

Make the Just Transition Mechanism work for a greener Europe

The European Environmental Bureau (EEB) welcomes the creation of the Just Transition Mechanism (JTM) but acknowledge that it is not a silver bullet. It will be useful only if used in the right way; this means that all three pillars constituting the JTM must exclude from their scope fossil fuel investments, including natural gas. JTM public spending must be consistent with supporting actions and efforts delivering on the EU's climate neutrality by 2040 and zero pollution ambition within a circular economy by 2050. To allow Member States achieve these goals, the EEB believes that the Commission's Regulation proposal should be more ambitious about the conditions under which JTM funds will be unlocked, as well as clearer about the possible projects that could be financed so to provide "best value for money". In this respect, **the EEB highly recommends including more clarity as to the eligibility criteria for funding with stronger connection to other environmental protection acquis objectives or performance against relevant Union standards.** Those criteria and principles would apply equally to all proposed national transition plans. The allocation of funds should be subject to an EU wide screening procedure that is transparent and subject to multi-stakeholder involvement as to final decisions made.

Main recommendations by the EEB

Eligibility Criteria (pre-conditions to be met for receiving funding)

- **National Energy and Climate Plans (NECPs)** must include a timeline with binding milestones aimed at phasing out coal/lignite or peat fired power plants by 2030 at the latest, as well as a timeline with binding milestones aimed at phasing out all fossil fuel use (including gas) by 2040 at the latest. NECPs should also include milestones aimed at implementing the efficiency first principle e.g. for the industry sector GHG emissions need to be reduced by 90% by 2050 at the latest. For the building sector the same level of emission reduction is to be achieved;
- Prior to being granted support under the JTM, **Member States must enshrine their NECPs decarbonisation milestones in binding national legislation** to be approved as a condition to receive financial support.
- The proposed **transition plans must demonstrate full consistency and coherence with the implementation of other relevant EU environmental protection acquis objectives**, such as the National Air Pollution Control Programmes, circular economy, compliance with the strictest performance levels achieved by relevant Union Standards (e.g. stricter BATAE(P)Ls, including energy efficiency, set in the BREFs), in line with the EU State Aid rules.
- Energy Intensive Industries under the ETS must provide a clear decarbonisation roadmap including intermediate binding targets for achieving climate neutrality by 2040 at the latest, as well as a pathway on how to get there (fuel switch, electrification, production efficiency, innovative technologies, reskilling, etc.).
- In order to provide a shared understanding and a fair distribution of funding for competing transition plans, a clarification of what projects merit more support is to be provided whilst retaining sufficient level of flexibility for Member States. This could take the form of a **decision-tree in regard to compatibility rating of draft projects**. The EEB proposes the following main principles to be applied within that decision-tree:

- Level of ambition, timing of delivery and EU added value in terms of reaching the wider zero pollution ambition (highest rating).
- Comprehensive pollution prevention is ranked higher than pollution reduction or control of a single pollutant. For instance, energy efficiency and renewables projects deserve more funding than projects switching between combustion fuels generating other air or water pollution.
- **Any project should implement relevant EU acquis objectives and best performance benchmarks as the 'as if' baseline scenario so to evaluate best value for money** (and prevent recovering of costs for laggards).
- **Projects fully implementing the polluter pays principle and various alternatives are rated from a full life cycle analysis point of view**, where greenhouse gas emission reduction is a fundamental but not the only element for consideration.

(More information of the possible decision tree in the Annex)

The EEB thinks that it will be greatly beneficial to Member States to know as precisely as possible and with little room for doubts what should they aim for in their efforts to become carbon neutral by 2040. Such a "decision tree" not only will be beneficial to public bodies, but also to private investors since it will decrease entrepreneurial risks and steer private money towards climate neutral and zero pollution techniques.

Inclusive governance and transparent decision making

An inclusive governance mechanism for the selection of the eligible projects based on the set objectives and eligible criteria should be foreseen within the framework.

- The various Just Transition Fund projects should be eligible to a transparent tendering scheme that is centralised at EU level.
- **The final selection of funded projects should be taken by a governance structure composed by an equal share of relevant interest groups**, such as representatives of the concerned Regions, workers' unions, concerned industry groups (operators of phased-out infrastructures, alternative providers and competing industries), regional and national NGOs (environmental and health groups), consumer organisations.

This way, the necessary social acceptance is ensured and conflicting opinions from various private and public stakeholders can be exchanged openly, with the aim to find a collective response to what a just and best value for money transition should mean. Comparing various regional / national transition plans at EU level would also put into practice the ambition of a European (Energy transition) Union.

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Annex: possible decision tree for the rating of various projects

The “decision tree” should include different levels of ambition in order to take into account the different levels of economic development still characterising the European Union.

- **Level of ambition: 1 -> entry level**

1. Phasing out coal / lignite and peat power plants by 2030 at the latest.
2. Land remediation and depollution of mines; mine operators should contribute in remediation and management interventions at least 80% (polluter pays principle).
3. Cease of mining operation, land and water quality restoration. Utilities should contribute in decommissioning interventions at least 80% (polluter pays principle).
4. Interventions implementing the energy-efficiency first principle in industry and buildings, as well as related workforce training.
5. MSs non-complying with legal environmental standards will have to provide details on how the project will contribute to bring them back in compliance.
6. Interventions deploying solar, geothermal and wind facilities, including the whole value chain.
7. Interventions implementing circular economy principles, such as facilities for collection, re-using and recycling of materials.

- **Level of ambition 2 -> sparking the zero-pollution economy**

1. Phasing out gas power plants by 2040 at the latest.
2. Larger onshore solar and wind facilities, including the whole value chain.
3. Interventions and research about other low-impact energy sources complementing renewables, such as biomass from waste, geothermal with direct emissions <100 g/kWh.
4. Upgrading of grids, in particular district heating networks.
5. Deeper commitment to energy-efficiency first principle in buildings (e.g. nature-based solutions) and industry (e.g. technology and research to decarbonise iron & steel or process switch in energy intensive industries), workforce retraining.
6. Deeper commitment to circular economy: closing landfills by 2030, gas capture to existing closed landfill facilities (gas capture of at least 75%, the gas must be used to generate energy).
7. Interventions aimed at discouraging private transport in favour of clean public transport.
8. Interventions aimed at improving water use efficiency and recycling.

- **Level of ambition 3 -> the energy system of the future**

1. Interventions deploying larger offshore wind projects and solar projects, and other marine renewables, as well as the whole value chain.
2. Implementation of H₂ infrastructure aimed to industrial needs and/or grid storage along with the related research activities.
3. Smart grid applications and storage assets, including the whole value chain.
4. Banning private transport in cities by 2050, interventions aimed at massive deployment of cycling infrastructures and cycling schemes, investments in trainlines and ICT systems aimed at improving journey times and accessibility investments in modal facilities and clean public transport.

- **Banned investments**

1. Fossil fuels (including gas infrastructures) and, in general, energy sources based on combustion. This must include waste incineration and co-incineration facilities as well.
2. Nuclear and related activities.
3. CCS and CCUS applied to existing and new fossil fuel production and distribution.
4. CCS and CCUS research and applications not ensuring at least 90% of recovered CO₂.
5. CCS and CCUS research and applications in industrial sectors where other CO₂ abatements technologies are available.
6. New hydro projects and infrastructures.
7. Solid biomass for electricity production only or co-firing with other fuels. This should also exclude any conversions or retrofit of existing boilers to use biomass, unless the resulting environmental performance goes beyond the benchmarks set for “new installations” and at least 70% of the useful heat is meeting heat demand of a public district heating network or industrial process.
8. Domestic heating systems that do not meet the newest identified Best Available Techniques.
9. Aviation infrastructures.
10. Private mobility infrastructures leading to an increase of private mobility (e.g. new motorways, enlargement of motorways).

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