

A just energy transition in the EU

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What does a just transition to net-zero mean

- Decarbonisation of the economy (power, mobility, industry, etc) is a policy driven process to address climate emergency
- This is underway now and has also become a business case
- The process will also be accelerated with the 2040 EU climate policy targets (means a decarbonisation rate 3 times as much as done between 1990 and 2022).
- The implementation of the European Green Deal with the Fit for 55 legislative packages sets very concrete criteria, for industry, buildings, mobility
- Social and regional effects, regional development

New geopolitical situation with high stakes

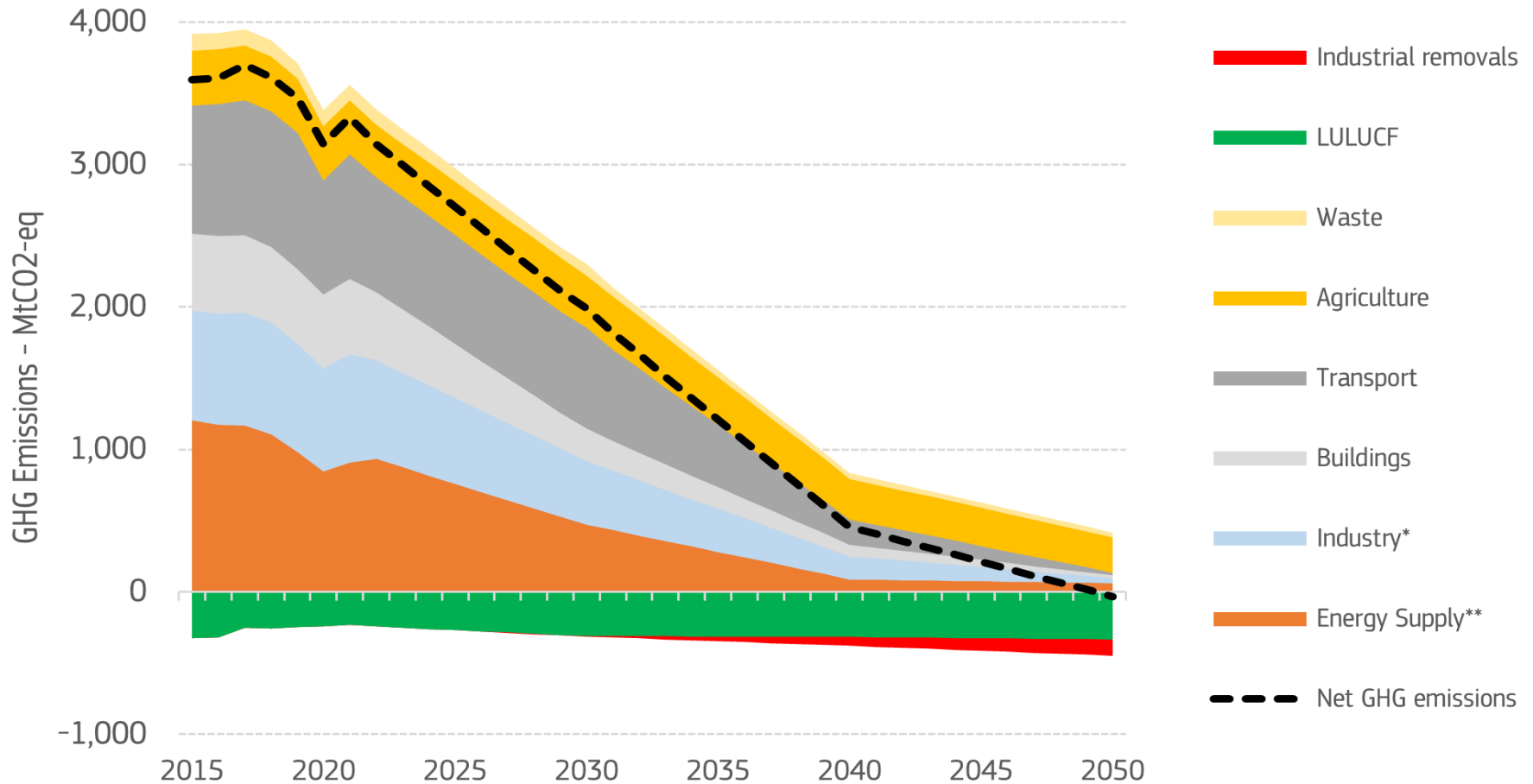
- Russia` aggression highlighted the EU`s long term fossil fuel dependence and the need to get out of it
- the new geopolitical situation resulted in a price shock that makes the transition more difficult in the short term and at the same time it makes it even more inevitable and speeds it up
- Address its worst effects without jeopardizing climate ambition
- REPowerEU in the centre of policy debate
- New emphasis on just transition

Green backlash

- The polycrisis Europe has been facing in the last couple of years has turned into a policy backlash with attempts to undermine the implementation of key parts of the European Green Deal (EGD) raising also questions about its future.
- In principle there are two ways to overcome this: backtracking from the announced climate policy objectives or strengthen the social dimension of the EGD.
- To embark the European economy on a viable pathway towards net-zero needs not only industrial policy targets but also resources at European level to finance the transition in order to narrow the green investment gap.

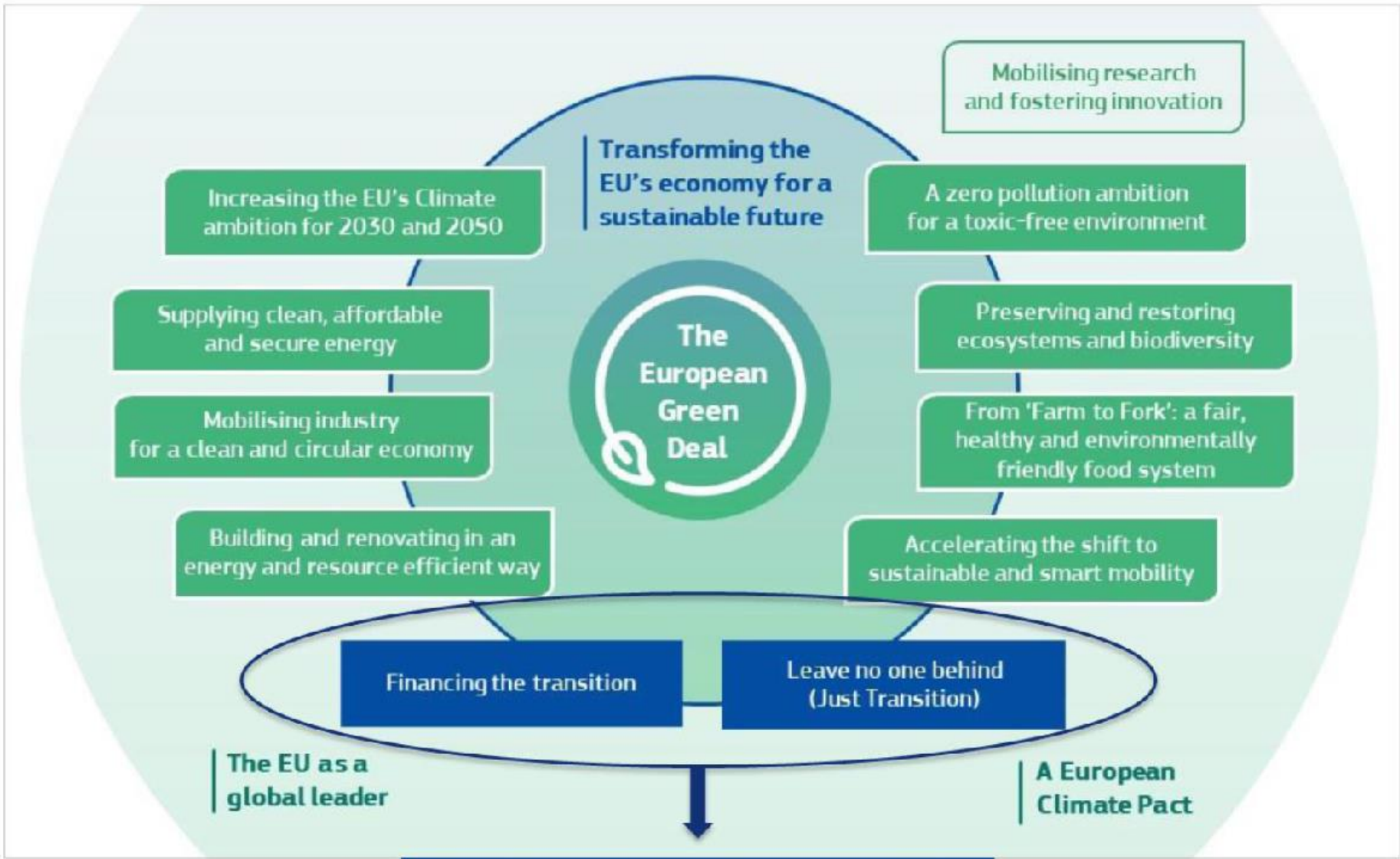
EC 2040 targets (with a lot of demolition to come)

Historical and projected sectoral greenhouse gas emissions in the period 2015-2050



*Excluding non-BECCS industrial removals

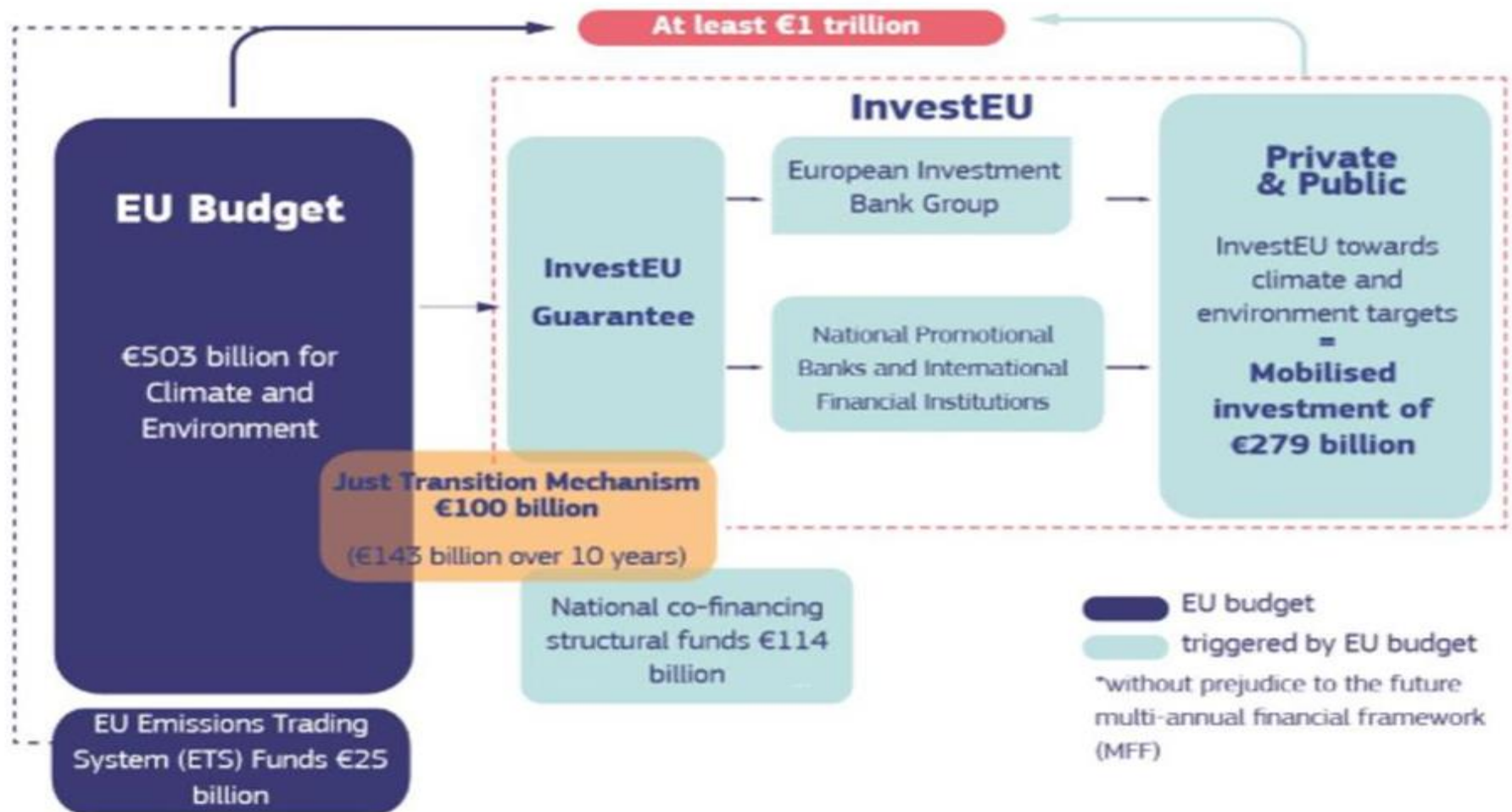
**Including bioenergy with carbon capture and storage (BECCS)



Sustainable Europe Investment Plan

The European Green Deal and its financing – Sustainable Europe Investment Plan

WHERE WILL THE MONEY COME FROM?



*The numbers shown here are net of any overlaps between climate, environmental and Just Transition Mechanism objectives.

The Fit for 55 package



FF55 was seen as a moment of truth in EU climate policy and in the European Green Deal agenda

It was proof that the EGD is not just talk, it is serious, it is concrete and it also hurts..

At the same time it brought the social aspects of the green transition into the centre of policy debate

The launch of ETS2 for transport and buildings is the first time that the carbon price directly affects the population

The prospective launch of the Social Climate Fund reflects on this recognition

JT is about **`just burden sharing`**, with different dimensions:

- Addressing *climate and environmental justice* (global North <> global South, historical + inter-generational)
- Dealing with distributional effects of climate policies (FiT, carbon price, ETS design during the transition),
- **+ managing job transitions (More than a `fancy funeral`)**
- **regional restructuring**
- JT is also to avoid to have a **`JOBS <> ENVIRONMENT`** dilemma – now with the COVID fallout and the recent energy crisis, this is more important than ever
- A danger is that strategies as **`any jobs better than no jobs`** may re-emerge
- No return to business as usual: recovery programmes need to have a strong structural focus on decarbonisation

`Transition for us` vs `Just transition for all` - the EU perspective

- No wonder that “just transition” has multiple interpretations.
- Our European approach focuses on employment and distributional effects of **mitigation**
- But not on “climate justice” (global North-global South, carbon footprint inequalities, loss and damage, inter-generational)
- Does not take account of “environmental justice” claims (race, indigenous populations)
- The transition perspective does not really address the “destination” – job quality in a zero-carbon world
- On the other hand, climate justice and environmental justice does not take transition effects into account
- Traditional social justice narratives do not account for climate and environmental risks

Dimensions of inequality in the climate change context

- **Outcome:** decent jobs (ILO) in a zero-carbon inclusive society: traditional jobs - good organised jobs; new green jobs often precarious;
- **Process:** getting there, how job transitions are managed (nobody left behind, just burden sharing, managing social impacts), revitalise local economy – social dialogue at all levels
- A clear transition plan is necessary
- Information&consultation practices – timely information for workers instead of unilateral fait accompli situations

Objective is common, but concrete transitions take place in real work environments determined by the capital-labour relationship

Social dialogue at all levels is key – ILO Guidelines

- Governments in charge of energy policy – infrastructure – networks – public investments – roadmap + employment policy framework to facilitate job transitions – comprehensive and **coherent policy framework needed**
- Public responsibility in facilitating a transformation that is of public interest - JT Fund, regional, industrial policy)
- **Social dialogue, social plans, employment transitions, training programmes**
- While social dialogue at all levels is key, its quality matters
- Also, a unique situation: The Planet, the environment and future generations are not sitting at the negotiating table – who is representing them – TU-s need to expand their traditional role
- Current practices with social dialogue `decarbonization` are far from satisfactory, SD is often formal > as in most EU NECPs

Just transition policies, scope and scale

	1. Compensation	2. Structural adjustment	3. Comprehensive Adaptive Support
Planetary just transition			
International	Global North – global South Historical carbon footprints, differential responsibility Loss and damage compensation	Adaptation Fund; Least Developed Countries Fund to support decarbonization in low income, climate vulnerable countries	Global value chains, emissions and labour standards (due diligence) Corporate Sustainable Development Reporting Extraction industries guidelines
National and regional			
Consumers	distributional effects, eg. energy and transport poverty – transfer payments; tax reductions; feed-in tariff, levies and carbon tax; ETS	Subsidies and incentives for low carbon technologies (RES, electric cars)	Schemes to prevent household displacement due to rising costs associated with climate policies (e.g. for households in energy poverty)
Companies	Subsidies; corporate tax cuts; free allocation of emissions permits; CBAM; REPowerEU grants to energy intensive industries	Conditional grants to upgrade plant and equipment; capacity reserve mechanisms; phase-out subsidies	Targeted investment support into low carbon technologies; compensation at closure ahead of end of life cycle
Workers	Government-financed redundancy benefits; early retirement / pension ‘bridging’/, unemployment benefits	Wage subsidies; education and training subsidies; relocation subsidies	Counselling and other social services to workers and their families; facilitating reemployment opportunities (e.g. through worker transfer schemes and community-based public investment).
Communities	E.g. revenue replacement grants for local governments	Public investment in economic infrastructure, innovation	Place-based investment in local public goods as part of comprehensive decarbonization planning.
Plant-level			
Workers	Company financed redundancy benefits, retirement plans, intra-company placements	Training and reskilling, plant-level agreements on mass redundancies and employment	In case of downscaling or mass dismissal, job counselling, coaching, mediation, innovation partnerships, Investment plans

Examples for employment transitions

Germany's coal phase-out applies three main elements of a just transition approach: slow and gradual transition with a high level of social dialogue; active labour transition management; and engagement in industrial and regional development. The coal phase-out by 2038 is however of low ambition, but exemplary social dialogue.

ENEL: Future-e Plan with social dialogue Closure of thermoelectric power plants and their redevelopment > new sustainable development opportunities

BUT EDF restructuring highly conflictual/strikes/protest:
<https://news.industriall-europe.eu/Article/590>

ENI social partner agreement – a good example:

<http://www.industriall-union.org/italian-unions-negotiate-a-just-transition-agreement-with-eni>

Employment transitions

In the Ruhr region, facilitating employment transitions of redundant workers were exemplary. A framework agreement on the closure of the German hard coal mining by end 2018 - balance of interests, social compensation, various work agreements.

financial bridging support is made available for a maximum period of five years to workers after early termination of employment and until they first qualify for the pension insurance scheme

In larger companies via targeted agencies specialised for employment transitions with individualised coaching and training. The Ruhr Coal Vocational Training Society was the model case for such institutions.

A good practice company case: ENEL`s Future-e plan

ENEL announced the reconversion of altogether 23 power stations (oil, coal, combined cycle and gas) with significant employment implications.

It entered into social dialogue on a just transition framework agreement with its Italian union partners. The framework covers retention, redeployment, reskilling and early retirement for elderly workers. Includes also a recruitment plan using apprenticeship to ensure the transfer of competences of elderly towards young workers; encouraging mobility and training for redundant workers for the optimization of its human resources .

The plan also includes the re-cultivation of decommissioned power plants for further use in the future based on tenders in co-operation with local governments and social partners.

Decommissioning and repurposing can be conflictual

Decommissioning old industrial sites can be a very long and conflictual process.

One example is the ILVA steel plant in Taranto, Italy:

Between 2012 and 2018, a composite coalition of socio-political actors advocated against the economic objective of preserving steel production, due to its detrimental environmental and health by-products. However, this coalition disaggregated a few years later, due to a shift in the position of the M5S party.

Arcelor-Mittal's aborted acquisition

2021: NRPP proposal with 2 billion € investments for former ILVA based on hydrogen technology

regional policy: revitalising regions after phase-out

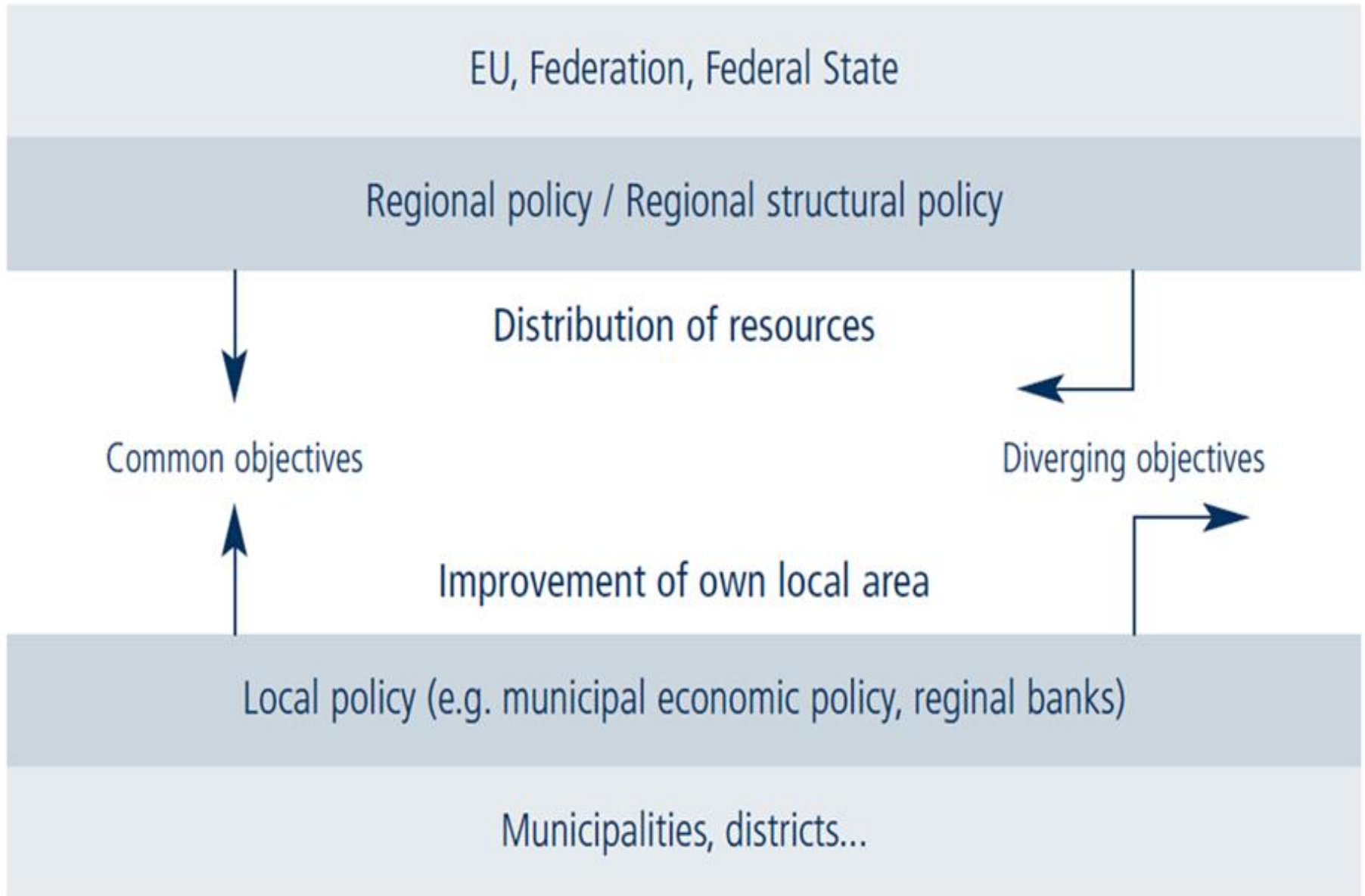
Trade Union are important agents of change, but face a fundamental challenge: to drive the transition forward with ambition and then manage its consequences in real-life working environments where capital dictates – up to now this seems difficult

Trade unions at national and EU level push for more climate ambition, but on the ground they tend to defend existing jobs (status quo is no solution)

Focus not only on core workers (members), but on all -, managing change in an advance looking way

Time horizon is crucial: short term vs long term interests

Levels of regional policy



Portugal coal exit – 8 years ahead of plans

The Portuguese government decided to launch an auction for the conversion of the Pego coal plant, so power companies could submit their projects to use the plant's grid access.

The bid submitted by Spanish utility Endesa obtained the best score, according to a preliminary government report. The proposal submitted by Endesa – 70% owned by Italy's Enel Group – foresees a 365MW solar PV project and 246MW of wind farms, as well as battery storage infrastructure and green hydrogen electrolyzers.

<https://beyond-coal.eu/coal-exit-tracker/>

<https://www.energymonitor.ai/sectors/power/what-europe-can-learn-from-portugals-accelerated-coal-exit>

- can get guaranteed income support if they follow reskilling programmes; JT part of tender criteria

regional policy: revitalising regions after phase-out

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- Although JT was a trade union idea and demand, it is often controversial for some trade unions
- Virtual conflict between `climate ambition` and the core interest of defending members` interest
- In the classical case, company reorganisations, restructuring was driven by capital (profit) interest and labour was on the other side to act against and fend off the negative consequences
- Decarbonisation also means restructuring and re-organisation, massive employment transitions and trade unions are best placed to manage these transitions for the interest of workers
- But also trigger these transitions??? – this is new!
- Push the green transition forward and at the same time manage its consequences for the interest of workers