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Just Transition:

History, Developments and Challenges
in Greece and Europe

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History, Developments and Challenges in Greece and Europe

Executive summary

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Executive Summary

The course of the energy mix in Greece and Europe shows that the era of lignite and coal is over. The big issue now is for this irreversible energy transition to climate neutrality to take place in a just way for those communities that for decades have sacrificed their own quality of life in order to support the development of the European economy.

Currently, the future of coal regions is at the center of the political scene in Europe, due to the channeling of significant financial resources to turn local economies towards a sustainable trajectory, while in Greece the decision of a forward-bearing lignite phase out by 2023 makes this challenge even more urgent. The Just Transition of lignite regions is the biggest sustainable development challenge in the country. As such, it will serve as a compass for the success of the whole European Green Deal and a true test for Europe's commitment to the values of solidarity and social justice.

The history of Just Transition of coal regions since 2015, when the global community reached the historic Paris Agreement to date offers valuable lessons learned which can and must be taken into account during this critical and very “dense” period we are going through, on the one hand, to avoid mistakes of the past and, on the other, to continue good practices that contributed to progress so far. Particularly:

Alignment with EU policy developments: Greece must not repeat the same mistakes. The investments that will be selected for the transformation of local economies this time should not ignore EU legislation and policy trends, nor should they be based on a chase for exemptions. Investment options should be guided by their long-term environmental and economic sustainability and not by the temporary resolution of problems in the lignite areas. Only in this way will the investments create permanent jobs and keep the local economies alive in Western Macedonia and Arcadia.

The crucial role of mayors: Local governments and mayors, in particular, have proven that they can influence developments at both national and European levels, as well as raise difficult issues in the public discourse, when they operate in a coordinated and targeted manner. The legacy of cooperation, joint actions and asks in Greece and in Europe, during the previous term of Greek local governments must be utilized and enriched by the current mayors as well as the regional governors. Only through an extrovert approach and cooperation can the explosive problems already faced by the new local government representatives of the lignite regions be successfully addressed.

Collaboration with social and environmental partners: The progress made so far in the transition issues in Western Macedonia can be directly related to the pluralistic public dialogue with the participation of representatives of workers, the local community and environmental non-governmental organizations and think tanks. Even though the exchange of views was often intense, it proved to be useful. Especially now, under the urgent conditions of the forward-bearing lignite

phase out in Greece, dialogue and broad consultation with the participation of social and environmental partners does not constitute a luxury, but a necessity. Civil society has already shown that it can contribute in many ways to the Just Transition of lignite regions. Therefore, the participation of its representatives in the planning and implementation of the transition to the post-lignite era is required not only by EU legislation, but also on the basis of the positive results of their participation so far.

The greatest challenge regarding the transition of lignite areas in Greece is time, as it is impossible to complete the transformation of the local economies so deeply dependent on lignite activity by 2023. But during this period, when the attention of European and national levels is focused on the future of lignite regions, it is possible to build the most appropriate programmatic and institutional foundations and to secure the necessary funding that will turn the local economies towards a sustainable trajectory for next 15-20 years. In particular, the following recommendations are proposed:

Political cross-party agreement: A prerequisite for the success of the transition plan, given the lack of time and the objective difficulty involved, is to ensure that it is not undermined by strict party and partisan confrontations. In Greece, despite differences relating to the timing of the retirement of lignite power plants, it is possible to secure a wide convergence relating to the planning of the next day and joint cross-party asks in the areas of governance, funding and coordinated initiatives at the European Parliament, the Council and the Commission. The legacy of the national Just Transition Fund established by the previous government and maintained by the current government with the same investment axes, proves that cross-party agreement, even if tacit, is politically feasible.

Formulation of one sustainable and coherent plan: In the planning underway, regarding the Just Transition Development Plan and the Territorial Just Transition Plans, it is necessary to formulate project selection criteria based on their environmental sustainability and long-term impact on jobs and local added value. It is also necessary to choose a multi-sectoral-differentiated development model instead of a dominant economic activity to replace lignite. Emphasis must be placed on maximizing the benefits for local communities, which can be achieved through the institution of energy communities. In addition, the energy character of the lignite regions must be preserved. The conversion of existing lignite units into clean electricity storage facilities in the form of heat, as well as the development of other energy storage technologies (pump hydro energy storage, hydrogen technologies, etc.) can make a decisive contribution in this direction.

Participatory Planning – Consultation: Regardless of the soundness of any plan, it is of particular importance that it be formulated in a participatory manner based on consultation and transparency. The need for the participation of representatives of the employees, the local community, but also of environmental non-governmental organizations and think tanks is particularly emphasized. Emphasis should be placed on the participation of representatives of the “lignite” villages that have coexisted for decades with lignite activity and the consequent deterioration of their quality of life. The involvement of the Public Power Company (PPC) is of

crucial importance as it is the main owner of the lands in the lignite areas. The effective implementation of any transition plan presupposes the active participation of PPC, from which it can and should benefit financially. It is also recommended that the role of each participant in the design of the plan and the selection of the main projects that will serve as flagships of the transition, be well defined and distinct.

Governance system: The governance system that will be called upon to implement the Territorial Just Transition Plans must be simple, transparent, with distinct roles for those participating in the decision-making and balanced in the distribution of responsibilities between the central state, the local government of the lignite areas, employees, professionals, the scientific community and civil society. In addition, a prerequisite for the success of the transition is to ensure continuity in its governance. This can be achieved by ensuring that the governance system will remain independent from the various future shifts of the political balance at local and national level. For this reason, in addition to the institutional participation of the government, representatives of local government, relevant ministries, and employees, it is recommended that the governance system is complemented with individuals who are not members of the public administration and political parties, and have experience in management and transition issues.

Funding: The difficult task of transforming the local economies in lignite regions is doomed to failure without a long-term and stable financial framework. At the national level, a cross-party commitment is required to continue funding the Transition from public revenue from CO₂ auctioning in 2020 and the whole next period of the ETS (2021-2030). At the same time, available funds from the PPC local development fund must be granted for the implementation of the Transition plan, rather than piecemeal projects that cover only temporary and random needs. At the European level, Greece must seek a change in the allocation criteria of the EU Just Transition Fund in the Council of Ministers and the European Parliament, in order to take into account the transition speed and the degree of dependence of local economies on lignite activity. The need to change the criteria for a more just allocation among Member States becomes even more urgent due to the recent, drastic cut in the total size of the Fund from € 40 billion to € 17,5 billion by the European Council. At the same time, options of channeling additional resources from the recovery package that Greece will receive must be examined.



The history of Just Transition

EUROPE

GREECE

2015 - 2016

- EU-ETS reform: EC allows Member States to use public revenue from auctioning CO2 allowances for Just Transition purposes
- NGOs-EP: Proposal to establish a distinct Just Transition Fund (JTF) at EU level
- The Greek Parliament's Environment Committee discusses for the first time the issue of Just Transition and its funding prior to COP21
- Proposal of Energy Municipalities for financing Just Transition from public revenue from CO2 auctioning - Rejected

2017

- Failure to establish a distinct European JTF - Inclusion in the Modernization Fund
- Establishment of Coal Regions in Transition Platform (CRiT)
- Western Macedonia: one of the first three pilot regions of CRiT
- Initiative of the Greek Mayors in collaboration with the PPC labor union (GENOP-DEI) and Mayors from Czechia and Romania on establishing a European Just Transition Fund as part of the EU-ETS reform

2018

- 1st Forum of the Just Transition Mayors - Kozani
- EP: Proposal to finance Just Transition from the EU budget 2021-2027
- Establishment of National Just Transition Fund
- Formation of Western Macedonia's Regional Team for representation in the CRiT platform

2019

- 2nd Forum of the Just Transition Mayors - Weisswasser
- Signing of the Declaration of Just Transition Mayors
- Presentation of the Forum of Mayors initiative to the Coal Regions in Transition Platform
- Decision to phase out lignite by 2028
- PPC Business Plan- final NECP: all existing lignite plants to retire by 2023
- Joint Ministerial Decision for CO2 public revenue for 2018
- Technical assistance for both lignite regions

2020

- EU Green Deal, Just Transition Mechanism, Proposal for a Regulation of the Just Transition Fund
- Just Transition Platform
- 3rd Forum of Mayors on Just Transition - Bytom
- Appointments: Government Committee, Coordinating Committee, Technical Committee, Western Macedonia Regional Team
- Joint Ministerial Decision for CO2 public revenue for 2019
- Call for proposals from the Green Fund
- Master Plan and Territorial Just Transition Plans

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