

Coal Regions in Transition

Speech by Florent Marcellesi at the high-level conference "Coal Regions in Transition Platform: High-Level Dialogue on financing and investments" - Brussels, 27 February 2018.

In order to talk about financing in the coal transition, I'd like to remind that to achieve a real, just and efficient phase out of coal we need much more ingredients than money:

- First, it is about long term political vision and cultural change. The success stories that we know for post-coal transition are the ones when there is a clear and strong political message and objective to phase out coal that give long term sense and certainty. And it also comes when people in the coal regions at the same time can be proud of our their mining past and assumed that their future will be without coal. The first change is in the head.
- It is about regional development and European development from a global, ecosystemic and holistic point of view, not transition only in the mining regions. Local transition will be successful if the whole system changes.
- It's about not limiting the just transition approach to coal, rather apply it to all fossil and nuclear energy facilities. And when we talk about coal it is about phasing out all coal: coal mining and coal plants. The coal that we imported from Indonesia, Australia, Colombia or elsewhere is also dirty electricity production in Europe.

The **Electricity Market regulation**, a key element of the Clean Energy for All Europeans Package, calls for the introduction of an emission performance standard for power plants to be committed in capacity mechanisms, which de facto leads to an obligation to phase out coal power plants. And the Parliament position contains provisions on just transition, mandating the Commission to support the phase-out process and to assist regions concerned, including by **addressing the social, skills and industrial impacts of the clean energy transition**.

And talking about financing, it is not only a question about availability of EU money: It is a question of how to spend the available resources and **already available funds** in order to promote and foster a just and green transition.

Let me spend some more time on this point.

From our point of view, it is not necessarily useful to create a new fund, but to use better and tune existing funding opportunities. As example, let me remind you some of the available funds that already accompany industrial transition and modernisation.

- **European Research Fund for Coal and Steel** that has financed for example rehabilitation of mines and that could bring a substantial contribution to the Coal regions in transition initiative by promoting networking and exchange of best practices between EU regions.
- **The Horizon 2020 Research Framework Programme**, where there is a specific call for proposals under Societal Challenge 3 to assist the transition in coal intensive regions.
- **The Strategic Energy Technology Plan (SET Plan)** has a widening programme with possibilities for regions in EU13 to create networks with advanced regions to improve their research capacity through partnerships with advanced regions.
- It is essential that such transitions are coupled with strong support to the people concerned. The EU's main financial instrument to improve employment opportunities is the **European Social Fund**. However, it is up to the Member States to propose operational programs corresponding to the needs of regions in transition.
- In case the reason for layoffs is globalisation or an economic crisis, redundant workers can receive direct and personalised support for retraining or business start-up from the **Globalisation Fund**.

There are new possibilities:

- As asked by the report “Accelerating Clean Energy Innovation” (rapporteur Buzek) highlights the financial options for providing such support through the partial use of **ETS auction revenues** (which funds innovative low-carbon energy demonstration projects), as well as through the **Modernisation Fund** to be set up for the period 2021-2030- to better align the EU's research and innovation policies and funding with its commitment under the Paris Agreement. Finally it stresses the need to assist coal mining regions in achieving a just, inclusive transition without coal.
- In particular from the **European Structural and Investment Funds**. A funding stream under the ESI Funds should be introduced, also building on the experience of the pilot action of DG REGIO on industrial transition.
- And most of all the upcoming post 2020 MFF should respond to the transition need and make targeted proposals. In the revision of certain programmes and the MFF, Parliament will also have to see if existing funds and programmes can be
 - **better targeted** to transition
 - **specific funding streams ring-fenced** to reserve money exclusively for the support of transition regions

If we want it to work:

- We need to know how the funds have being used in the past, to audit them and particularly detect the bad practices (funds used for unsustainable project or fossil economy) or corruption cases. (cf Spanish case)
- Investment in coal infrastructure and any associated action has to be excluded from funding, as it already is in the current funding period.
- No false solutions as Carbon Capture and Storage. That's an unproven, risky and expensive technology. There is a clear resistance all over Europe. And mostly that's a distraction from the safe and secure 100 percent renewable energy.

- We need just transition roadmaps (Lambert report on Green Employment): Investment has to be geared towards supporting the transition process and serve as catalyst for future oriented local development. This involves: strategic planning, time perspective of 20-25 years, public participation, management of the process including milestones and targets, integrated approach, cooperation according to functional links (not necessarily administrative units), networking and exchange of experience among regions concerned.

Ask to the COM:

- A clear political objective, vision and steps: ending coal energy, including coal mining and coal power plants at the latest by 2030. That mean a coherent regulatory framework and a coherent fiscal policy (tax shift towards green taxes), with guarantees and certainty for the investors, and possibility to be adapted if necessary to the reality without questioning the objective and vision.
- The COM should provide for a definition of "coal region in transition", and those regions have to participate in the funding stream which shall ensure the application of best European practise and have to allocate a certain share of the ESIF envelope to this area.
- The COM should **hold accountable** the private **companies, including lignite**, for setting aside money from their own profits to fund a socially just retirement of their operation. Next to this we should request the billions of **fossil/ fissile subsidies** to be **redirected** into **renewables and funding the just transition**, workers and communities.
- COM should also **share best practice** and work with the regions and MS to **attract alternative investments as developed under the future perspective**.
- Once a region has **established an inclusive and participatory stakeholder process** for the transition and **developed a common sustainable future perspective**, COM must ensure
 - that **regions get technical help**
 - how to **receive money from the available funds** and how to **best combine them**

Last but not least, we are looking forward for the toolkit for coal platform dialogue participants to develop and accompany local transition strategies we Greens made possible as one of the main outputs of the coal platform.

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