Just transition in the EU climate policy

State of play

ETUI Workshop 1-2/3/2018
Outline

1. Just transition in international policy
2. JT in the EU
   a. Decarbonisation and employment
   b. EU ETS
   c. Governance of the Energy Union
   d. Electricity market design
3. Next steps
The Paris Agreement

Commitments/goals

1. Keep temperature rise well below 2°C and continue efforts towards 1.5°C
2. Reach balance between sources and absorption
3. Make financial flows compatible with low-carbon development
UNFCCC – Paris Agreement

• PA Preamble: Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities,

• PA implementation: JT not really on the menu (e.g. NDCs and Facilitative Dialogue)

• Improved Forum on Response Measures: technical work (best practices, report)

Benjamin Denis, ETUC, March 2018
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3. Next steps
2.a. Impact on employment (2030)

Although these expansions and contractions are quite dramatic, they do not translate into a large overall reallocation of jobs, because the heavily impacted industries represent only a small share of total employment (...) Indeed, summing up all sectoral job creations, it appears that jobs created by expanding sectors represent only 0.4% of total employment in the OECD area, and 0.3% in Europe. As national labour markets are assumed to be fully flexible, total employment is not affected by the mitigation policy, hence equalising job destructions and creations at the aggregate level. Therefore, by 2030, the change in the sectoral composition of employment induced by the mitigation policy would affect less than 1% of all jobs in the OECD and Europe. (OECD, 2012)
Figure 3. Change in sectoral composition of employment

Panel A. Europe

% deviation from BAU in 2030

-70 -60 -50 -40 -30 -20 -10 0 10 20 30

Employment Value added

Rice Coal Gas
Fossil Fuel Based Electricity Petroleum & coal products
Crude Oil Livestock
Other crops Other Mining
Fishing Forestry
Food Products
Other Manufacturing
Construction & Dwellings
Fabricated Metal Products
Paper & Paper Products
Other Services
Non-ferrous metals
Chemicals Iron & steel
Non-Metallic Minerals Transportation services
Hydro and Geothermal electricity Nuclear Power
Combustible renewables and waste electricity Solar & Wind electricity

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Figure 9. Employment share of the most polluting industries in selected EU countries, 2000-07

Notes: Most polluting industries include Agriculture, hunting and forestry; Fishing; Mining and quarrying; Electricity and gas; Inland transport; Air transport; Water transport; Other supporting and auxiliary transport activities; Activities of travel agencies; Coke, refined petroleum and nuclear fuel; Chemicals and chemical products; Other non-metallic mineral; Basic metals.

Source: EU-LFS.
2.b. Just transition in the revised ETS directive

• Auctioning revenues collected by Member States
  • Art 10 c: « to promote skill formation and reallocation of labour in order to contribute to a just transition to a low carbon economy, in particular in regions most affected by the transition of jobs, in close coordination with the social partners.”
  • Up to €160 billion over phase 4 to tackle energy poverty, retrain workers, and support coal-dependent communities
• Modernisation Fund (Art 10 d)
ETS Funds in ETUC position

Innovation Fund

Modernisation Fund

Just transition Fund
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<th>Innovation Fund</th>
<th>Modernisation Fund</th>
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<td><em>Inter alia to support Just transition</em></td>
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At least 70 % of the financial resources from the Modernisation Fund shall be used to support investments in the generation and use of electricity from renewable sources, the improvement of energy efficiency, except energy efficiency relating to energy generation using solid fossil fuels, energy storage and the modernisation of energy networks, including district heating pipelines, grids for electricity transmission and the increase of interconnections between Member States, as well as to support a just transition in carbon-dependent regions in the beneficiary Member States, so as to support the redeployment, re-skilling and up-skilling of workers, education, jobseeking initiatives and start-ups, in dialogue with the social partners. Investments in energy efficiency in transport, buildings, agriculture and waste shall also be eligible.
2.c. Governance of the Energy Union

• Draft regulation currently under discussion (trilogue)
• Aim: EU policy planning cycle to ensure that MS policies are in line with EU 2030 targets
• Main tool: NECPs
• EP supports AM refering to JT (rather preambular language) +
• But consultation of social partners in template for NECPs
2.d. Electricity Market Design

Amendment

Article 3 a

Just transition

The European Commission shall support Member States that put in place a national strategy for the progressive reduction of installed coal and other solid fossil fuel generation and mining capacity through all available means, including targeted financial support to enable a “just transition” in regions affected by structural change.

The Commission shall assist Member States to address the social, skills and industrial impacts of the clean energy transition. The Commission shall work in close partnership with the actors of coal and carbon-intensive regions, provide guidance, in particular for the access to and use of available funds and programmes, and encourage exchange of good practices, including discussions on industrial roadmaps and re-skilling needs.

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• International level
  • COP 24: Ministerial Declaration on Just transition and decent work
  • Work programme on JT

• EU level
  • Bring JT in the revision of the 2050 Roadmap
  • JT in the next MFF discussion
  • JT in the work of the Platform for coal regions in transition

• Member states and regions
  • ETUC project to prepare trade unions

Benjamin Denis, ETUC, March 2018
Thank you for your attention

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