, for all companies operating in the electricity sector collective bargaining agreements are an essential instrument to ensure high quality jobs and working conditions, health and safety standards and equality of all employees in the sector.

The European social partners in the electricity sector are committed to promoting collective bargaining within their membership to guarantee that newly created jobs are covered by collective agreements, ensuring quality employment and an attractive working environment.

At the same time, the commitment to shared solutions with institutions, social partners, and other relevant stakeholders is essential, not only within the strict perimeter of the electricity sector, but throughout the entire electricity value chain.

To adapt the production system to new areas of activity, create opportunities for good quality jobs, and ensure the protection provided for by collective agreements, it is essential to take into account the proposals, questions, concerns and even opposition of local communities to the investments in new power generation plants needed to implement the transition in the framework of a democratic citizen debate, together with the need for predictability in the implementation of investments. The social partners of the electricity sector want to contribute to building awareness of the energy transition risks and opportunities, raising attention about the need to make good use of the resources made available by the European Union in order to seize this truly unique opportunity to achieve a just and clean sustainable transition.

As social partners in the electricity sector, we are committed to ensuring a comprehensive social dialogue at the European, national, regional, sectoral, company level, including European Works Councils as an integral part of transition strategies.

We welcome the fact that the partnership principle is enshrined in the Just Transition Fund Regulation. However, we are deeply concerned about how it is being applied in the various countries and regions. We expect, and we will actively work towards ensuring that the social partners have a seat at the table and are actively involved in developing, implementing, and assessing the transition strategies, including the Just Transition Territorial Plans that are conditional to accessing funding from the Just Transition Fund.

We are aware of the boundaries of social dialogue and of the risk that the transition could lead to winners and losers in terms of workers and regions. Therefore, we ask for strong and coherent policies at the European and national level, ensuring protection for the weakest on the labour market. The recent health crisis is leading to a rethinking of the mutual role and responsibilities of public and private entities and there should also be reflection (*or at least this is our wish*) on the ways in which the energy transition will be achieved.

7. The European social partners call on EU institutions and Member States for:

- **Coherent and concrete Just Transition frameworks** bringing together all possible policy tools on the EU level to support the workforce in the energy transition.
- **A European Observatory of Just Transition** in the various regions and sectors, involving social partners, that is in a position to assess Just Transition in terms of social impact and economic and labour market developments on the ground.
- **A European strategy for the electricity sector** and the transition of its workforce and the establishment of a coherent regulatory framework in which the sector operates. This strategy should be evaluated and effectively guarantee - in the context of the ecological transition - that the National Energy and Climate Plans of the Member States are consistent with the EU Green Deal objectives and guarantee the security of the European electricity network as well as a strong social dimension embedded in a coherent Just Transition Framework.
- A concrete **monitoring of European devices and national plans** regarding the different funds allocated to help the transition (Next GenerationEU, Just Transition Fund,

Modernisation Fund, etc.) in order to make sure that these funds are coherent with the targets of ensure a Just Transition (maintaining employment, creating quality employment, involving social partners in the design of plans, etc.) while mitigating the risks associated with sudden rises in the prices of energy sources.

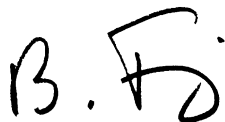
- A **European framework on the anticipation and management of change** which provides for a strengthening of industrial relations and social dialogue embedded in the EU Just Transition Framework. It should promote the active involvement and participation of the workforces in terms of developing company strategies that are sustainable and corresponding investment decisions. It should also guarantee that collective bargaining remains the privileged and most effective tool at all relevant levels to ensure the comprehensive planning of the transition of the workforce, including detailed social plans in cases of restructuring.
- Requirement for countries to implement **inclusive governance and participatory mechanisms**, social dialogue and full transparency of transition planning.
- Investment and clear European and national guidelines for the **adaptation of workplaces to climate change**.
- Speed up new power generation projects, from investment decision to final implementation, preserving a democratic debate, Europe's electricity could be carbon free five to ten years earlier than previously anticipated, thus helping transport, heating and industries accelerate their decarbonization. The electricity sector is ready and committed to play a leading role and deliver the carbon-free electricity needed for achieving the Green Deal's ambition and provide European citizens an affordable energy, technical progress and quality of life, while combating energy poverty and the deterioration of purchasing power. To deliver on the ambition, it is critical to have a relevant framework (the right investment signals, technological neutrality approach, shorter permitting lead time for new electricity project, compatibility with the expectations of a public service, etc.) in order to overcome the obstacles while maintaining an open and democratic local and regional debate.
- The transition resulting from decarbonisation and digitalisation involves the development of **new business models**. This means continuous changes in terms of job profiles and the need to offer employees **continuous training and lifelong learning** to maintain a qualified workforce. At the same time all employees should have the contractual right to continuous training and lifelong learning to pursue their personal development. A comprehensive, high quality continuous training and lifelong learning system will allow the European electricity sector to create a culture that promotes the mobility of employees inside companies as well as between companies, sectors and countries. The transferability of skills is therefore of utmost importance and needs to be guaranteed through the proper validation and recognition of competences and qualifications gained throughout a worker's career².
- The anticipation of skills needs and providing workers, especially those entering the sector, with a skills up-date/grade to guarantee a well-functioning electricity industry and to ensure workers' employability.

² The electricity sector and future challenges – Ensuring the right qualifications and good working conditions for young workers A European social partners' Roadmap 26/07/18.

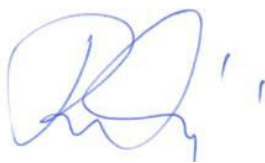
8. The European Social Partners commit to:

- **Promote social dialogue and collective bargaining, at all levels:** the European social partners in the electricity sector are committed to promoting collective bargaining within their membership to ensure the inclusive planning of the employment transition at the appropriate level and guarantee that newly created jobs are covered by collective agreements, ensuring quality employment and an attractive working environment. They fully endorse fundamental worker's rights, in particular the freedom to organise and access to trade unions.
- Discuss and promote **good practice cases of Just Energy Transition** and its evolution.
- **Support the anticipation of skills** and the need to provide workers, especially those entering the sector, with a skills up-date/grade to guarantee a well-functioning electricity industry and to ensure workers' employability.
- **Support and promote reskilling and upskilling** through continuous professional development and life-long learning with real certification for new, green jobs that is valid across Europe. This will also have to be in line with the transition to digitalisation. Social partners recall their commitment in this regard³.

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³ A social partners' framework of actions: challenges and opportunities of digitalisation for the workforce in the European Electricity sector" adopted by Eurelectric, industriAll European Trade Union and EPSU in April 2020.