

Draft Integrated National Energy and Climate Plans, ETUC assessment

Adopted at the Executive Committee Meeting of 27- 28 June 2019

The climate emergency requires the EU to accelerate efforts to reduce its greenhouse gas emissions and reach net-zero emission by 2050. The ETUC deplores that EU leaders were not able to clearly endorse that objective during the twentieth of June Summit and urges them to commit as soon as possible to net-zero by 2050 and to rise up the EU 2030 headline target to -55%. The draft National Energy and Climate Plans (NECPs) that Member States submitted unfortunately confirm that the current level of ambition is not in line with the Paris agreement temperature goals. Final NECPs must plan transformative change to really put the EU on track to become carbon neutral by 2050, while providing a just transition that leaves no one behind.

Background

The EU has adopted the following climate objectives for 2030: reducing its greenhouse gas emissions by at least 40% compared to 1990 levels, reaching at least a share of 32% of renewable energy in final energy consumption and at least 32.5% of improvement in energy efficiency. These targets should prepare the EU for longer-term objectives to reach net-zero emissions by 2050. In 2015, the European Commission launched the Energy Union which comprises five interrelated objectives: security, solidarity and trust; a fully integrated internal energy market; energy efficiency; climate action and decarbonising the economy; research, innovation and competitiveness.

In order to monitor progress made by Member States, the EU has adopted a Regulation on the Governance of the Energy Union and Climate Action (2018/1999). The aim of the governance mechanism it establishes is to ensure that Member States adequately contribute to reaching the EU climate objectives as well as to implementing policies in line with the five key dimensions of the EU Energy Union.

The main vehicle of this governance mechanism is the Integrated National Energy and Climate Plans (NECPs) that Member States have to submit every ten years to the Commission mainly to describe their national targets as well as the planned policies and measures to reach them¹. The role of the Commission is to assess whether these plans are consistent with the EU climate and energy targets and to issue recommendations to improve the draft plans before their finalisation. The first round of this new policy cycle takes place in 2019. In accordance with the Regulation, Member States submitted a first draft of their plans at the very end of 2018. The Commission has assessed these draft plans and issued recommendations on the 18 June 2019² to ensure that, both individually and collectively, the final plans that have to be submitted by the end of 2019 will adequately contribute to reaching the EU climate and energy objectives. Member states now have six months to transform their draft into final plans, while taking into account the recommendations from the European Commission.

The aim of this ETUC policy document is not to assess individual draft plans but rather to recall some key requirements for a just transition that the ETUC would like to see in the final plans. Following its recent project on 'How to involve trade unions in climate action to build a just transition', the ETUC will do further work with its affiliates in the coming years to monitor the Governance of the Energy Union.

¹ Member states will also have to submit Long term strategies covering 30 years perspectives, by the 1st January 2020.

² https://ec.europa.eu/energy/sites/ener/files/documents/recommendation_en.pdf

The right targets and the adequate policies

The temperature objectives of the Paris agreement and the related emission pathways must be the baseline of the EU climate ambition for 2030 and 2050. The 2030 climate targets in the NECPs should be in line with the Paris agreement as well as with the objective of net-zero greenhouse gas emissions by 2050 for the EU, taking into account differences among Member States. Member States should therefore consider the EU 2030 targets as a minimum threshold rather than a maximum cap for national climate ambition. The ETUC position ‘Key demands to build a Just Transition and boost climate action after the EU elections’ adopted in April 2019 clearly stated that “The objective of reaching 55% of emissions reduction by 2030, compared to 1990 levels, would better align the EU’s ambition for the next decade with the sense of urgency underpinning the 2050 target and the 1.5°C IPCC Report”³. On this basis, the ETUC takes note of the assessment of the Commission and stresses the need to intensify efforts to reduce emissions from all sectors, and especially those not covered by the EU Emission trading system, and from transport in particular. In the same way, the Commission assessment also shows that the 2030 Energy efficiency target requires additional measures by Member states to be met.

This ETUC position⁴ clearly stressed as well that a target does not make a policy. NECPs must describe in detail the portfolio of policies and measures that will enable Member States to reach these targets. These policies must clearly refer to the main sources of greenhouse gas emissions and sketch out a credible decarbonisation pathway to 2030 which is consistent with 2050 climate neutrality objectives. It is crucial here to clearly quantify investment needs and to identify financing strategies as well as technology development. In that perspective, better linking the NECPs with the support provided by the EU budget and by the EIB energy lending policy would help to better mobilise public investment towards clean energy and transport projects. In the same way the ETUC welcomes the focus on Member State’s investment needs in energy efficiency, renewable energy and climate action as part as the 2018-2019 European Semester cycle. The ETUC supports the demand to better couple the Energy Union governance with the EU semester process. However, the ETUC reminds that greening Member States’ taxation systems and strengthening public services, should also be dealt with as key requirements to reach the EU climate objectives.

A strong social dimension

NECPs should demonstrate that quality employment is at the core of the EU decarbonisation strategy. They must provide an employment impact assessment of the measures to be implemented and they must propose a credible strategy to anticipate these impacts, avoid mass redundancies and secure labour transition through re-skilling for workers in hardship because of decarbonisation. The ETUC welcomes the focus on the social dimension in the Commission recommendations and supports the demand for Member states to “fully tackle the issue of ensuring a socially fair and just transition” in their final NECPs. Theoretical commitments are not enough. Member states need to act and deliver through policies.

Decarbonisation has already had many positive impacts in the EU. For instance, the EU accounts for more than 1.19 million of workers in the renewable industry⁵ and between 50 and 100 bn EUR has been invested in clean energy every year over the

³ <https://www.etuc.org/en/document/etuc-position-key-demands-build-just-transition-and-boost-climate-action-after-eu>

⁴ *Ibidem*

⁵ IRENA, « *Renewable energy and jobs – Annual Review 2018* », p. 17; https://irena.org/-/media/Files/IRENA/Agency/Publication/2018/May/IRENA_RE_Jobs_Annual_Review_2018.pdf

last decade⁶. Those benefits are unfortunately not equally shared among Member States and regions. NECPs must help countries lagging behind to get the necessary support to catch up in terms of investment and jobs in the low-carbon economy. The Commission must support all Member States in designing NECPs that will lay the foundations for a stable policy framework that could catalyse low-carbon economic diversification and create quality employment. Proposals from the European Commission to take into account NECPs, and the investment needs they identify, in the Cohesion policy funds are here of the utmost importance.

Specific attention should be devoted to regions still highly dependent on fossil fuel-related economic activities. NECPs should lead to green and smart regional development strategies especially for these regions, to ensure that none of them are left behind. Here again, synergies with the European Regional Development Fund and cohesion policy will be of strategic importance. The initiatives launched under the auspices of the EU Platform for coal regions in transition must be extended and intensified. NECPs should also aim to strengthen regional cooperation, notably with third countries members of the European Economic Area and with countries signatories of the Energy Community.

Energy poverty and the distributive impact of climate policy instruments are also crucial elements to be assessed in the NECPs. All around Europe, workers will not accept being squeezed between precariousness and low wages on the one hand, and rising energy bills on the other. In its Recommendations, the Commission rightly identifies energy poverty as a major challenge for the EU Energy policy. The Commission also invites NECPs to better quantify and monitor energy poverty as well as to deal with the phenomenon in a much more structured way. The Commission should go a step further and quantify the distributive impacts of energy-related taxation measures of Member states. In its State of the Energy Union report, the Commission should identify and promote measures that avoid the regressive impact of carbon-pricing instruments, in a much more detailed way. Recycling of taxation revenues targeting low-income households, notably to support insulation of housing, ban of disconnection, public investment in renovation of the building stock and affordable public transport in remote and rural areas are examples of best practices that might help to share the benefits of the low-carbon transition in a more equal way. Here again, slogans and compassion are not enough. We need action.

No just transition without trade unions

The Governance Regulation specifically provides for consultation with national social partners in the preparation of the NECPs. The ETUC sees this consultation as fundamental to ensuring ownership of the NECPs and of the policies to be implemented. The means will of course vary according to Member States' respective industrial relations patterns, but the ETUC would like the Commission to assess this consultation in the greatest detail and to deliver in its State of the Energy Union report a barometer of social partner consultation. The involvement of social partners is not even assessed in the Commission recommendations on the draft NECPs, and trade unions involvement is not identified as a priority for their finalisation. The ETUC strongly deplores the lack of attention to this dimension within the European Commission assessment. A simple 'tick-box' attitude, as far as social partners involvement is concerned, would be unacceptable and risky. What is at stake here is first and foremost involving employers and trade unions in the decarbonisation process in order to anticipate the changes that this process will entail for workers. Secondly, it is also a very efficient way to ensure that skills and climate policies are moving at the same pace. Many sectors in the economy will have to undertake a profound modernisation of the skills profile of their workforce in the coming years to

⁶ ETUI, « Benchmarking Europe 2019 », p. 16 ; <https://www.etui.org/Publications2/Books/Benchmarking-Working-Europe-2019>

be able to translate the climate targets into reality. Finally, workplaces will have a pivotal role in the transition and social partners have a very specific part to play here, notably in terms of awareness raising and capacity building. Workplaces are where many emissions in the real world are produced and workers should be able to play a more active role in reforming them. For these reasons, social partners involvement in the NECPs should not be treated as a cosmetic precaution but on the contrary as an essential element, to deepen the knowledge base and strengthen societal ownership of the NECPs. In the same way, we deplore the lack of verification and reporting by the Commission on the activation, by the Member States, of participatory processes that involve all institutional levels, the social partners, research bodies and universities, associations and communities.

2019 is an important milestone for climate action and just transition in the EU. Member States must deliver final NECPs that will ensure that the EU is well on track to reach its climate targets for 2030 and net-zero emissions by 2050. They must also translate the just transition principles, now well identified as guiding principles of climate action at the international level⁷, into concrete policies that ensure that no one will be left behind on the way towards net-zero emissions. Keeping in mind the 2030 and 2050 targets, the European Commission must continue to monitor the Member States climate and energy policies while ensuring that these policies lead to a just transition for all workers.

⁷ See: ILO “Guidelines for a just transition towards environmentally sustainable economies and societies for all”, Preamble of the Paris Agreement and the “Solidarity and Just transition Silesia Declaration” adopted at UNFCCC COP 24.