

# A Just Transition in CESEE?

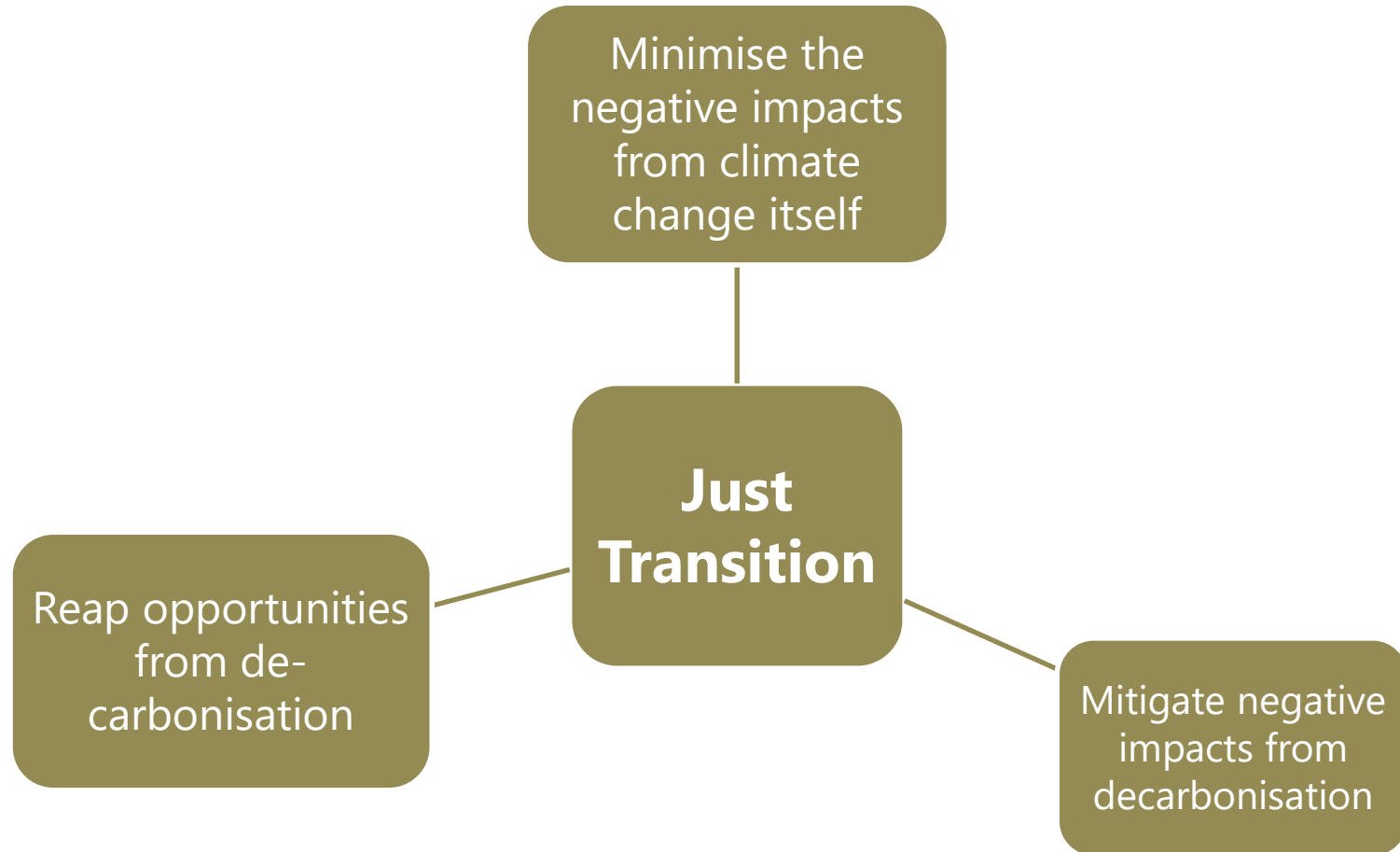
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*84 East JourFix ÖNB: “Green Growth in CESEE, challenges and opportunities”*

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# Setting the Scene: Three Dimensions of Just Transition



# Political Economy of CESEE

In depth analysis of country profiles shows a diverse picture but also some common themes:

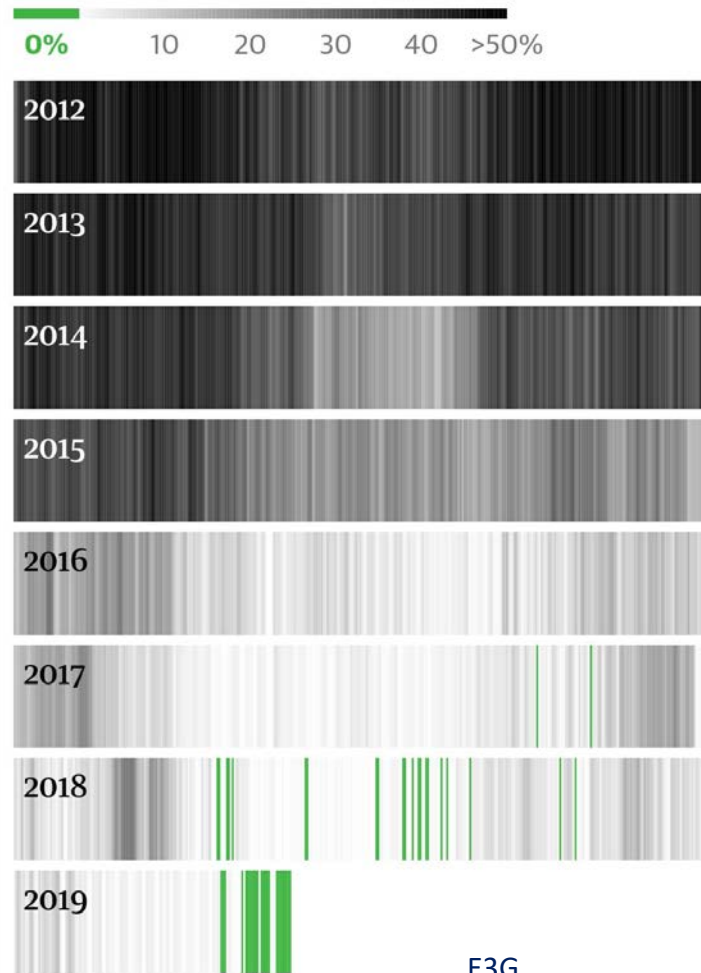
- Low unionisation of renewable industry means unions prioritise defending coal jobs.
- Renewable industry politically less effective, though slowly changing (e.g Visegrad+ for renewable energy initiative)
- Rapidly improving economics of renewables has not yet changed perceptions among policy makers.
- Large western companies play a potentially important role as renewable energy customers, as well as providers.
- Significant manufacturing but in supply chain of car producers who are moving from ICE to electrification.

# In depth look at coal in CESEE

- Strong correlation between current coal regions and regions with high renewables potential.
- Many CESEE regions active in the EU's Coal Regions in Transition Platform.
- Some countries/regions faster (e.g Poland, Czech, Slovakia) in engaging with transition processes than others (e.g Romania, Bulgaria)
- Czech Republic planning the creation of a Coal Commission though details as yet unclear.
- Hungary planning with an end to coal firing by mid 2020's.
- Slovakia planning end to lignite subsidies by early 2020's.
- Polish lignite region Greater Poland creating JT department in its regional development agency to support regional transformation to clean energy valley.

# Coal Transition in the UK at a glance

Daily share of Britain's power generated by burning coal



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Source: Gridwatch. Last updated at 9:45pm on 25 May

# The German Coal Transition: Outcome of the Coal Commission



- Phase-out of coal by 2038 at the latest, though many expect this to be significantly sooner.
- Early closures of 12GW by 2022, negotiations ongoing over which plants to go first.
- Extensive transition measures in lignite mining regions (€40 billion over 20 years).
- Compensation for energy users in case of rising energy prices (€2 billion per year), only expected to be needed if 65% renewables by 2030 goal won't be achieved.
- Compensation for utilities, subject to negotiation and specific to German context of coal phase out following the (not compensated) nuclear phase out.

# Lessons learnt from Germany's Coal Commission



## **Process:**

- Multi-stakeholder commissions can be useful instrument but mandate and setup is key
- Climate and Just Transition components need to be addressed jointly with Paris compatible climate ambition setting the pace.
- Focus on regions and their specific circumstances is crucial
- Commissions should inform political decision making but not replace it.

## **Outcome:**

- Transition strategies need to be cost efficient and effective.
- Compensation payments to be avoided or minimised to avoid making transitions prohibitively expensive.



- A new government (Social Democrat led) moved fast in 2018 to negotiate a transition deal with coal miners, as part of a broader climate and clean energy package;
  - 250 million of additional investments over 10 year period
  - Workers to benefit from combination of early retirement and retraining programmes
  - Mines closed by end of 2018 with 9 out of 15 coal fired power plants to close by end of 2020.
- In 2019 early election, the outcomes for the Social Democrats in the affected coal regions went up.

- Federal Government decision to phase out coal by 2030, as well as a global leadership role in setting up the Powering Past Coal Alliance.
- \$21.9 billion over 11 years has been allocated to support green infrastructure under Canada's clean growth and climate action plan, the Pan-Canadian Framework on Clean Growth and Climate Change.
- Set up a Task Force on Just Transition for Canadian Coal Power Workers and Communities in 2018 with report out in 2019
- A bottom up, intensive and wide ranging consultation process fed into the work of the JT Task Force.

# Implications for JT in CESEE

- Just Transition needs a broader functioning social contract
- EU funding will play key role for coal regions in CESEE, but so will Chinese investments!
- Role of EU funding means Just Transition efforts will be closely aligned with debate on EU Climate Ambition through NECP implementation.
- Needs more ambitious, stable policy frameworks to attract investments.
- Role of financial sector in JT less well explored and developed
- Transitions can happen faster than many anticipate

# About E3G

E3G is an independent climate change think tank operating to accelerate the global transition to a low carbon economy. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2018 E3G was ranked the fifth most globally influential environmental think tank for the third year running.

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