



**European Committee
of the Regions**

ENVE-VI-040

136th plenary session, 7-9 October 2019

OPINION

Implementing the Paris Agreement through innovative and sustainable energy transition at regional and local level

THE EUROPEAN COMMITTEE OF THE REGIONS

- believes that local and regional authorities are best placed to engage their communities, attract private investors and implement ambitious and timely action, acting not only as administrators but also as energy service providers and significant purchasers of energy services;
- calls on the Member States, with the support of the European institutions, to show more solidarity and to develop a one-speed, sustainable energy transition while fostering economic development and social cohesion in Europe, focusing particular attention and support on coal regions, carbon intensive regions and islands;
- calls on the Commission and the Member States to support a strong medium-term target in line with the Energy Union objectives, as a crucial stepping stone to net-zero Greenhouse Gas emissions by 2050, and to increase the level of ambition of the Union's Nationally Determined Contributions with an economy-wide target of at least 50% domestic GHG emission reductions by 2030 compared with 1990 levels; reiterates its call for more ambitious but at the same time realistic targets for energy efficiency and renewable energy at EU level, which should be raised to 40% by 2030;
- welcomes the announcement of President-elect Ursula von der Leyen to establish a new Just Transition Fund and calls for the funding to be closely interlocked with the 2021-2027 cohesion policy;
- recommends raising the funding rate from the 60% proposed to 70% for profit-oriented organisations and 100% for public authorities and non-profit organisations in the LIFE sub-programme on Clean Energy Transition;
- welcomes the establishment of the InvestEU Fund, and suggests leveraging this opportunity to facilitate the energy transition, particularly in vulnerable regions.

Rapporteur:

Witold STEPIEN (PL/EPP) Member of the Łódzkie Regional Assembly

Reference document

Own-initiative opinion

Opinion of the European Committee of the Regions – Implementing the Paris Agreement through innovative and sustainable energy transition at regional and local level

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Implementing the Paris Agreement through rapid, effective and multi-level energy transition

1. points out that an innovative and sustainable energy transition requires a profound change throughout the entire energy system – production, transmission and consumption – with a direct impact on infrastructure, the market, the environment and society. It is an opportunity to build a more secure, fair and transparent energy market, to create cross-border networks, to improve access to and distribution of renewable energy, to eradicate energy poverty and to safeguard rights for consumers and prosumers in the energy system;
2. recognises the findings of the special report by the Intergovernmental Panel on Climate Change and strongly agrees that limiting global warming to 1.5°C above pre-industrial levels requires immediate action and a broad transition across sectors to a sustainable, low-emission energy system¹. The scale of this transition requires integrated solutions and close cooperation across all levels of government and civil society to meet the Sustainable Development Goals, as well as the objectives of the Paris Agreement;
3. welcomes the recognition received by the European Parliament² of the need for an anticipatory approach to ensure a just transition for EU citizens and to support the regions most affected by decarbonisation, as moving towards a climate neutral Europe makes the economy more competitive, protects the planet and improves health and well-being of our citizens;
4. welcomes the proposal of President-elect Ursula von der Leyen of A European Green Deal with first European Climate Law to enshrine the 2050 climate neutrality target, and in particular the creation of a new Just Transition Fund that will help the coal regions to move towards clean energy while boosting European competitiveness;
5. calls on the Commission and the Member States to support a strong medium-term target in line with the Energy Union objectives, as a crucial stepping stone to net-zero Greenhouse Gas (GHG) emissions by 2050³, and to increase the level of ambition of the Union's Nationally Determined Contributions (NDC)⁴ with an economy-wide target of at least 50% domestic GHG emission reductions by 2030 compared with 1990 levels, with a special focus on those sectors

¹ A worldwide scenario in line with the Paris Agreement objectives would call for RES to supply 70-85% of electricity by 2050. According to the 2017 statistics released by the EEA, the energy supply sector is the largest contributor (28%) of direct GHG emissions in the EU.

² European Parliament resolution of 14 March 2019 on climate change – a European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy in accordance with the Paris Agreement (2019/2582(RSP)).

³ COM(2018) 773 final.

⁴ In the NDCs, the EU and its Member States have committed to a target of at least 40% domestic reduction in GHG emissions by 2030 compared to 1990.

whose emissions are not as yet limited under the effect of the EU emissions trading system; reiterates its call for more ambitious but at the same time realistic targets for energy efficiency and renewable energy at EU level, which should be raised to 40% by 2030, and extensive support for the development of innovative technologies allowing further progress;

6. calls for adequate engagement and empowerment of all levels of government in the development, implementation and monitoring of effective and target-oriented climate and energy action. Underlines the large responsibility that lies with the Member States and the EU, as they set the general conditions. Believes that local and regional authorities (LRAs) are best placed to engage their communities, attract private investors and implement ambitious and timely action, acting not only as administrators but also as energy service providers and significant purchasers of energy services (e.g. electricity grids, heating services, public transport, lighting). Underlines, in addition, that LRAs can lead by example and inspire their communities.

Transferring knowledge and fostering cohesion to enable a one-speed energy transition for Europe: supporting coal- and carbon-intensive regions as well as islands

7. notes that climate change is a global challenge and progress made by the EU towards reaching a climate neutral economy by 2050 must be met by similar commitments by third countries; in this regard, highlights the risk to the EU's global competitiveness caused by third countries not pursuing equally ambitious climate targets. Therefore, calls on the Commission and Member State to maintain climate change as a strategic diplomatic priority in order to achieve a global level playing field;
8. underlines the importance of managing the energy transition from the levels closest to citizens, and understanding local and regional characteristics and financial, historical, geographical and geopolitical constraints and needs; calls on the Member States, with the support of the European institutions, to show more solidarity and to develop a one-speed, sustainable energy transition while fostering economic development and social cohesion in Europe, focusing particular attention and support on coal regions, carbon intensive regions and islands suffering depopulation that will be hard hit by job losses in the wake of this transition;
9. welcomes the Commission's initiatives, including the Coal and Carbon-Intensive Regions in Transition and the Clean Energy for EU Islands initiatives, intended to support and provide technical assistance for regions that are more vulnerable to economic and social risks, whose characteristics hinder this transition and make implementing it properly more difficult and urgent;
10. points out that there are currently 41 coal regions at NUTS-2 level in 12 EU countries (including the United Kingdom), and the coal sector provides approximately 240 000 direct jobs in coal mines and coal power plants, as well as around 215 000 indirect jobs. In addition, there are regions highly dependent on carbon intensive activities, including iron, steel or peat. Therefore, calls on the EU and the Member States to provide financial and technical support to ensure security of supply in the regions affected by systemic changes, and to mitigate the negative social and economic aspects of the transition;

11. notes that over 2 200 inhabited European islands, which are home to 12 million people, are particularly affected by the energy transition as they suffer from a combination of high energy prices and high dependence on fossil fuels. Meanwhile, islands can provide valuable test-beds for scalable sustainable energy solutions for shifting to a fossil-free system, and curtailing the current fossil fuel subsidies;
12. supports the development of regional innovation hubs with a view to bringing together research, academia and industry; notes that these hubs should act as a sounding board, informing and raising awareness among citizens and local communities and providing space for designing and implementing the regional innovation strategies in an interactive manner;
13. as the clean energy transition has already created 2 million jobs across the EU, calls for the establishment of regional vocational training centres in the context of the energy transition to provide capacity building (including digital skills) and training to repurpose labour skills towards more sustainable industries;
14. also calls for more emphasis to be placed on the energy transition under the Erasmus and Erasmus plus programme to raise awareness and give additional opportunities to individuals affected by the transition to improve their opportunities through exchanges and knowledge sharing; reiterates its support for "strategic partnerships"⁵ under decentralised management, to allow for the exchange of best practices in energy innovation between LRAs through cross-border and transnational projects;
15. underlines how, thanks to their history, coal- and carbon-intensive regions should be appreciated for their own economic development and the importance of energy for the development of civilization. Many of them have gained specialist knowledge and cultural awareness of the significance of changing patterns in energy production and are open to innovation and economic and social development in the energy sector. These traditions (resources) and possibilities should be used for the development of regional strategies, including knowledge transfer and reskilling, channelling expertise and labour into low-carbon technologies and innovations;

Investing in a future-proof energy transition for Europe

16. notes that the energy transition provides a great opportunity to invest in future-proof infrastructure and to drive a transformation that would benefit the quality of life of all Europeans. Therefore, calls on the Commission and the Member States to provide LRAs with adequate resources, mandates and support to speed up the energy transition across Europe;
17. in this context, welcomes the announcement of President-elect Ursula von der Leyen to establish a new Just Transition Fund and calls for the funding to be closely interlocked with the 2021-2027 cohesion policy to allow the affected coal NUTS 2 regions to strengthen their operational programmes since they face the biggest challenges in greening their economies and ensuring a just energy transition for their citizens; This allocation should not be calculated

⁵ CDR 3950/2018.

within the proposed limits of Annex XXII, but it should be made available as additional funding. This additional funding could then be used to strengthen the ERDF and ESF programmes for these NUTS 2 regions over the next seven years actively promoting the EU added-value;

18. in addition to increased budget climate mainstreaming, calls for effective measures to gradually end direct and indirect subsidies to fossil fuels (such as for example the existing tax exemptions for aircraft-fuel) in order to create a level playing field for renewable energies, encourage behavioural change and generate the necessary resources to support a just transition; welcomes in this context the debate launched by Commission President-elect, Ursula von der Leyen, with regard to Carbon pricing and carbon border tariffs;
19. stresses the importance of co-funding rates for EU funds to facilitate access to them for small communities and islands; calls to strengthen their capacity to be used as energy transition "laboratories", by devising innovative solutions and coordinated policy action focusing on policy frameworks, regulatory measures, funding, cooperation and stakeholder engagement;
20. welcomes the 2021-2027 Multiannual Financial Framework proposal with its focus on sustainable development and reiterates its call to earmark over 30% of the budget for climate policy mainstreaming; calls for increased support for the development of smart specialisation strategies to scale up and bring innovative products and processes to the European market⁶; welcomes the proposed research focus area of climate-neutral and smart cities under Horizon Europe with a view to boosting research and innovation across the EU;
21. recommends raising the funding rate from the 60% proposed to 70% for profit-oriented organisations and 100% for public authorities and non-profit organisations in the LIFE sub-programme on Clean Energy Transition, and continuing to attract LRAs and smaller organisations such as local energy agencies; welcomes the establishment of the InvestEU Fund, and suggests leveraging this opportunity to facilitate the energy transition, particularly in vulnerable regions; proposes that these programmes reward projects carried out in regions in transition with an additional score;
22. in view of the state aid framework post-2020, calls for an increase in the level of permissible state aid as well as sufficient flexibility for projects related to the energy transition in coal regions, carbon intensive regions and islands, as well as local communities in order to encourage investment by the business sector;
23. calls for the creation of mechanisms for greater support and financing of energy transition projects in regions classified as coal- and carbon-intensive. There are several reasons for this: 1) we should not wait until the consequences of the transition affect these regions in ways that will no longer be possible to counteract; 2) it should be possible to increase the maximum levels of aid to all undertakings, in particular large enterprises, given their capacity to invest in a given territory and their potential to encourage change; 3) it should be possible to implement other measures to mitigate the effects of the transition, e.g. increasing the level of ERDF funding; 4)

⁶ COM/2018/374 final.

coal regions should be identified as assisted areas in accordance with Article 107(3)(a) and (c) of the Treaty on the Functioning of the European Union (TFEU), and the EU aid rules for those regions should be adapted accordingly;

24. reiterates its call to reduce red tape and simplify the mechanisms related to the preparation of projects and capacity building in LRAs; reiterates its call for the further implementation of tailor-made technical assistance to help cities and regions secure investment for ambitious projects, both to access the European Investment Bank's JASPERS and ELENA programmes and to develop bankable projects, including smaller-scale projects; looks forward in this context to the proposals announced by Commission President-elect, Ursula von der Leyen on a European climate bank;
25. calls for more synergies between various funding sources at the EU, national and regional levels, as well as stronger synergies between public and private financing in order to increase the effectiveness of the clean energy transition;
26. supports the development of a coal and carbon intense regions financial facility to provide financial and technical assistance from a very early stage in project development; recommends linking the newly developed regional strategies with comprehensive divestment plans from fossil fuels and unsustainable practices, while creating opportunities for high-quality employment;

Driving innovation and applying technology strategically

27. points out that LRAs already act as facilitators and catalysts of social, governmental and technological innovation, by providing organisational and institutional platforms for stakeholders to engage and co-develop strategies for a fair, sustainable and innovative energy transition;
28. points out that a wide range of technical solutions for a cost-effective, climate-neutral Europe are already available on the market, and that with the current technologies, up to 86% of CO₂ emissions⁷ can be reduced in an interconnected energy system;
29. draws attention to the need to encourage innovative energy storage solutions that do not depend on natural resources that are scarce or highly concentrated in geographical terms; also draws attention to the need to make progress with carbon capture, use and storage technologies and commercial processes for those industrial processes that cannot be completely decarbonised with the current level of knowledge (e.g. integral steelworks);
30. highlights that the main barriers to rapid implementation of low-carbon technologies are related to the lack of financial and human resources, to existing policies, regulations and organisational structures still dependent on fossil-fuel based value chains, as well as to socio-cultural factors such as a lack of social acceptance, since in coal regions this could lead to job losses and a decline in population. Agrees therefore that innovation should stem from specific local contexts

⁷ HRE 2050 scenario compared to 1990, [Quantifying the Impact of Low-carbon Heating and Cooling Roadmaps \(en\)](#).

and immediately address the impact on the overall system and community and counteract processes that cause a lack of public acceptance;

31. calls for further administrative simplification and reduction of regulatory barriers concerning the development and implementation of new and innovative technologies and business models;
32. calls for the integrity and operation of the EU Emission Trading Scheme to be improved, while providing support for vulnerable regions and groups with a reliable and affordable sustainable energy supply;

Complex challenges require shared solutions: enabling contributions to the achievement of the Paris Agreement at all levels

33. stresses the need to engage all actors - citizens, industry, private - bringing on board in particular the reluctant participants in this process, by shining a spotlight on all the co-benefits of the energy transition: better air quality, health, environment, green spaces, biodiversity, cheaper energy, etc.;
34. welcomes the adoption of the Clean Energy for All Package⁸ and underlines the importance of effective public participation and regional cooperation in the development and implementation of the National Energy and Climate Plans⁹. Calls on the Member States to roll out a permanent multi-level climate and energy dialogue with LRAs and other stakeholders in the energy transition¹⁰ and to strengthen systematic horizontal and vertical coordination of political and technical decision making, as this dialogue with local and regional authorities and energy agencies is crucial if they are to have detailed local knowledge;
35. stresses the urgent need to fully leverage the complementarity between NDCs and Locally/Regionally Determined Contributions (L/RDCs), by supporting voluntary local and regional integrated plans¹¹, aligning reporting requirements and maximising impacts across sectors¹² and government levels;
36. highlights that more than 9 000 LRAs across Europe have committed to ambitious targets to reduce GHG emissions and tackle climate change by participating in initiatives such as the European Covenant of Mayors, and by developing strategies and action plans in direct response to their community's needs and vision for a sustainable future;

⁸ The Clean Energy for All Package sets targets for 2030: a binding renewable energy target of at least 32% and an energy efficiency target of at least 32.5%, which may be revised upwards in 2023.

⁹ (EU)2018/1999).

¹⁰ CDR 830/2017.

¹¹ Such as SECAPs under the Covenant of Mayors.

¹² Including electricity, heating and cooling, transport, waste, agriculture and their subsectors.

Shaping a people-centred energy transition

37. acknowledges that citizens and energy communities now have unprecedented opportunities to become "prosumers" (active market participants) and welcomes the formal establishment of local energy communities in the Clean Energy Package, and calls for the provision of a clear set of rights and obligations, and requirements for national level support to fully operationalise the potential of such structures;
38. in order to make consumers more independent and responsible for their own energy consumption, reiterates its call to put in place smart grids and meters (provided that the economic interest of the end user is met) that are affordable, cost effective, efficient, strong on reducing fraud, easy to use, safe and adapted to consumers' needs and expectations with regard to information, taking control of their consumption and reducing their bills;
39. encourages the Commission and the Member States to fully harness the potential of decentralised production by prosumers, supporting the development of energy grids and by ensuring regulatory certainty for small- to large-scale energy investments, stepping up access to digitalised transmission and distribution systems, services and platforms for consumers;
40. highlights the need for clear market rules, stable policies, simplified and flexible administrative procedures and targeted financial support schemes to speed up the energy transition;

Strengthening synergies for a systemic shift across sectors

41. recognises the thermal sector as an essential component for a sector-coupling and the most cost-effective solution that allows the integration of shares of variable renewable energy of up to 87% and more, with technologies already available, while providing flexibility and ensuring the stability of an overall integrated sustainable energy system¹³; notes that there are currently extreme energy losses such as excess heat within the electricity production, which theoretically would be able to supply Europe's entire building stock¹⁴ that is directly responsible for 36% of CO₂ emissions, and almost 75% of which is considered energy-inefficient¹⁵;
42. underlines that a sustainable energy transition needs to consider the energy system as a whole, with interlinked production, supply, distribution and consumption; fully supports the primary imperative of efficiency and the commitment to increase the existing target of 32% to 40% renewable energy by 2030 in order to reduce the pace of anthropogenic global warming and reach climate neutrality by 2050, and calls for an integrated and cross-sectoral energy market in which energy loss is regulated and renewable energy can be supplied efficiently;
43. draws attention to the challenges faced by the outermost regions in implementing a sustainable energy transition. In this regard, the Committee calls on the European Commission to recognise

¹³ HRE 2050 scenario compared to 1990, Quantifying the Impact of Low-carbon Heating and Cooling Roadmaps (en).

¹⁴ Guidelines for the Energy System Transition. The Energy Union Perspective (en).

¹⁵ EASME, High energy performing buildings - Support for innovation and market uptake under Horizon 2020 energy efficiency.

the inherent constraints on these regions and to adopt legislation that allows them to be placed at least on an equal footing with other European regions;

44. highlights that the energy transition provides an opportunity to shape a more secure and future-proof energy system by increasing energy efficiency and lowering consumption, scaling up renewable energies, and building infrastructure and interconnections across Europe in order to respond quickly to supply disruptions. Supports therefore the development of synergies between urban and rural areas to combine their potentials related to renewable energy production and energy waste management by using optimised, low-loss and more resilient energy infrastructures;
45. highlights the importance of the circular economy as an integrated part of a sustainable energy transition, using lifecycle concepts for the demand and supply of infrastructures, products and services; Public procurement offers great potential for reducing climate impact. This should be supported by ecodesign requirements, standards and information systems for life cycle data, both at EU level and in the Member States, emphasises innovation procurement as a strategic instrument to support this integrated approach, in which LRAs can play a crucial role to ensure multi-sectoral implementation and up scaling.
46. stresses that to achieve a multi-level transition, as regards both the regions and the municipalities LRAs could appoint energy managers to efficiently coordinate climate and energy policies at different levels;
47. encourages its members to set up an intergroup that would bring together representatives of coal and carbon intensive regions, as well as the experts and relevant stakeholders to work on concrete proposals for an innovative and sustainable energy transition and exchange best practices across the EU;

Brussels, 9 October 2019

The President
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General
of the European Committee of the Regions ad
interim

Pedro Cervilla

II. PROCEDURE

Title	Implementing the Paris Agreement through innovative and sustainable energy transition at regional and local level
Reference(s)	Own-initiative opinion
Legal basis	
Procedural basis	Rule 41(b)(ii)
Date of Council/EP referral/Date of Commission letter	
Date of Bureau decision	05/02/2019
Commission responsible	Commission for the Environment, Climate Change and Energy
Rapporteur	Witold Stepień, Member of the Łódzkie Regional Assembly
Analysis	
Discussed in commission	4 April 2019
Date adopted by commission	12 June 2019
Result of the vote in commission (majority, unanimity)	Majority
Date adopted in plenary	9 October 2019
Previous Committee opinions	
Date of subsidiarity monitoring consultation	