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European governance for just and fair transition

Reflecting on the NECP revision process and looking ahead

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Michał Wojtyło
Reform Institute

February 6, 2025



Agenda

-
- 15:00 – 15:05 **Introduction**
Aleksander Śniegocki, CEO & Head of Economic Analysis, Reform Institute
-
- 15:05 – 15:15 **Assesment results for four final NECPs - summary**
Maria Niewitała - Rej, Reform Institute
-
- 15:15 – 15:35 **Recommendations for further action and revision of the EU regulations**
Michał Wojtyło, Reform Institute
-
- 15:35– 16:00 **Expert comments**
- Mags Bird, Senior Policy Officer - Climate & Energy - Just Transition, WWF European Policy Office
 - Nora Kögel, Researcher in Ecologic Institute
 - Caitlin McIlhennon, Environmental Justice Network Ireland Research & Policy Coordinator
-
- 16:00 – 16:25 **Open discussion**
Guiding questions:
- How should issues related to just and fair transition be included in the Governance Regulation?
 - Should there be a separate European regulation/directive in the just and fair transition area? Or maybe a Just and Fair Transition Plan (like REPowerEU)?
-
- 16:25 – 16:30 **Closing remarks**
-

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Just Transition governance in the NECPs



About the project

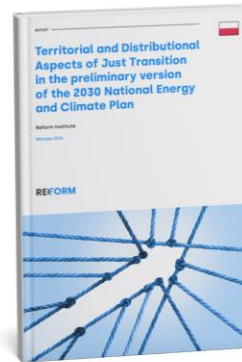
- **Main focus: supporting integrated approach to the just transition governance in the updated NECPs**
- **Project scope:**
 - Preparation of the **scoring methodology and template for the assessment of just transition aspects in the NECPs**
 - Review of 4 **draft NECPs: Italy, Germany, Bulgaria and Poland**, assigning the scores, along with a brief rationale and assessment of the quality of provisions,
 - Review of 4 **final NECPs: Italy, Germany, Bulgaria and Poland**, assessing the progress following revisions made by the national governments based on the feedback and recommendations provided by the EC and stakeholders
- **Project consortium:**
 - Reform Institute – main analytical work, outreach in Poland
 - BlueLink Foundation, Ecco, Ecologic Institute – QA, stakeholder outreach



Draft NECPs



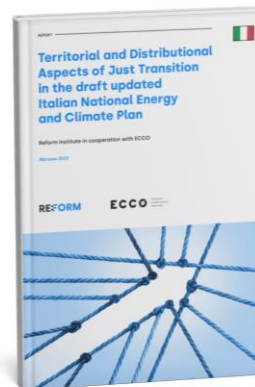
Bulgarian NECP



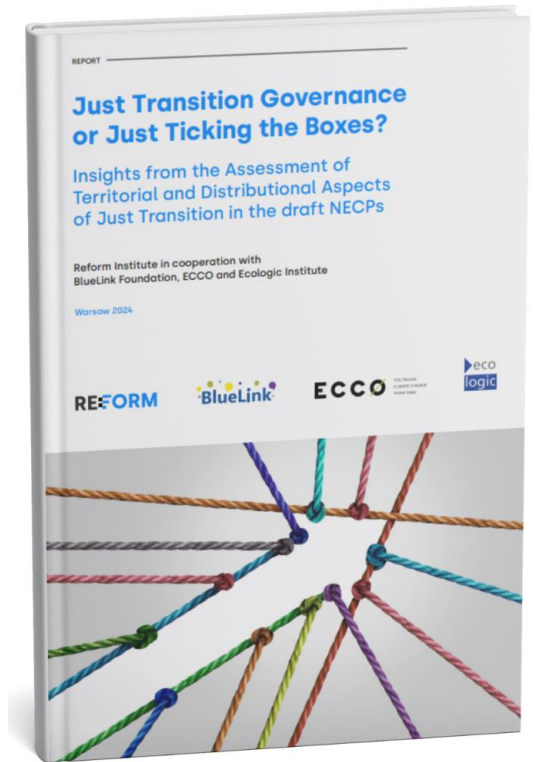
Polish NECP



German NECP



Italian NECP



Summary brief

[Territorial and Distributional Aspects of Just Transition in the updated National Energy and Climate Plans | Instytut Reform \(ireform.eu\)](https://ireform.eu)





Final NECPs



Bulgarian NECP



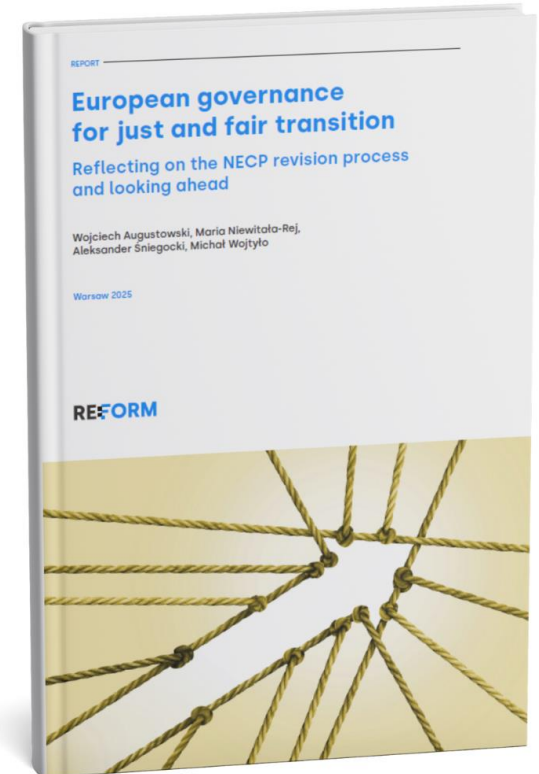
Polish NECP



German NECP



Italian NECP



Policy brief

[Assessing the inclusion of a just transition in the National Energy and Climate Plans - what has changed?](#)



Assessment methodology - key information

Just Transition governance in the NECPs:

Territorial aspects

- to **what extent** and **how effectively** do the NECPs cover the issue of regional just transition policies, are consistent with **Territorial Just Transition Plans**, provide guidance for actions on the regional level (e.g. defined coal exit timeline).

Distributional aspects

- to **what extent** and **how effectively** the NECPs reflect distributional impacts of the proposed policies, do they include a coherent framework to address energy poverty and mobility exclusion, do they account for and prepare framework for utilisation of the **Social Climate Fund**.

Territorial aspects





Assessment methodology - key information

The methodology consists of 43 criteria grouped in 12 categories: 5 related to territorial, 7 – to the distributional dimension of just transition

Territorial Aspects	1. Ambitions and targets
	2. Supporting local economies and communities
	3. Local clean energies and decarbonised industries
	4. Inclusivity of regional transition
	5. Regional just transition governance
Distributional Aspects	6. Overarching assessment of distributional impacts
	7. Energy poverty
	8. Transport poverty
	9. Financing needs and sources of funding
	10. Tax, insurance and social security policies
	11. Work conditions and re-training
	12. Stakeholder engagement and public consultation



Assessment methodology – overview (1)

Aspects		Assessment criteria
TERRITORIAL ASPECTS	1. Ambitions and targets	1.1 Increasing ambition and avoiding backsliding on targets from Territorial Just Transition Plans
		1.2 Clear and science-based timeline for coal exit in the power sector
		1.3 Clear and science-based timeline for transition away from coal in the whole economy
		1.4 Clear and science-based timeline for transition away from fossil gas in the whole economy
		1.5 Clear and science-based timeline for transition away from oil in the whole economy
		1.6 Clear and science-based industrial transition to net zero emissions timeline (conversion or closure of industrial plants which emit GHGs from fossil fuels use or industrial processes)
	2. Supporting local economies and communities	2.1 Policies and measures supporting local economies through stimulating their endogenous growth potential, including promoting entrepreneurship, supporting SMEs and social economy
		2.2 Policies and measures for the preservation of the identity of mining/traditional industrial communities
		2.3 Policies and measures for the revitalization of the natural environment, both for restoring biodiversity and recreational purposes
		2.4 Dedicated, region-specific policies and measures promoting smart and sustainable mobility (both within territories most affected by the transition region and connecting it with other regions)
	3. Local clean energies and decarbonised industries	3.1 Assessment of needs in the area of deployment of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes
		3.2 Policies and measures to fulfil the needs in the area of affordable clean energy (including – if applicable – district heating), energy efficiency and/or decarbonised industrial processes

Assessment methodology – overview (2)

Aspects		Assessment criteria
TERRITORIAL ASPECTS	4. Inclusivity of regional transition	4.1 Promotion of gender equality to address the specific situation and role of women in the transition to the climate-neutral economy
		4.2 Special attention paid to vulnerable groups (such as people with disabilities) that suffer disproportionately from the adverse effects of the transition
		4.3 Policies and measures addressing demographic impacts of the ageing population of regions in transition
	5. Regional just transition governance	5.1 Consistency of regional and national transition planning process
		5.2 Institutional coordination on just transition implementation between regional and national authorities
		5.3 Inclusion of stakeholders and citizens into regional transition governance

Assessment methodology – overview (3)

Aspects		Assessment criteria
DISTRIBUTIONAL ASPECTS	6. Overarching assessment of distributional impacts	6.1 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by income groups
		6.2 Assessment of overall distributional impacts of the policies and measures covered by NECP update – by other relevant groupings (e.g. rural households, pensioners)
		6.3 Common understanding of terms and measuring progress toward targets
	7. Energy poverty	7.1 Inclusion of indicative objectives aimed towards reduction of energy poverty
		7.2 Assessment of the level of energy poverty and quality of used indicators
		7.3 Direct support to alleviate energy poverty
		7.4 Measures that support investments which structurally decrease energy bills by investment in energy efficiency and zero-emission energy sources
		7.5 Addressing energy market inefficiencies which negatively affect vulnerable customers

Assessment methodology – overview (4)

Aspects		Assessment criteria
DISTRIBUTIONAL ASPECTS	8. Transport poverty	8.1 Inclusion of indicative objectives aimed towards reduction of transport poverty
		8.2 Assessment of the level of transport poverty and quality of used indicators
		8.3 Direct support to alleviate transport poverty
		8.4 Measures to structurally decrease transport poverty by investment in sustainable and zero-emission mobility options
	9. Financing needs and sources of funding	9.1 Describing financing needs for each proposed policy and measure addressing the distributional impacts
		9.2 Describing sources of funding for each proposed policy and measure addressing the distributional impacts
	10. Tax, insurance and social security policies	10.1 Use of income from climate-related tax, levies and fees (or similar instruments, e.g. EU ETS revenues) for the support of the most vulnerable groups
		10.2 Accounting for and preparing the framework for the utilisation of the Social Climate Fund
		10.3 Recognition and consistent application of the "polluter pays" principle across the economy
		10.4 Built-in protection of the most vulnerable groups in tax instruments and cross-sectional support programmes related to green transition

Assessment methodology – overview (5)

Aspects		Assessment criteria
DISTRIBUTIONAL ASPECTS	11. Work conditions and re-training	11.1 Coverage of training, upskilling and reskilling of the workers affected by the transition
		11.2 Tailored measures to support hiring, job creation and transition incentives, in particular for women or persons with disabilities, and in most affected territories
		11.3 Analysis of the impact of the green transition on health and safety at work and preparation or continuation of measures to address the risks
	12. Stakeholder engagement and public consultation	12.1 Engagement of social partners, civil society actors and the general public in discussion of issues related to the just transition during public consultations of the Plan
		12.2 Establishment of a permanent body of consultation with stakeholders, covering issues related to the just transition
		12.3 Organisation of early and effective dialogue with local authorities, regarding issues related to the just transition
		12.4 Identification of opportunities for trans-border dialogue in addressing issues related to the just transition

Assessment methodology - key information

- All of the criteria were assessed using the following, general scale:



- The more detailed requirements that need to be met to achieve a given score are further specified for each criterion.
- The final reports examined whether the score given in the draft assessment should be **maintained, increased or decreased**.
- The category score is an average of score received for each criterion.

Example of aspect assessed

<p>8.2 Assessment of the level of transport poverty and the quality of the used indicator</p>	0	=	0	<p>0 – does not assess the level of transport poverty</p>
				<p>The concept of transport poverty has been included in the updated NECP.</p> <p><i>In Poland, transport poverty is closely linked to the uneven development of transportation infrastructure. In large cities, especially metropolitan areas, the problem is less acute thanks to a developed public transportation network. However, in smaller cities and rural areas, where access to public transportation is sometimes limited or even non-existent, the problem of transport poverty is much more pronounced.</i> (P. 118)</p> <p>The definition of transport poverty is also worth noting:</p> <p><i>Transport poverty refers to the difficulties individuals and households face in accessing private or public transportation, resulting in limitations in the use of basic services and participation in socioeconomic life. The problem is particularly evident in the spatial context, where large differences in the development of transportation infrastructure between cities and rural areas and regional differences affect the degree of transportation exclusion.</i> (P. 118)</p> <p>Unfortunately, such a definition places too little emphasis on the economic sphere and may leave out a large group of people at risk of transport poverty, such as those whose income does not allow them to use public transportation, even if it is available where they live. Moreover, this approach will not identify the changes associated with the increase in the price of individual and public transportation use, which are projected in the coming years, including the implementation of ETS2 in 2027 or 2028.</p> <p>The newly included passages do not represent a realistic assessment of the problem. No measure has been identified to determine the scale of the problem in Poland, and there is no specific target or timelines. Therefore, the score remains unchanged. The problem should be described in the final version of the NECP in a specific way and based on real data. In revising the definition, it is worth using the definition included in Regulation (EU) 2023/955 on the establishment of the Social Climate Fund (Article 1): "transport poverty means individuals' and households' inability to meet or difficulty in meeting the costs of private or public transport, or their lack of or limited access to transport needed for their access to essential socioeconomic services and activities, taking into account the national and spatial context.", which also pays particular attention to the affordability of transportation.</p>

Assesement results - summary

Country scores - Italy

		NECP Score		
		Draft		Final
Territorial Aspects	1. Ambitions and targets	0.33		0.33
	2. Supporting local economies and communities	1		1
	3. Local clean energies and decarbonised industries	1		1
	4. Inclusivity of regional transition	1		1
	5. Regional just transition governance	1.3	→	1.67
Distributional Aspects	6. Overarching assessment of distributional impacts	0.67		0.67
	7. Energy poverty	2		2
	8. Transport poverty	0.25		0.25
	9. Financing needs and sources of funding	0		0
	10. Tax, insurance and social security policies	0.5	→	0.75
	11. Work conditions and re-training	0.67		0.67
	12. Stakeholder engagement and public consultation	0	→	1.25

Note: 0 – no mention of a given issue, 1 – issue addressed to a limited extent, 2 – issue addressed to a significant extent, 3 – good practice

- Stakeholder engagement and public consultations have taken place, but **it is unclear how they influenced the plan and policies implemented in the country.**
- While energy poverty is relatively well-addressed and includes good practices, the **plan lacks specifics about financing, including the Social Climate Fund** and guiding principles for its use.

Country scores - Germany

		NECP Score		
		Draft		Final
Territorial Aspects	1. Ambitions and targets	0.67	→	1.5
	2. Supporting local economies and communities	1	→	1.25
	3. Local clean energies and decarbonised industries	0.5		0.5
	4. Inclusivity of regional transition	1		1
	5. Regional just transition governance	1		1
Distributional Aspects	6. Overarching assessment of distributional impacts	1	→	1.33
	7. Energy poverty	0.6	→	1
	8. Transport poverty	0.25		0.25
	9. Financing needs and sources of funding	1		1
	10. Tax, insurance and social security policies	0.75	→	1.25
	11. Work conditions and re-training	0.33	→	0.67
	12. Stakeholder engagement and public consultation	0.75	→	1

Note: 0 – no mention of a given issue, 1 – issue addressed to a limited extent, 2 – issue addressed to a significant extent, 3 – good practice

- **Territorial aspects**, inclusion in regional transitions, local clean energy initiatives and transport poverty remain insufficiently addressed.
- Lack of **details on funding needs** and sources, which limits the overall effectiveness of the plan.

Country scores - Poland

		NECP Score		
		Draft		Final
Territorial Aspects	1. Ambitions and targets	0.33	→	0.83
	2. Supporting local economies and communities	1.5	→	2
	3. Local clean energies and decarbonised industries	1	=	1
	4. Inclusivity of regional transition	1	=	1
	5. Regional just transition governance	1	→	1.33
Distributional Aspects	6. Overarching assessment of distributional impacts	0.3	→	1.33
	7. Energy poverty	1.6	→	2
	8. Transport poverty	0.75	→	1.25
	9. Financing needs and sources of funding	0.5	→	2
	10. Tax, insurance and social security policies	0.5	→	1
	11. Work conditions and re-training	0.67	→	1
	12. Stakeholder engagement and public consultation	0.25	→	0.5

Notes: 0 – no mention of an issue, 1 – issue raised to a limited extent, 2 – issue raised to a significant extent, 3 – good practices

- **Public consultation process** is meaningful - comments on JT have been taken into account
- Lack of specific details and measurable outcomes weakens the impact of the plan

Country scores - Bulgaria

		NECP Score		
		Draft		Final
Territorial Aspects	1. Ambitions and targets	0	→	0.33
	2. Supporting local economies and communities	1.25	→	2
	3. Local clean energies and decarbonised industries	1		1
	4. Inclusivity of regional transition	0	→	0.33
	5. Regional just transition governance	0.67	→	1.33
Distributional Aspects	6. Overarching assessment of distributional impacts	0.33	→	0.67
	7. Energy poverty	1.8		1.8
	8. Transport poverty	0.5		0.5
	9. Financing needs and sources of funding	2		2
	10. Tax, insurance and social security policies	1		1
	11. Work conditions and re-training	0.33	→	1
	12. Stakeholder engagement and public consultation	0.5	→	1

Note: 0 – no mention of a given issue, 1 – issue addressed to a limited extent, 2 – issue addressed to a significant extent, 3 – good practice

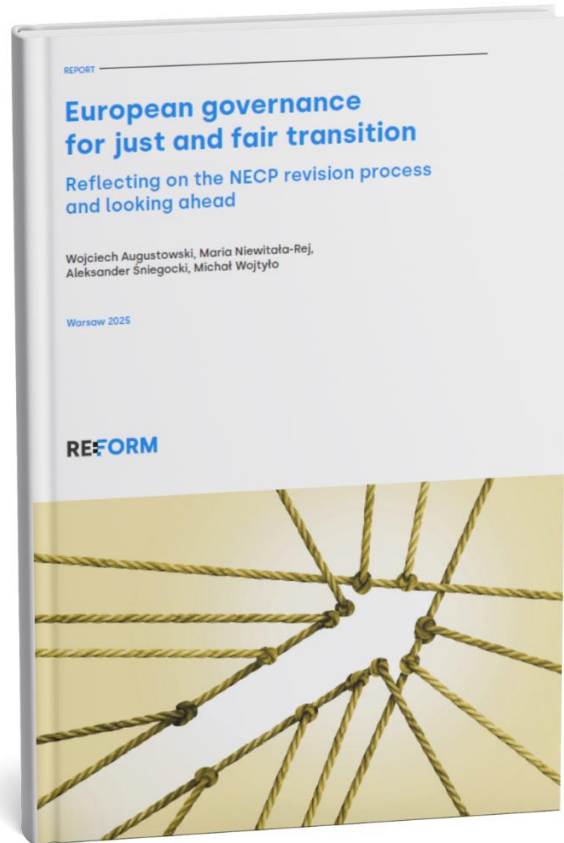
- **Public consultation process** is meaningful - comments on JT have been taken into account
- The policies have not paid particular attention to **vulnerable groups**
- 'transport poverty' has been mentioned only once in the context of the Social Climate Fund.

		Italy			Germany			Poland			Bulgaria		
		NECP Score			NECP Score			NECP Score			NECP Score		
		Draft		Final	Draft		Final	Draft		Final	Draft		Final
Territorial Aspects	1. Ambitions and targets	0.33		0.33	0.67	→	1.5	0.33	→	0.83	0	→	0.33
	2. Supporting local economies and communities	1		1	1	→	1.25	1.5	→	2	1.25	→	2
	3. Local clean energies and decarbonised industries	1		1	0.5		0.5	1		1	1		1
	4. Inclusivity of regional transition	1		1	1		1	1		1	0	→	0.33
	5. Regional just transition governance	1.3	→	1.67	1		1	1	→	1.33	0.67	→	1.33
Distributional Aspects	6. Overarching assessment of distributional impacts	0.67		0.67	1	→	1.33	0.3	→	1.33	0.33	→	0.67
	7. Energy poverty	2		2	0.6	→	1	1.6	→	2	1.8		1.8
	8. Transport poverty	0.25		0.25	0.25		0.25	0.75	→	1.25	0.5		0.5
	9. Financing needs and sources of funding	0		0	1		1	0.5	→	2	2		2
	10. Tax, insurance and social security policies	0.5	→	0.75	0.75	→	1.25	0.5	→	1	1		1
	11. Work conditions and re-training	0.67		0.67	0.33	→	0.67	0.67	→	1	0.33	→	1
	12. Stakeholder engagement and public consultation	0	→	1.25	0.75	→	1	0.25	→	0.5	0.5	→	1

		Italy			Germany			Poland			Bulgaria		
		NECP Score			NECP Score			NECP Score			NECP Score		
		Draft		Final	Draft		Final	Draft		Final	Draft		Final
Territorial Aspects	1. Ambitions and targets	0.33		0.33	0.67	→	1.5	0.33	→	0.83	0	→	0.33
	2. Supporting local economies and communities	1		1	1	→	1.25	1.5	→	2	1.25	→	2
	3. Local clean energies and decarbonised industries	1		1	0.5		0.5	1		1	1		1
	4. Inclusivity of regional transition	1		1	1		1	1		1	0	→	0.33
	5. Regional just transition governance	1.3	→	1.67	1		1	1	→	1.33	0.67	→	1.33
Distributional Aspects	6. Overarching assessment of distributional impacts	0.67		0.67	1	→	1.33	0.3	→	1.33	0.33	→	0.67
	7. Energy poverty	2		2	0.6	→	1	1.6	→	2	1.8		1.8
	8. Transport poverty	0.25		0.25	0.25		0.25	0.75	→	1.25	0.5		0.5
	9. Financing needs and sources of funding	0		0	1		1	0.5	→	2	2		2
	10. Tax, insurance and social security policies	0.5	→	0.75	0.75	→	1.25	0.5	→	1	1		1
	11. Work conditions and re-training	0.67		0.67	0.33	→	0.67	0.67	→	1	0.33	→	1
	12. Stakeholder engagement and public consultation	0	→	1.25	0.75	→	1	0.25	→	0.5	0.5	→	1

European governance for just and fair transition

Reflecting on the NECP revision process and looking ahead



Inside:

- ✓ Summary of the updated NECPs assessment
- ✓ 6 recommendations to strengthen just and fair governance

[New Reform Institute policy brief available at our website www.ireform.eu](http://www.ireform.eu)



Identified challenges

- General **over-generalisation of the NECPs**. The current NECPs are not investment plans
- The **EC Guidance** to MS for updated NECPs 2021-2030 had **limited impact** on the shape of updated NECPs
- The governments focused on meeting the provisions of the **Governance Regulation**
- Overall reflection of the just and fair transition in NECPs is **mediocre**
- The launch of the **Social Climate Fund** triggered planning a broader perspective of social support



1. Clarify the role of just and fair transition

- Just and fair transition - the foundation for **social acceptance**.
- Increased interest and increasing the emphasis on the distributional aspect – **just and fair transition**.
- The meaning **remains elusive, as it is not yet defined**.
- Three ways of clarification:
 - Political specification (European Council conclusions)
 - Non-legislative recommendations (prepared by the Commission)
 - Defining a legal norm (e.g. via Governance Regulation)



2. Introducing formal requirements for just and fair transition

- In the NECPs the distributional impacts of the proposed policies are not present enough
- No legal framework for preparing holistic actions
- **Just and Fair Transition Action Plan**
 - The example of REPowerEU – a cluster of targeted adjustments of existing regulations and instruments instead of new legal act

3. Assessment of just and fair transition implementation

- Monitoring and assessment is crucial
- Assessing its success is challenging - incomplete, **inconsistent** and fragmented existing documents
- **NECPs, TJTPs, SCPs can form the basis for cross-cutting assessment**
- Appropriate time for the assesment and new tools



4. Providing financing for measures enabling a just and fair transition

- Multiple challenges in a wide range of areas (security, competitiveness)
- **Increasing the pool of financing is a challenge** – own resources, MS contributions, common borrowing
- New MFF
- Increasing spending by **clearly defining conditionality** concerning the disbursement of the EU funds
- Linked to **additional EU-funding** and realistic overall socio-economic effects
- Financing granted if:
 - the just and fair transition aspect included
 - milestones from the NECP achieved



5. Non-legislative support for just and fair transition

- To build consensus, understanding and trust in actions in the field of climate and energy
- 2024 Report on the Review of the Regulation on the Governance of the Energy Union and Climate Action – **MS need financial and technical support** to implement the Governance Regulation
- The **Technical Support Instrument** – more focus on implementation of just and fair transition
- Building broad political understanding via the Council – **include non-standard stakeholders**
- just and fair transition in the Commission's **impact assessment procedure**



6. Dialogue and public consultations – the basic conditions for implementing the just and fair transition

- The inclusive and thorough dialogue should be one of the **crucial conditions of positive evaluation** of any actions
- Report on the Review of the Governance Regulation – **public consultations on the NECPs insufficient**
- Link to conditionality
- **Multi-level dialogue on climate and energy** (Governance Regulation) crucial
- Constant and substantial engagement of local NGOs and public administration on local and regional level needed
- Results of the dialogue should be discussed by the MS in the energy and climate progress report
- Ensuring public **access to information**



Summary: six recommendations for the EU institutions for just and fair transition governance

Clarifying the role of just and fair transition in the implementation of public policies

Assessing the implementation of national actions regarding just and fair transition

Introducing formal requirements for just and fair transition

Providing conditional financing for investments and measures enabling a just and fair transition

Providing technical support for just and fair transition measures

Monitoring dialogue and public consultations

RE:FORM

Thank you!

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