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# Just Transition:

History, Developments and Challenges  
in Greece and Europe

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# Just Transition

## History, Developments and Challenges in Greece and Europe

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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 collaboration, 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 collaboration 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 CO<sub>2</sub> auctioning public revenues 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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# I. Introduction

Starting with the historic Paris Agreement in 2015, the European Union has taken a series of legislative initiatives, thus becoming a leading player in the global climate policy scene. A major milestone in this process was the reform of the European Union Emissions Trading Scheme (EU ETS) Directive which led to the current spike of carbon dioxide market prices, as well as the new European Electricity Market Regulation, which, among other things, abolished capacity mechanism subsidies to lignite and coal power plants. To the above suffocating pressures exerted on the planet's most polluting fuels, one should add the reform of the best available techniques for large combustion plants, as well as the emission allowances set for non-carbon dioxide gases, which impose expensive upgrades to lignite and coal power plants.

Along with the above, advances in Renewable Energy Sources (RES) technologies have rendered them even more competitive in relation to fossil fuels<sup>1</sup>, and, as a consequence, they have been gaining an increasingly larger share of the electricity market. As a result, while at the end of 2015 the production of electricity from lignite and coal (787 TWh) was almost double the total production of wind and photovoltaics (413 TWh), in 2019 this picture was reversed: wind and photovoltaics accounted for 17.7% of electricity generation in the EU (570 TWh), while lignite and coal accounted only for 14.6% (470 TWh)<sup>2</sup>. In fact in the first half of 2020, and with a share of 40%, for the first time, RES outperformed fossil fuels which had a total share of 34%<sup>3</sup>.

This declining course of lignite and coal in the European Union must be considered irreversible, as 62% of European solid fuel combustion plants already have negative liquidity<sup>4</sup>, CO<sub>2</sub> emission allowance prices are expected to remain high, and, one after another, Member States are committing to completely phase-out lignite and coal, with increasingly forward-bearing time schedules<sup>5</sup>. Specifically, three Member States (Belgium, Austria and Sweden) have already phased-out coal, 11 Member States (Portugal, Slovakia, Hungary, Finland, Denmark, Greece, the Netherlands, France, Italy, Spain, Ireland) have committed to do so on different dates between 2021 and 2030, while Germany plans to retire all its lignite and coal power plants, at the latest, by 2038. Only 6 Member States (Poland, Bulgaria, Romania, Czechia, Croatia, Slovenia) have not yet set a specific date, although Czechia is expected to announce one soon. Finally, six Member States (Lithuania, Latvia, Estonia, Cyprus, Luxembourg, Malta) never used lignite and coal in their energy mix. In fact, according to the Member States' official commitments, as reflected in their National Energy and Climate Plans (NECPs)<sup>6</sup>, it is estimated that, in 2030, CO<sub>2</sub> emissions from all lignite and

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<sup>1</sup> IRENA. 2020. Renewable Power Generation Costs in 2019, International Renewable Energy Agency.

<https://cutt.ly/Sadt6vL>

<sup>2</sup> Agora Energiewende and Sandbag. 2020, February. The European Power Sector in 2019.

<https://cutt.ly/1aaf61t>

<sup>3</sup> Ember, 2020 July. Renewables beat fossil fuels. A half-yearly analysis of Europe's electricity transition.

<https://cutt.ly/Msa2tw8>

<sup>4</sup> Carbon Tracker. 2020, April. *Political Decisions, Economic Realities*, <https://cutt.ly/cas6Vrn>

<sup>5</sup> Europe Beyond Coal <https://cutt.ly/yadqLob>

<sup>6</sup> European Commission. National Energy and Climate Plans. <https://bit.ly/3c7j1tV>



coal plants in the EU-27 will be reduced by 55% compared to the levels recorded during the 2016-2018 period<sup>7</sup>.

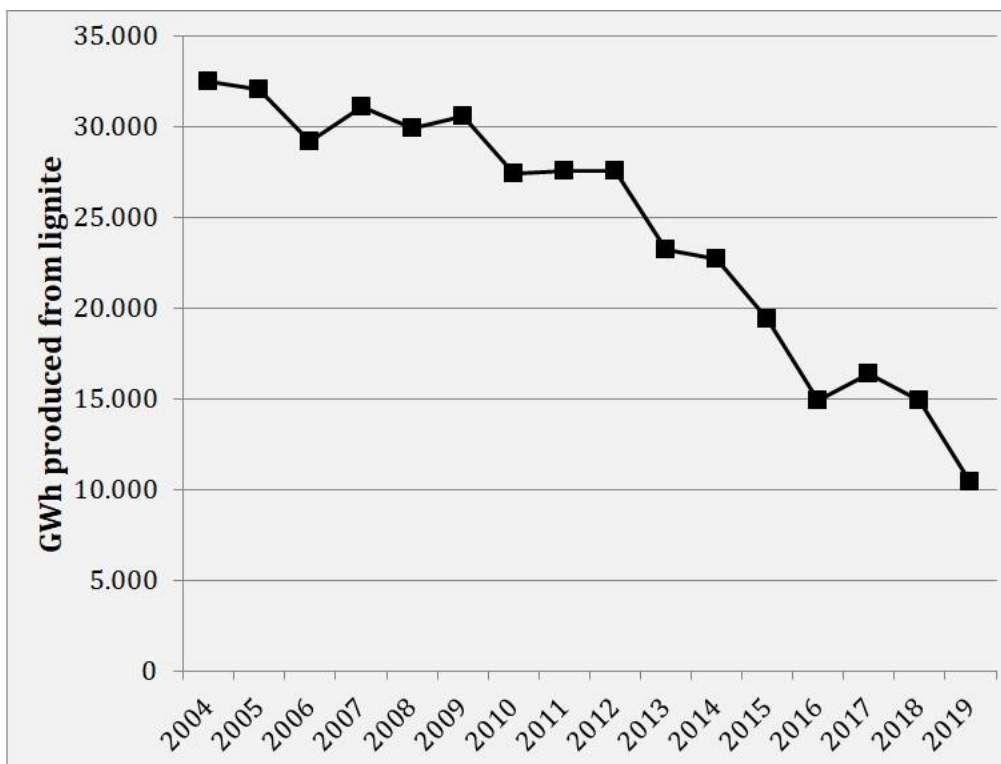


Chart 1: Lignite-generated energy in Greece during 2004-2019.

Lignite has also had a declining course in Greece. Chart 1 shows the course of lignite power generation in Greece based on the Independent Power Transmission Operator (IPTO) official data from 2004 to 2019<sup>8</sup>, illustrating the under-tripling of lignite generated electricity in the past decade, with the largest decline occurring between 2018 and 2019. This downward trend became even more intense, following the September 2019 announcement of the decision to phase out lignite; as a consequence, in May 2020 lignite reached a historic nadir, accounting for only 6% of electricity demand in the interconnected network. In fact, May 20, 2020 was the first day in seven decades with no lignite plant operating in Western Macedonia, while June 9, 2020 marked the completion of the first 40 hours with no lignite plant operating in the whole country, including both lignite plants in Megalopolis.

It is, therefore, an indisputable fact that the energy shift away from lignite and coal is already under way in Greece and Europe, and that this ever-accelerating course is inevitable.

This new reality has already affected several local communities in the European Union and is going to have an even deeper and widespread impact during this decade. In 2018, there were more than

<sup>7</sup> The GreenTank, 2020, July. Towards a more Just Allocation of the Just Transition Fund. [https://thegreentank.gr/wp-content/uploads/2020/07/202007\\_TheGreenTank\\_MoreJustJTF\\_EN.pdf](https://thegreentank.gr/wp-content/uploads/2020/07/202007_TheGreenTank_MoreJustJTF_EN.pdf)

<sup>8</sup> IPTO Monthly energy reports. <https://cutt.ly/YadpSds>

237,000 direct jobs, in total, in combustion plants and lignite and coal mines in the European Union, including the United Kingdom; in Greece the corresponding number of direct jobs in the lignite industry (mining and combustion) was 6,527<sup>9</sup>. It should be noted that these figures alone provide a static picture of the industry and do not fully describe the effects of lignite and coal phase-out. In fact, across the EU, the number of direct workers in the lignite and coal industries has been steadily declining over the past decade, reflecting the respective decline in both the mining activity and electricity production corresponding to these fuels. Moreover, if the jobs that are indirectly related to lignite and coal mining and combustion activities are taken into account, the number of individuals who will be affected by the gradual phase-out of lignite and coal becomes much higher.

The main concern, therefore, is for this irreversible course away from lignite and coal to occur in a socially just way for those areas that, for decades, have sacrificed other economic activities, as well as their own quality of life, in order to support the growth of the European economy.

The European Union has not shown sufficiently rapid reflexes in the face of the emerging explosive social problem. It was only in 2018 that the Coal Regions in Transition (CriT) platform for the provision of technical support in these regions became operational, while only in January 2020 did the European Commission present its proposal for financial assistance to the transition regions through the Just Transition Mechanism, in the framework of the European Green Deal and the planning for the next programming period 2021-2027. Due to the EU's delayed reaction to the accelerating collapse of lignite and coal production in most EU countries, the window of opportunity to defend the future of local communities is getting dangerously narrow, casting doubt on the success of the whole European Green Deal venture.

At this juncture, therefore, a review of the history of the transition from 2015 to the latest developments, at national and European levels, acquires special significance, in order to draw the necessary lessons and conclusions, so as to avoid mistakes in the future and respond to the urgent need for proper planning of the next day in the lignite areas of Greece.

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<sup>9</sup> JRC, 2018. "EU coal regions: opportunities and challenges ahead". <https://bit.ly/34BGSzv>

## II. Just Transition in Greece

### II.1. National Just Transition Fund

In Greece, the concept of Just Transition of lignite areas, and its financing by carbon dioxide (CO<sub>2</sub>) emission allowances auction revenues, was first put into public debate in November 2015 at a meeting of the Special Permanent Committee on Environmental Protection of the Hellenic Parliament, in the context of preparing Greece's participation at the historic, as it turned out, Climate Conference in Paris<sup>10</sup>. It is worth noting that the same request, in its primitive form, had already been tabled by environmental groups in the lignite regions, as early as 2005, when they demanded that the financing of the transition come from the "external cost" of lignite, which included the cost of CO<sub>2</sub> emissions. This request became more formal in 2010, in a report submitted to the European Parliament by 11 environmental organizations from Western Macedonia and Arcadia<sup>11</sup>.

#### *II.1.1. The original proposal*

In December 2015, a month after the debate in Parliament, on the occasion of the vote on a bill brought by the government regarding the distribution of public revenues raised from emission allowances auctioning during the 2016-2020 period, the mayors of the five energy municipalities of the country (Kozani, Eordaia, Amyntaio, Florina and Megalopolis) brought forward a specific amendment<sup>12</sup> proposing the establishment of a National Just Transition Fund, which would be financed by part of these public revenues. This proposal was supported with extensive documentation by the then Regional Governor of Western Macedonia<sup>13</sup>. While this proposal was accepted by many MPs from different political parties, it was not approved by the then Minister of Environment and Energy<sup>14</sup>. The Minister rejected the proposal, arguing that in order to provide funds for job creation in the lignite areas of the country, there should be a specific plan in place. WWF Greece moved in this direction, and, in July 2016, submitted a detailed and costed roadmap<sup>15</sup> for the transition of the Region of Western Macedonia to the post-lignite era.

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<sup>10</sup> Permanent Committee on Environmental Protection of the Hellenic Parliament, session entitled "The 21st COP in Paris and Greece's climate change policy", November 18 2015, statement by WWF Greece representative: 1:47-1:58. <https://cutt.ly/Gabkqsv>

<sup>11</sup> Report 0760/2010 submitted by 11 environmental organisations to the European Parliament. <https://cutt.ly/Da1juMg>

<sup>12</sup> Network of Energy Producing Municipalities NEProM. 2015, December. Letter to the Minister and Deputy Minister of Environment and Energy <https://cutt.ly/daj2oy9>

<sup>13</sup> The Regional Governor of Western Macedonia backs the Energy Municipalities' proposal for legislation regarding greenhouse gas emission allowances auction revenues. 2016, January. [http://energeiakozani.blogspot.com/2016/01/blog-post\\_94.html](http://energeiakozani.blogspot.com/2016/01/blog-post_94.html)

<sup>14</sup> Statement by Mr P. Skourletis, Minister of Environment and Energy, regarding PPC special tariffs for Western Macedonia. 2016, February. <http://goo.gl/qe6hgi>

<sup>15</sup> WWF Greece. 2016, July. Roadmap for the Transition of the Region of Western Macedonia to the post-lignite period <https://cutt.ly/aaj2GKL>

### *II.1.2. Establishment of the Fund*

The Mayors' rejected proposal to create a National Just Transition Fund for resurfaced in mid-2018, during the discussion on the law that set the framework for the sale of Greece's Public Power Company (PPC) lignite units. This time, the Deputy Minister of Environment and Energy accepted the proposal, announced the establishment of the National Just Transition Fund<sup>16</sup>, and put the proposal to a public consultation in June 2018. The consultation resulted in the establishment of priority axes that excluded any projects related to lignite, while concentrated on renewable energy sources, energy saving, the circular economy, the primary sector, and the promotion of the rich industrial heritage of Greece's lignite areas, as well as on workforce training, to assist the employees' transition into these sustainable sectors of the economy<sup>17</sup>.

The channeling of CO<sub>2</sub> auction revenues to finance the Just Transition of lignite regions (National Just Transition Fund), through the Green Fund, was included in both the draft NECP, which was submitted to the European Commission by the previous government in January 2019<sup>18</sup>, and the revised NECP, submitted by the current government in December 2019<sup>19</sup>.

In April 2019, a Ministerial Decree<sup>20</sup> was issued providing for the financing of lignite areas by 6% of the 2018 public revenues raised from CO<sub>2</sub> emissions auctioning (approximately €31.4 million) through the Green Fund, while, in February 2020, the new government issued a corresponding Decree<sup>21</sup>, providing for 6% of the 2019 public revenues from said source (approximately €30.2 million) to be allocated as above. In May 2020, the Green Fund decided to allocate the 2018 funds to seven specific axes<sup>22</sup>, while, in July 2020, calls were issued for two of them. The first call concerns the submission of Energy and Climate Plans and the second calls for the financing of interventions to promote the circular economy<sup>23</sup>.

The government has not yet committed to support the lignite regions by channeling the CO<sub>2</sub> emission allowances auction revenues of 2020 and the entire phase 4 of EU ETS 2021-2030, despite the fact that, through the NECP, the country is indirectly committed to do so for its entire duration, that is, until 2030.

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<sup>16</sup> Press release, Ministry of Environment and Energy. June 5 2018. S. Famellos, Deputy Minister: "We are launching the National Transition Fund for the lignite areas of Western Macedonia and Megalopolis". <https://cutt.ly/maj9xr6>

<sup>17</sup> "Special Account for the Just Transition of Lignite Regions" consultation. <https://cutt.ly/VaiqN47>

<sup>18</sup> National Energy and Climate Plan. 2019, January. <https://cutt.ly/kfYLHU2>

<sup>19</sup> National Energy and Climate Plan. 2019, December. <https://cutt.ly/ffYLXph>

<sup>20</sup> MD 67 Government Gazette B/1149/05.04.2019. Allocation of public revenues from greenhouse gas emission allowances auctions of 2018.

<sup>21</sup> MD by the Ministry of Environment and Energy YΠEN/ΔΚΑΠΙΑ/15474/339 Government Gazette B/584/24.2.2020 Allocation of public revenues from greenhouse gas emission allowances auctions of 2019.

<sup>22</sup> Press Release, Ministry of Environment and Energy 27.05.2020. The Green Fund approves the disbursement of €31.4 million euros for projects in lignite cities. <https://cutt.ly/mah69eQ>

<sup>23</sup> Press Release, Ministry of Environment and Energy 09.07.2020. A call has been issued for the Green Fund's first two lignite phase out projects. <https://cutt.ly/9ajzenI>

In summary, it becomes evident that it took three and a half years from the moment the idea of creating the National Just Transition Fund was first presented in 2015 until the moment of its actual establishment, and even longer for the utilization of its funds. Despite the long delay, the cross-party agreement on supporting the transition of lignite areas through public funds is particularly positive.

## II.2. Lignite phase out decision and initial governance model

Perhaps the most important instance in Greece's modern energy policy was the decision to completely phase out lignite by 2028<sup>24</sup>, at the latest, as announced by the Prime Minister from the UN podium in September 2019. This political choice sets Greece among the 15 most progressive EU countries that have already decided to completely eliminate the most polluting fuel on the planet, and at the same time renders it the first lignite-producing country in the EU to set a phase-out date before 2030. PPC's new business plan<sup>25</sup> includes the retirement of all existing lignite plants by 2023, in full agreement with the new NECP submitted to the European Commission in December 2019. Between 2023 and 2028 only Ptolemaida V, a plant now under construction, shall operate.

It is clear that this forward-bearing lignite phase out further magnifies the challenge of transforming the country's lignite regions. It has reasonably caused great unrest in local communities and authorities, as a comprehensive and costed plan for the Just Transition of lignite areas does not yet exist.

To this end, in December 2019, by a Ministerial Council Act (MCA)<sup>26</sup>, an inter-ministerial phase out Committee was set up, chaired by the Minister of Environment and Energy, in order to draw up a main Just Development Transition Plan (SDAM) to the post-lignite era. This project was assigned to a Steering Committee, which includes the Secretaries General of Economic Policy, Public Investment and National Strategic Reference Framework (NSRF), Energy and Mineral Raw Materials, and Agricultural Policy, the Regional Governors of Western Macedonia and Peloponnese, as well as PPC's CEO. In March 2020, a Coordinator was appointed for SDAM<sup>27</sup>, while Law 4685/2020<sup>28</sup>, which was passed at the beginning of May 2020, provided for its staffing needs and the relevant business structure. It is important to note that the mayors of Greece's five lignite municipalities, as well as any representatives of employees or civil society are absent from this Committee, which, in essence, constitutes the basic governance structure of Just Transition.

In addition, in May 2020, an 11-member Technical Committee (TESDAM) was appointed for the Just Development Transition Plan, with an advisory, technical and supportive role to the Steering

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<sup>24</sup> UN Climate Action Summit. 23.9.2019. (03:21) <https://www.youtube.com/watch?v=F-orwIPHuco>

<sup>25</sup> Press Release, PPC. 16.12.2019. PPC presents its medium-term strategic priorities and economic prospects for 2020. <https://cutt.ly/6ajQBqz>

<sup>26</sup> MCA 52, 23-12-2019, Government Gazette 213/A/24-12-2019 <https://cutt.ly/JajoYqr>

<sup>27</sup> Online Publication Number: ΨΙΩΕ4653Π8-ΓΚΓ. Decree by the Governmental Committee on Just Development Transition of the Region of Western Macedonia and the Municipality of Megalopolis to the post-lignite era. Ministry of Environment and Energy ΥΠΕΝ/ΥΠΠΓ/28804/2842 <https://cutt.ly/YajEoFG>

<sup>28</sup> Law 4685/2020. Government Gazette A/ 92/07-05-2020. <https://cutt.ly/KajcEJE>

Committee, especially in relation to investment proposals and development plans submitted to it<sup>29</sup>; in July 2020, the SDAM Steering Committee issued a call for investment proposals by private companies<sup>30</sup>, to be submitted to the newly established Technical Committee.

At the same time, in May 2020, the Regional Governor of Western Macedonia appointed a team to support the Region in its transition to the post-lignite era at both a national and a European level, which was amended in July 2020 to include additional members<sup>31</sup>. The Committee consists of 34 members in total, including the SDAM Coordinator. In July 2020, seven sub-groups were set up to examine transition issues (soil rehabilitation and restoration, use of existing infrastructure, investment evaluation, etc.). While this group includes many representatives of employees and academic institutions, as well as a representative of civil society, the mayors of the Region's lignite municipalities are still absent.

In June 2020, the SDAM Steering Committee commissioned a team of consultants to prepare the long-awaited comprehensive Just Development Transition Plan (Master Plan) for the country's lignite areas<sup>32</sup>. According to the relevant announcement<sup>33</sup>, in addition to drawing up the Master Plan, the consultants' responsibilities include the analysis of the current situation in the lignite areas, as well as the elaboration of Territorial Just Transition Plans, which constitute a condition for the disbursement of funds from the European Just Transition Fund. According to the SDAM Coordinator's statements, the first draft of the Master Plan will be ready by September 2020<sup>34</sup>.

In this multifaceted system of governance, it is essential to set clear and distinct roles, ensure the flow of information between the various governance structures at national and regional levels, as well as to define the way in which local communities, employees, and civil society shall contribute to both the preparation and decision-making process of the Master Plan and the Territorial Just Transition Plans. With regard to the latter, questions arise as to whether the procedure followed complies with the conditions for participation and consultation set by the new Just Transition Fund Regulation (see section IV.2.1 on Territorial Just Transition Plans).

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<sup>29</sup> Online Publication Number: ΨΠΦ04653Π8-9A1. Decree by the President of the Steering Committee on Just Development Transition. "Constitution and composition of a Technical Committee for the Just Development Transition Plan" 06/21.5.2020 <https://cutt.ly/lajONk2>

<sup>30</sup> Just Development Transition Plan, Steering Committee. Open call for private sector investment proposals for development in the context of the Just Development Transition Plan. 12/09.07.2020. <http://www.sdam.gr/el/anoikti-prosklisi>

<sup>31</sup> Online Publication Number: ΨΣΛΔ7ΛΨ-MMB. Amendment to the Constitution and Composition of the Team working on the transition of the Region of Western Macedonia to the post-lignite period. <https://cutt.ly/XajFz3V>

<sup>32</sup> Energypress.gr 3.6.2020. Boston Consulting and Grant Thornton have been commissioned to draw up the lignite phase out Masterplan. Call Specifications <https://cutt.ly/haj447D>

<sup>33</sup> Hellenic Corporation of Assets and Participations S.A. 26.3.2020. <https://cutt.ly/zaj5eEC>

<sup>34</sup> Just Development Transition Plan, 9.7.3020. A journey through Western Macedonia by Kostis Moussouroulis, Director and Coordinator of the Just Development Transition Plan. <http://sdam.gr/el/node/128>

### III. Just Transition in Europe

The modern history of Just Transition in Europe is intertwined with the corresponding one in Greece, as there have been interventions by Greek institutions influencing European developments, as well as initiatives by the energy network of our country with international character, such as the Forum of Mayors on Just Transition.

#### III.1. Revision of the EU Emissions Trading Scheme (EU ETS) Directive

In the European Union, the concept of Just Transition for lignite regions was only introduced in 2015, in the context of the European Commission's proposal<sup>35</sup> for the revision of the directive governing the operation of the European Emissions Trading Scheme (EU ETS). In particular, the European Commission proposed that each Member State's public revenues from the auctioning of the CO<sub>2</sub> allowances allocated to them be used, inter alia, to "promote skill formation and reallocation of labor affected by the transition of jobs in a decarbonising economy". In other words, the Commission has enabled Member States to dedicate part of these public revenues to the Just Transition of lignite areas, which was not the case until then.

The Commission's proposal was followed by a series of deliberations both by European Parliament Committees and the Council of competent Ministers, as well as tripartite negotiations among the institutions of the Union (European Commission, European Parliament and Council of Ministers), in order to finalize the revision of the Directive. During the negotiations, NGOs<sup>36</sup> from all over Europe worked in parallel with the European Trade Union Confederation (ETUC), once again seeking European funding (as opposed to public/national funds) via a new European Just Transition Fund, which would support the workers, as well as the entire local economy of the areas in transition. Relevant amendments were even submitted by various agreeing MEPs, and the final amendment establishing a distinct European Just Transition Fund for lignite regions was accepted by both the Committee on Industry, Research and Energy (ITRE)<sup>37</sup> and the Committee on the Environment, Public Health and Food Safety (ENVI)<sup>38</sup> of the European Parliament. In February 2017, this amendment was also approved by the Plenary Session of the European Parliament<sup>39</sup> by a strong

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<sup>35</sup> European Commission. 2015, July. Proposal for an amendment to Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments. <https://cutt.ly/gfYpWvL>

<sup>36</sup> Open letter to EU Environment Ministers. 2017, February. <https://cutt.ly/9ajVO6c>

<sup>37</sup> Committee on Industry, Research and Energy. 2016, November. Opinion of the Committee on Industry, Research and Energy for the Committee on the Environment, Public Health and Food Safety on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments (COM(2015)0337 -C8-0190/2015-2015/0148(COD)). <https://goo.gl/ymwRdw>.

<sup>38</sup> Committee on the Environment, Public Health and Food Safety. 2017, January. Report on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments (COM(2015)0337-C8-0190/2015-2015/0148(COD)). <https://goo.gl/V77Xbe>

<sup>39</sup> European Parliament. 2018, February. Position of the European Parliament adopted at first reading on 6 February 2018 with a view to the adoption of Directive (EU) 2018/... of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon

majority, thus constituting the establishment of a European Just Transition Fund for lignite areas an official position of one of the three EU institutions. Although the need for a socially Just Transition of lignite regions was recognized by all participants in the tripartite negotiations, it was not possible after all to establish a distinct Just Transition Fund in the reform of the EU ETS Directive<sup>40</sup>.

However, the disbursement of new European funds for Just Transition was incorporated differently in this Directive. The compromise solution adopted allows the use of European funds from the newly established Modernization Fund for projects related to the Just Transition of lignite regions; Just Transition has, therefore, been included in the alternative projects funded by the Modernization Fund. This inclusion, however, created competition for this Fund's resources between projects related to Just Transition and the construction of energy infrastructure. This fact significantly reduces the chances of using these funds for the development of alternative economic activities in lignite regions during the next phase of EU ETS (2021-2030). In addition, in order to use the Modernization Fund's resources, a prerequisite was set, that the per capita income of a Member State in 2013 be below the EU average. As Greece does not meet this condition, its lignite regions are not eligible to receive funding from the Modernization Fund.

Despite the unfortunate final outcome, this decision is of particular political importance as it marks the first time that EU funds were exclusively granted for the purposes of the Just Transition of lignite regions. In addition, certain MEPs from the ITRE and ENVI Committees, the two largest political groups of the European Parliament, had invested heavily in the proposal for a distinct European Just Transition Fund. This led to a proposal, submitted by them in 2019<sup>41</sup>, in the context of drawing up the new European budget, for the establishment of a European fund with the exact same purpose. Moreover, several mayors from Greece, Czechia, and Romania joined the effort to exert political pressure for the establishment of a European Just Transition Fund in 2017, and thus, the foundations were laid for a wider collaboration among local government representatives at a European level (see section III. 4 on the Joint initiative by energy municipalities and trade unions); this subsequently led to the establishment of the Forum of Mayors on Just Transition (see section III.5 on the Pan-European Forum of Mayors on Just Transition).

In conclusion, while the attempt to establish a distinct Just Transition Fund in the context of the EU ETS Directive reform was not successful, it brought political benefits that bore fruit down the line.

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investments and Decision (EU) 2015/1814(EP-PE\_TC1 COD(2015)0148). <https://cutt.ly/0ajV5mO>, European Parliament. 2017, February. Amendments adopted by the European Parliament on 15 February 2017 on the proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low -carbon investments (COM(2015)0337 –C8-0190/2015 – 48(COD)). <https://goo.gl/yW2YK1>

<sup>40</sup> Council of the European Union. 2017, March. Outcome of Proceedings. <https://goo.gl/gFKJMf>

<sup>41</sup>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)). <https://cutt.ly/2fyYWs>



## III.2. Platform for Coal Regions in Transition - CRiT

Following the finalization of the EU ETS Directive, which failed to establish a distinct Just Transition Fund, the European Commission took the initiative to allocate funds to the lignite regions of the EU-28 from existing resources within the current 2014-2020 programming period. Thus, in December 2017, the European Commission announced the establishment of the Coal Regions in Transition Platform (CRiT)<sup>42</sup>, in the framework of the "Clean Energy for All Europeans" energy strategy<sup>43</sup>, and the first working meeting took place in Brussels, in February 2018. This platform aims to provide technical support to the 41 lignite regions of the EU-28, so that they can select, develop, and finance the appropriate projects that will help them turn their economies towards a sustainable future, in a socially just way. The platform<sup>44</sup> initially focused on three lignite regions on a pilot basis, and now includes a total of 18 lignite regions from eight EU Member States.

Six working meetings have so far taken place in Brussels<sup>45</sup>, as part of this initiative, to discuss various technological developments that can assist transition areas in changing their energy model (e.g. technology to transform lignite units into energy storage units), as well as to examine the different approaches to the overall change in their economic model. In addition, bilateral meetings are held between Commission experts and the national/regional teams of the pilot areas, to discuss, in detail, the regions' progress in terms of developing specific projects to be financed by the current National Strategic Reference Framework (NSRF) of each country.

In June 2020, the CRiT platform was succeeded by the Just Transition Platform, which, aside from lignite regions, also includes other regions with carbon-intensive industrial activities.

Due to the pivotal role that this platform has now acquired in shaping EU policy regarding Just Transition, the inclusion of Western Macedonia as one of the first three pilot regions in this initiative was of particular political importance.

## III.3. Technical support to the lignite regions of Greece

The systematic presence of Western Macedonia on the platform of lignite regions in transition resulted in it being one of the two pilot regions supported by the European Commission and the Structural Reform Support Service (SRSS)<sup>46</sup>. Specifically, the Commission set up a World Bank team of experts to draw up a roadmap for the transition to the post-lignite era.

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<sup>42</sup> European Commission, Press Release. 2017, December. No region left behind: launch of the Platform for Coal Regions in Transition. <https://cutt.ly/YfYpSPN>

<sup>43</sup> European Commission. 2016, November. Communication on Clean Energy for All Europeans, Annex2. <https://cutt.ly/6ajML60>

<sup>44</sup> Regarding the structure and operation of the CRiT Platform see: European Commission, Platform on Coal and Carbon-Intensive Regions Terms of Reference. <https://cutt.ly/cajM3Rd>

<sup>45</sup> European Commission, Coal Regions in Transition platform, Working group meetings. <https://cutt.ly/vaj1exl>

<sup>46</sup> European Commission, Approved technical support requests under the Structural Reform Support Programme. <https://cutt.ly/faj1giK>

This project by the World Bank includes four axes of interest:

- Axis 1: Strengthening the governance system: this axis shall set a governance framework, a regional transition strategy, a development proposal for PPC, as well as a strategy for the active participation and commitment of all stakeholders.
- Axis 2: Preparing workers and local communities: this axis focuses on a smooth transition away from the lignite value chain, with an emphasis on the impact that the retirement of lignite plants will have on the workforce.
- Axis 3: Redirection of land use and investment: this axis aims to formulate a strategy for the redirection of land uses and investments, as well as a strategic plan for the mining areas.
- Axis 4: Monitoring, evaluation, and final consultation: this axis aims to formulate the final roadmap to the post-lignite era, including all relevant consultations with stakeholders, and public debate.

The structure of the project was presented in Kozani, in October 2019, and the project itself is expected to be delivered to both the Greek Government and the Region of Western Macedonia in the summer of 2020.

The World Bank team has so far held numerous bilateral meetings with stakeholders at both a national, and, mainly, a local level; however a large-scale consultation on the basis of the proposed roadmap, with the contribution of all stakeholders (representatives of local authorities, PPC, employees, scientists, chambers, related ministries, NGOs, etc.) has yet to take place.

Also in October 2019, Megalopolis was selected as one of the additional seven regions to which the European Commission will offer technical assistance, in order to formulate an initial transition plan, through the START programme (Secretariat Technical Assistance for Regions in Transition) of the Coal Regions in Transition (CRiT) platform<sup>47</sup>. In mid-February 2020, the first visit of the technical team took place in Megalopolis. The project has been delayed due to the coronavirus pandemic, but is expected to restart by September 2020, and be completed by October 2021.

#### III.4. Joint initiative by energy Municipalities and trade unions

Recognizing the challenge posed on lignite regions due to the energy transition and the reform of EU energy policies, the mayors of the energy municipalities in Western Macedonia took steps in order to influence European developments. In April 2017, as negotiations began in the EU for the revision of the EU ETS Directive, it became apparent that there were objections to the establishment of the European Just Transition Fund by certain Member States and the European Commission. At the initiative of Lefteris Ioannidis, the former mayor of Kozani, a formal letter was

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<sup>47</sup> 6<sup>th</sup> Working Group Meeting of the Platform for Coal Regions in Transition - GASP <https://cutt.ly/zaj1cCX>

addressed to the Commission, the Council of competent ministers of the Member States, and the representatives of the European Parliament. The letter was co-signed not only by the mayors of the country's five energy municipalities, but also by the presidents of the General Confederation of Workers in Greece (GSEE) and the General Confederation of Electric Power Workers (GENOP-PPC)<sup>48</sup>. This initiative acquired European dimensions, since, in addition to the five Greek mayors, it was also supported by two mayors from Czechia and one from Romania.

Following their letter, the Mayors of Western Macedonia met with senior officials of the European Commission's Directorate-General for Energy in Brussels, in an effort to convince the Commission of the need to establish a European Just Transition Fund. As a result of this initiative, a few months later Western Macedonia was included in the then newly established CRiT Platform, as one of the first three pilot regions.

### III.5. Pan-European Forum of Mayors on Just Transition

The collaboration with other mayors from the EU, in the context of the aforementioned initiative of the energy municipalities of Greece for the establishment of a European Fund for Just Transition, gave birth to the idea of creating a wider pan-European network of local government representatives of lignite areas in Europe.

Thus, in September 2018, the 1st Pan-European Forum of Mayors on Just Transition<sup>49</sup> was held in Kozani, at the initiative of its Mayor, under the auspices of the Network of Energy Producing Municipalities (NEProM), and in collaboration with WWF Greece, in the context of the "Just Transition in Eastern and Southern Europe" EUKI project<sup>50</sup>, coordinated by WWF Germany. Its aim was to exchange experiences and good practices and to explore the ways municipalities could collaborate in order to exert political pressure at European and national levels, so that the special needs of lignite areas are addressed with due care. This meeting was attended by Mayors and representatives of 10 lignite regions from six EU countries (Greece, Germany, Poland, Bulgaria, Romania and Slovakia), workers' representatives from Greece, and NGOs from Greece, Bulgaria, Poland, and Germany.

The success of the 1st Forum encouraged the participating Mayors to continue and expand their efforts. Thus, in September 2019, the 2nd Forum of Mayors on Just Transition<sup>51</sup> was organized in Weisswasser, Germany, with significantly higher attendance: 17 mayors from eight countries, including two from Greece, as well as the former mayor of Kozani, and the Greek MEP Petros Kokkalis. Employees from Poland and NGOs from all over Europe attended again. The Forum lasted an extra day as it included a visit to the nearby lignite fields and a meeting with Germany's Minister

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<sup>48</sup> Letter by the Mayors of eight lignite municipalities in Greece, Czechia, and Romania, and the presidents of GENOP-PPC and GSEE. 2017, May. <https://goo.gl/zyKtx2>

<sup>49</sup> 1st Forum of Mayors on Just Transition. 2018, Kozani. <https://cutt.ly/Daj1HZb>

<sup>50</sup> Just Transition Eastern and Southern Europe. <https://cutt.ly/WaKUmz0>

<sup>51</sup> 2nd Forum of Mayors on Just Transition. 2019, Weisswasser. <https://cutt.ly/Uaj1C3V>

for the Environment, who met with the entire delegation and gave a joint press conference with two mayors on transition issues.

An important development in the 2nd Forum was the signing of a Joint Declaration<sup>52</sup> of collaboration, with the aim of exchanging good practices and jointly claiming European funds for just transition within the next multiannual financial framework 2021-2027. Among the original signatories were the then newly elected mayors of Amyntaio and Florina. The Declaration of Mayors on Just Transition was quickly adopted by several mayors of lignite areas, even those not present at the Forum. By December 2019, the Declaration had been signed by 54 mayors<sup>53</sup> from 12 lignite regions in 10 countries, including two in the Western Balkans. With regard to Greece, the Declaration has now been signed by all four mayors of the energy municipalities in Western Macedonia.

The Forum of Mayors initiative was recognized at a European level by Klaus Dieter Borchardt, head of the CRiT platform, who publicly praised the initiative and dedicated a plenary session to its detailed presentation during a CRiT platform meeting in Brussels on October 16 2019<sup>47</sup>.

The Forum of Mayors, which started in Western Macedonia, is now an established institution; the 3rd meeting was originally scheduled to take place in Poland, however, due to the restrictions imposed by the coronavirus pandemic, it will be conducted via video conference in September 2020.

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<sup>52</sup> Declaration of Mayors on Just Transition. 2019, September. <https://cutt.ly/Paj0eQ6>

<sup>53</sup> Declaration of Mayors on Just Transition: map of Signatories. 2019, December. <https://cutt.ly/Naj0Mvj>

## IV. The European Just Transition Mechanism

The latest developments regarding Just Transition in Europe's lignite regions are related to the introduction of a special funding mechanism, under the European Green Deal, which is a central policy and developmental choice of the European Union, aiming to achieve climate neutrality by 2050.

### IV.1. The original proposal by the European Commission

Since the dialogue on the new Multiannual Financial Framework for the period 2021-2027 began in 2018, the EU has set high goals regarding its climate targets, and initially proposed to spend 25% of its budget to support these goals. The main pillars of European investment for the period 2021-2027 are described as follows: "a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management"<sup>54</sup>.

At the initiative of the Committee on Industry, Research and Energy (ITRE), which three years ago had spearheaded an effort to set up a European Just Transition Fund exclusively for EU lignite regions, to be financed by CO<sub>2</sub> emission allowances auctioning revenues, the European Parliament reintroduced this proposal with an amendment: that the funding would come from the new European budget for the period 2021-2027. However, the proposed funds were by no means sufficient as they amounted to just €4.8 billion over seven years to cover the transition needs of 41 EU-28 lignite regions, which translates to less than €17 million per year for each region, assuming an equal distribution of funds per region.

The new European Commission, which took over at the end of 2019, developed the European Parliament's proposal by incorporating it in the European Green Deal<sup>55</sup>, which aims to make Europe climate neutral by 2050, while ensuring that this transition will be just and inclusive. The European Green Deal was announced in December 2019, while the new European development strategy and the Sustainable Europe Investment Plan<sup>56</sup> were both presented in January 2020.

In the framework of the European Green Deal, a special Just Transition Mechanism<sup>57</sup> was introduced in January 2020; however, it concerns not only the lignite regions, but all carbon-

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<sup>54</sup> European Commission. 29.5.2018. Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. Article 4. <https://cutt.ly/8fYoSmS>

<sup>55</sup> European Commission, Announcement 11.12.2019. The European Green Deal. <https://cutt.ly/4azFRkn>

<sup>56</sup> European Commission. 14.1.2020. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Sustainable Europe Investment Plan, European Green Deal Investment Plan. <https://cutt.ly/HazGjMH>

<sup>57</sup> European Commission. 14.01.2020. The Just Transition Mechanism: making sure no-one is left behind [https://ec.europa.eu/commission/presscorner/detail/en/fs\\_20\\_39](https://ec.europa.eu/commission/presscorner/detail/en/fs_20_39)

intensive industrial regions in the EU-27. The mechanism is based on three pillars: 1) the Just Transition Fund (JTF), 2) the Invest EU investment project, and 3) public sector loans with the support of the European Investment Bank (EIB). The original proposal by the Commission aspired to raise, from all three pillars of the mechanism, funds in the order of €100 billion during the next financial period 2021-2027, through the leverage of only €7.5 billion of "new" money. Specifically:

- The JTF was expected to raise €30-50 billion, by supplementing the €7.5 billion from the European budget with €1.5 to €3 billion from the European Regional Development Fund (ERDF) and the European Social Fund Plus (ECF+), matching each euro of the JTF, as well as the corresponding national contributions. Therefore the utilization of the new European funds amounting to €7.5 billion of JTF was accompanied by significant commitments of other European and national funds.
- The second pillar, which includes loans and guarantees of private investments through the Invest EU programme, aims to raise funds in the order of €45 billion.
- The third financial pillar includes EIB financed public investment loans, through which the Commission estimates that another €25-30 billion will be raised.

## IV.2. The Just Transition Fund

Specifically for the Just Transition Fund, which is the first pillar of the Just Transition Mechanism, the European Commission submitted a Regulation proposal in January 2020<sup>58</sup>, according to which the use of the Fund's resources for any fossil fuel or nuclear energy infrastructure is completely prohibited. The fund intends to finance exclusively the following activities:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion;
- investments in the creation of new firms, including through business incubators and consulting services;
- investments in research and innovation activities and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy;
- investments in digitalisation and digital connectivity;
- investments in regeneration and decontamination of sites, land restoration and repurposing projects;
- investments in enhancing the circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling;
- upskilling and reskilling of workers;
- job-search assistance to jobseekers;
- active inclusion of jobseekers;
- technical assistance.

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<sup>58</sup>European Commission. 2020, January. Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020PC0022>

### *IV.2.1. Territorial Just Transition Plans*

In order to use the resources of the Just Transition Fund, it is required that the Member States present detailed Territorial Just Transition Plans for each region in transition. These plans must address the areas that are most affected, both economically and socially, by the transition to climate neutrality, be compatible with the National Energy and Climate Plans (NECPs), and be linked to the elimination of greenhouse gas intensive activities, such as the retirement of lignite and coal units.

For each of these areas, which must correspond to NUTS level 3 regions or parts of them, the territorial just transition plans shall identify social, economic, and environmental challenges, and provide detailed information on their needs, in terms of economic diversification, new skill acquisition, and environmental impact, as appropriate. In order for the JTF to finance an investment, it must be compatible with the Territorial Just Transition Plans, which are approved by the European Commission. In the event of any change, and particularly in the event of a NECP update, the territorial transition plans shall be updated accordingly, and be reapproved by the Commission.

Moreover, Territorial Plans must include a system of governance, with particular emphasis placed on broad consultation and all stakeholders' involvement in the preparation, implementation, monitoring and evaluation of the plans. The preparation and implementation of the Territorial Just Transition Plans must involve the "competent partners", which, according to article 6 of the new Regulation on Common Provisions<sup>59</sup> are the following:

- “(a) urban and other public authorities;
- (b) economic and social partners;
- (c) relevant bodies representing civil society, environmental partners, and bodies/institutions responsible for promoting social inclusion, fundamental rights, rights of persons with disabilities, gender equality and non-discrimination.”

The exact use of the funds received by the Just Transition Fund, to be determined following a dialogue between the European Commission and each Member State, includes the identification of both the areas of intervention and the corresponding projects. Practically, this dialogue will take place through the European Semester process. In fact, in February 2020, the European Commission published the results of the European Semester winter package (country reports)<sup>60</sup>, detailing the challenges and opportunities arising from the energy transition for each country, and identifying

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<sup>59</sup>European Commission. 29.5.2018 Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. <https://cutt.ly/8fYoSmS>

<sup>60</sup>European Commission, 2020, February. European Semester: The Winter Package explained. <https://cutt.ly/Nal6TxR>

the priorities to be supported by the Just Transition Fund. The report for Greece<sup>61</sup> describes indicative investment activities in Western Macedonia and Megalopolis, but also in Crete and the islands of the Aegean, that is, areas of our country that depend on oil to generate electricity.

Therefore, the European Just Transition Fund resources will not be exclusively directed to Western Macedonia and Arcadia, but part of them will be dedicated to the decarbonization of the islands.

#### *IV.2.2. Allocation of funds*

The European Commission's original Regulation proposal for the Just Transition Fund also included the following five criteria for the allocation of the Fund's €7.5 billion among the 27 EU Member States:

1. Greenhouse gas emissions by industrial plants in regions where carbon intensity exceeds the EU-27 average (receiving a weighting of 49%)
2. Employees in coal and lignite mining (receiving a weighting of 25%)
3. Industrial workers in the regions referred to in point 1 (receiving a weighting of 25%)
4. Peat production (receiving a weighting of 0.95%)
5. Production of petroleum shale (receiving a weighting of 0.05%)

The application of these criteria and the overall methodology described in Annex I to the Regulation leads to an unfair distribution of the Fund's resources, as several Member States which are not committed to lignite and coal phase out (Poland, Bulgaria, Romania, Czech Republic, Slovenia, Croatia), along with Germany, which has committed to a phase-out spanning over time are rewarded with 2/3 of the Fund's resources; in contrast, the 13 Member States that have made ambitious coal phase out commitments (Greece, Slovakia, Hungary, Portugal, etc.) receive much smaller amounts (30% cumulatively)<sup>7</sup>.

In particular, based on the Commission's original Regulation proposal, Greece was to receive from the JTF only €294 million, an amount which corresponds to 3.9% of the JTF, while Poland was to receive the maximum allowed amount of €2 billion, Germany €877 million, Romania €757 million, Czechia €581 million and Bulgaria €458 million. The cause of this injustice lies in the choice of allocation criteria, as the latter do not take into account the magnitude of the challenge or the urgent nature of transition, especially in lignite regions.

In February 2020, in an effort to eliminate the above injustices in the allocation of funds, the Network of Energy Producing Municipalities (NEProM) sent a letter<sup>62</sup> to Frans Timmermans, Executive Vice-President of the European Commission for the European Green Deal, requesting the amendment of the aforementioned criteria to take into account both the phase out rate and the magnitude of the transition challenge faced by highly lignite-dependent areas. In March 2020,

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<sup>61</sup>European Commission, 2020, February. Commission Staff Working Group Document.

<https://cutt.ly/fal6Dov>

<sup>62</sup>Letter by the five Mayors of lignite regions to the Executive Vice-President of the European Commission. 21.2.2020 <https://cutt.ly/7azTYIY>



NEProM sent a similar letter to the Greek MEPs, underlining that a successful transition in Greece is key to the successful conclusion of the entire European Green Deal, as Greece is the first lignite-producing country venturing to completely phase out lignite and, what is more, in such a short period of time<sup>63</sup>. In the same vein, the Regional Governors of both Western Macedonia and the Peloponnese sent a letter to the President of the European Committee of the Regions in May 2020, requesting his support in the amendment of the criteria for allocating resources towards a fairer direction<sup>64</sup>.

### IV.3. The European Commission's revised Proposal

The elaboration of the original proposal for the Just Transition Fund Regulation began in both the European Parliament Committees and the Council of Ministers, chaired by Croatia, during the coronavirus crisis. The seven European Parliament Committees involved in the dossier completed their elaboration and submitted amendments to the Commission's original proposal<sup>65</sup>. The anticipated huge effects of the pandemic on the economies of the Member States prompted the European Commission to announce, in May 2020, the establishment of Next Generation EU, a generous economic recovery package totaling €750 billion<sup>66</sup>.

Among the first priorities to be supported by the Commission through the recovery package was the Just Transition Fund: €30 billion of the €750 billion was transferred to JTF, and was supplemented by another €2.5 billion from the new Multiannual Financial Framework 2021-2027. Thus, the Fund's size was increased from €7.5 billion to €40 billion, at 2018 constant prices. Furthermore, as compared to the original proposal, the Commission increased the maximum amount that a Member State may receive from €2 billion to € 8 billion, as well as the minimum per capita aid intensity from €6 to €32, while, in total, from all three pillars of the Just Transition Mechanism, the Commission now aims to raise a total of €150 billion (as opposed to €100 billion of the original proposal) through leverage.

However, the Commission maintained the resource allocation criteria exactly as in its original proposal; thus, perpetuating its injustices. As a result, according to the revised proposal, Greece is intended to receive €1.724 billion from the JTF, or 4.3% of the Fund, while Poland again receives the maximum possible aid of €8 billion, Germany €5.23 billion , Romania €4.44 billion, Czechia €3.41 billion and Bulgaria €2.69 billion.

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<sup>63</sup>Letter by Vassilis Yiannakis, Mayor of Florina and President of the Network of Energy Producing Municipalities to the Greek MEPs. 20.3.2020. <https://cutt.ly/LazYLfi>

<sup>64</sup>Letter by the Regional Governors of Western Macedonia and the Peloponnese to the President of the Committee of the Regions requesting support regarding the proposal to amend the Just Transition Fund's allocation criteria. 20.5.2020. <https://cutt.ly/JazIVW4>

<sup>65</sup>European Parliament. Legislative Observatory. Just Transition Fund. 2020/0006(COD). <https://cutt.ly/5aKM4mp>

<sup>66</sup>European Commission, Press release. 27.05.2020. Europe's moment: Repair and prepare for the next generation. <https://cutt.ly/OfYpNIW>

According to a Green Tank report<sup>7</sup>, the allocation of resources can be made much fairer by implementing relevant amendments already submitted by MEPs from various political groups in the European Parliament. The addition of a criterion to account for the coal and lignite phase out rate, based on the official commitments of the Member States as stated in their National Energy and Climate Plans, is of particular importance, as is the inclusion of a criterion for unemployment in European regions where lignite or coal is mined and/or combusted.

#### IV.4. Recent developments and next steps

Following the vote on July 6 2020, on a specific amendment to the JTF Regulation by the Committee on Regional Development (REGI)<sup>67</sup>, which handles the dossier of the Regulation on behalf of the European Parliament (EC), the plenary vote is expected to take place in September 2020. The Croatian Presidency concluded its term, and a partial agreement on the JTF Regulation<sup>68</sup> among Member States has been reached. This agreement does not include resource allocation criteria. Therefore, any changes to the relevant Annex I to the Regulation will concern the German Presidency. It is important to note the accord of the Council on the key issue of completely excluding investments in fossil fuel infrastructure from the JTF. The European Commission also shares the same view. On the contrary, the EP's Committee on Regional Development authorizes the use of JTF for fossil gas infrastructure, provided that six conditions, combined, are met. Therefore, in the tripartite negotiations, the EP's position on this issue is expected to represent the minority.

On July 21 2020, the European Council, following a long and difficult negotiation, reached an agreement on the amount of funds to be dedicated to Next Generation EU, the recovery package of the European economy following the coronavirus, as well as to the Multiannual Financial Framework (2021-2027)<sup>69</sup>. This agreement includes a significant cut in JTF. In particular, the Recovery Fund's contribution to the JTF was reduced from €30 billion to just €10 billion, and, at the same time, the contribution of the next Multiannual Financial Framework to the JTF was reduced from €10 billion to €7.5 billion. Therefore, the total provision of €40 billion for the Just Transition Fund was reduced to €17.5 billion. This decision creates numerous gaps in the transition of the EU lignite areas, constituting the need to amend the allocation criteria towards a more just direction all the more necessary.

In addition to the representatives of local authorities and the Green Tank, doubts regarding the fairness of the criteria for the allocation of the Just Transition Fund resources among the Member States, and whether the resources will be adequately channeled where there is greatest and most

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<sup>67</sup>Committee on Regional Development (REGI), Press Release, 6.7.2020. Just transition in EU regions: support to people, economy and environment. <https://cutt.ly/DfYp1Tp>

<sup>68</sup> Council of the European Union, 25.6.2020. Partial mandate for negotiations with the European Parliament <https://cutt.ly/1azWgQx>

<sup>69</sup>General Secretariat of the Council. Special meeting of the European Council (17, 18, 19, 20 and 21 July 2020): Final Conclusions EUCO10/20 <https://cutt.ly/9fYp3Iw>

urgent need, have also been expressed by the European Court of Auditors in a relevant opinion submitted in July 2020<sup>70</sup>.

There are possibilities for corrective actions in the context of the tripartite negotiations among the European institutions that will begin in the autumn of 2020, while final agreement is expected by December 2020.

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<sup>70</sup> European Court of Auditors. 22.7.2020. EU's green ambitions require a more performance-based Just Transition Fund, advise auditors. <https://cutt.ly/lsskoGE>

## V. Lessons learned

The history of the Just Transition of lignite regions offers valuable lessons that can and should be used so that, in this critical and particularly "dense" period we are going through, on the one hand, serious mistakes of the past can be avoided, and on the other, good practices that contributed to the progress made to date can be sustained.

### V.1. Alignment with international developments

One of the main mistakes of the past decade in Greece's energy policy has been the lack of acceptance or understanding of European developments. These developments have translated into concrete revisions in European energy, climate, and environmental legislation, which have completely changed the correlations in the electricity market. And, while other Member States and power companies in Europe were gradually adapting to the new status quo and planning the transition to a new era, the Greek governments, the majority of local authorities in the lignite regions, as well as PPC kept looking for exemptions, maintaining the central goal of perpetuating the lignite power generation model.

The predicted failure of this strategy not only cost the country and PPC politically and economically, but also deprived them of valuable time to properly plan the gradual transition of local economies to the post-lignite era. Thus, in September 2019, when the decision to stop the environmentally and economically destructive lignite activity was made, the lignite regions of the country were unprepared for the inevitable transition to the post-lignite era, and had the highest unemployment rates and the highest indicators of local economy dependence on lignite, compared to all lignite regions in Europe.

At the opposite end of the spectrum, there have been initiatives that kept pace with international developments. The emergence of Western Macedonia as one of the first pilot regions in transition in Europe, the establishment of the National Just Transition Fund, as early as 2018, and the decision to phase out lignite in our country by 2028 are all examples that put the country at the forefront of Europe.

The current period is marked by very important developments concerning and affecting the lignite regions of Europe, such as the specialization of the European Green Deal with a series of legislative initiatives, the new programming period 2021-2027, and the economic recovery packages related to the coronavirus crisis.

Greece must not repeat the mistakes of the past. The investments that will be chosen to transform local economies this time must not ignore European trends and European legislation, nor rely on exemptions. Investment options should be evaluated in terms of their long-term environmental and economic viability and not by the temporary solution they may offer to the problems of affected areas, nor should they reflect a simple absorption of the additional funds available. Only in this way

will the investments create permanent jobs in sustainable economic activities and keep the local economies alive in Western Macedonia and Arcadia.

## V.2. The key role of local government

Despite the mistakes and the insufficient preparation of Greece's lignite regions for the transition to the post-lignite period, there have been bright exceptions in Greece's transition history. The mayors of the country's energy municipalities have managed to overcome political differences and join forces to defend the interests of their regions. In a period of three years alone (2016-2019) they managed:

1. To successfully demand from the Greek government the establishment of the National Just Transition Fund, to be financed by revenues from CO<sub>2</sub> emission allowances auctions, making Greece the first country in the EU-27 to give rise to this possibility.
2. To successfully nominate Western Macedonia as one of the first three lignite regions in the EU to join the Coal Regions in Transition (CRiT) platform, and to participate, unremittingly, in all relevant team meetings in Brussels.
3. To mobilize professional and scientific bodies (chambers, research institutes, Development Committee of Western Macedonia), in order to prepare reports and elaborations for the future of Western Macedonia, while supporting the Region of Western Macedonia in the CRiT platform.
4. To form alliances for Just Transition, even with the trade unions in Greece, despite their different views on the future of lignite, as well as collaborations with environmental organizations and think tanks.
5. To initiate a public dialogue on the post-lignite period at a local level, despite the strong reactions of many bodies.
6. To demand the establishment of the European Just Transition Fund by the European Commission, the European Parliament and the Council, in the context of the revision of the EU ETS Directive.
7. To undertake international initiatives for the collaboration of "lignite" municipalities, culminating in the establishment of the Forum of Mayors on Just Transition and the signing of a collaboration Declaration aimed at exchanging good practices and jointly claiming European funds for Just Transition.

Therefore, local authorities have shown that they can influence developments at both a national and a European level, as well as raise difficult issues in public debate, when they operate in a coordinated and goal oriented manner. The legacy of collaboration, joint actions and claims passed down by the previous local authorities in Greece and Europe must be utilized and reinforced by current mayors and regional governors. The current representatives of local government are already facing explosive problems that can only be successfully overcome through extroversion and collaboration.

### V.3. Collaboration with social and environmental partners

Despite the uproar and reasonable reactions that emerged in September 2019, following the announcement of the decision to phase out lignite by 2028 in Greece, in less than ten months, local authorities, as well as several political and professional bodies in Western Macedonia, began a constructive dialogue regarding the next day.

This positive development is deeply connected to the efforts made over the past four years to bring Just Transition to the post-lignite era to the forefront of public debate, as well as to the fact that this dialogue, albeit often intense, was truly pluralistic and included several different views. Key to the maturation of the issue of Just Transition in Western Macedonia was the fact that representatives of workers, along with environmental organizations and think tanks, all contributed to the dialogue; despite having completely different starting points, these incongruent parties managed to agree on issues related to the necessity of supporting local communities and lignite industry employees.

In addition to its systematic participation in the public debate, civil society also contributed: a) with concrete, costed proposals for the next day in Western Macedonia, b) by monitoring EU developments and carrying out well-documented interventions to claim resources for Just Transition at national and European levels, c) by systematically attending and participating in the Coal Regions in Transition Platform, and by assisting the team of Western Macedonia, d) by organizing visits by institutions from other countries' lignite regions to Western Macedonia, as well as visits of organizations and journalists from Western Macedonia to Europe, with the aim of exchanging good practices, maintaining collaboration in transition issues, and providing information to citizens.

Experience to date has shown that dialogue and consultation is not a luxury but a necessity. It also dispelled the preconception that environmental organizations, local authorities, and workers or local institutions cannot work together, or that full agreement between partners is necessary on all issues in order to maintain dialogue and collaboration in one.

The challenge of transforming local economies in the lignite areas of the country is immense. The involvement of social and environmental partners in the consultation, planning, and implementation of the transition to the post-lignite era is imperative, not only as required by European legislation, but also as evidenced by the positive results of this collaboration so far.

## VI. Challenges – Policy proposals

### VI.1. Time

The greatest challenge regarding the transition of lignite regions in Greece is time. It is certain that the shift of local economies so deeply dependent on lignite activity cannot be achieved by 2023, the year in which the retirement of all existing lignite plants will be completed, as per the National Energy and Climate Plan and the new PPC business plan. Reorienting the economy and maintaining social cohesion will require a systematic effort, based on a coherent plan, which will span over a period of 15-20 years.

However, in this period of time, where the attention at both European and national levels is focused on the future of the lignite areas, it is possible to lay the most adequate programmatic and institutional foundations and to secure the necessary funds that will turn the local economies towards a sustainable trajectory in the long run. Therefore, instead of trying to reverse the lignite phase out decision, which is required not only for environmental and climatic reasons, but also for purely economic ones, time and energy should be put to constructive use in order to formulate a long-term vision for the next day of lignite areas.

### VI.2. Cross-party political agreement

A necessary condition for the success of the transition project, given its objective difficulty and the lack of time, is to steer clear of sterile partisan and fractional controversies. In Germany, a political agreement was reached among all parties (except the far right) and the corresponding Master Plan was drawn up in record time. In Greece, despite the dispute regarding the timeline of power plant retirement, it is possible to secure a wide field of convergence relating to the planning of the next day, joint cross-party demands in matters of governance and 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 one with the same investment axes, proves that cross-party agreement, even if tacit, is politically feasible.

### VI.3. Formulation of ONE sustainable and coherent plan

In recent years, a series of studies have been conducted regarding the transition of Western Macedonia to the post-lignite period, such as the road map by WWF Greece<sup>15</sup>; in addition, there have been reports by professional bodies (Technical Chamber of Greece - TCG<sup>71</sup>; Regional Development Agency of Western Macedonia - ANKO<sup>72</sup>), depicting the current situation and analyzing the lignite phase out effects on the region. Recently, however, especially after the announcement of the phase out decision, new proposals are being submitted by various bodies

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<sup>71</sup>TCG -Western Macedonia. 2018, March. Updated costs estimate for the transition of Western Macedonia to a low lignite production regime. <https://bit.ly/2B06Kuo>

<sup>72</sup>ANKO. 2015, Development Business Plan for the Post-lignite Period. <https://cutt.ly/tpZNRy1>

such as the Geotechnical Chamber of Greece (GEOTEE)<sup>73</sup>, the Kozani Ecological Movement<sup>74</sup>, local government<sup>75</sup>, the National Centre for the Environment and Sustainable Development (NCESD)<sup>76</sup>, while the municipality of Kozani recently put to consultation its own vision for the region<sup>77</sup>. Furthermore, funded by the European Commission, and in the framework of the Structural Reform Support Service (SRSS)<sup>78</sup>, a World Bank team is developing a financial transition strategy for Western Macedonia with an emphasis on land reuse and development, and on the governance model of the transition, but this report has not been published yet<sup>79</sup>.

Respectively, in the area of Megalopolis, funded by the platform for the transition of lignite areas, and within the START programme, a team of experts of the European Commission is working on the transition strategy for the area, in collaboration with the Municipality of Megalopolis<sup>80</sup>.

Along with the above elaborations, plans, and proposals, the Territorial Just Transition Plans for each of the lignite regions, are also being drawn-up by the technical advisory team of the Just Development Transition Plan (SDAM) Steering Committee; these plans are a necessary condition for the disbursement of funds from the European Just Transition Fund under negotiation. At the same time, the team of the Region of Western Macedonia is also expected to contribute to this planning with its own elaboration.

It, therefore, becomes evident that elaborating and integrating the important ideas that are included in all the above projects, into a single and coherent plan for each of the lignite regions poses a great challenge.

In order to successfully meet this challenge, it is necessary to define the criteria for the selection of projects to be included in the Just Transition Development Plan and the respective Territorial Just Transition Plans. At a time when the whole of Europe is focusing on achieving the goal of climate neutrality, the key criteria for selecting investment projects should be long-term environmental sustainability, as recently defined by the European Union<sup>81</sup>, climate protection, impact on jobs, and local added value. The dominance of a single economic activity that will replace lignite should also

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<sup>73</sup>GEOTEE. 2019, December. Study regarding the socioeconomic transition of the Region of Western Macedonia to the post-lignite period. <https://bit.ly/2AXhQ3b>

<sup>74</sup>Kozani Ecological Movement. 2020, February. Lignite phase out cannot be accomplished by keeping lignite on “life support”. Let us focus on post-lignite planning. <https://cutt.ly/YpZV6qV>

<sup>75</sup>“Kozani, a place to live” Municipal Movement. 2020, July. Our proposals for just transition to the post-lignite era: A new vision for Western Macedonia. <https://cutt.ly/kpZ2uNA>

<sup>76</sup>National Centre for the Environment and Sustainable Development (NCESD). 2020, May. A practical guide for the smooth transition of regions that are highly dependent on solid fossil fuels to a new production model – The case of Western Macedonia. <https://cutt.ly/mssFlje>

<sup>77</sup>Municipality of Kozani. 2020. “Consultation on the proposal for a Just Development Transition Plan” <https://cutt.ly/FaLpXPS>

<sup>78</sup>The Directorate-General for Structural Reform Support (DG REFORM). <https://cutt.ly/GfYaquy>

<sup>79</sup>Liaggou, C. “Kathimerini” newspaper, 17.2.2020. Uncertainty over the next day without lignite. <https://bit.ly/2DmbX0e>

<sup>80</sup>Secretariat Technical Assistance to Regions in Transition (START), <https://bit.ly/2OeMN68>

<sup>81</sup>The European Council and the Council of the EU. April 15, 2020. Sustainable finance: Council adopts a unified EU classification system. <https://cutt.ly/bfYaeoA/>



be avoided, as international experience has shown that a multi-sectoral differentiated development model, that includes several economic activities, is crucial for a successful transition.

A key component of the transition plans should be to maximize benefits for local communities. In this regard, the institution of Energy Communities can and should be employed to encourage the active participation of local communities in the lignite phase out and in changing the energy model. In addition, the shift towards RES through the Energy Communities ensures the decentralization of energy production, contributes to the democratization of the energy model, employs innovation, creates sustainable jobs in the energy sector, fights energy poverty, and places the local community at the center of energy planning and generation. While, in Europe, Energy Communities are widespread and constitute an important stakeholder in the energy sector, in Greece, they are still in their infancy. Nevertheless, they have great prospects and can be of vital importance for the Just Transition of lignite areas. For this reason, they should constitute a clear priority in the transition plans, be institutionally reinforced, where required, and funded accordingly.

Finally, it is important to preserve the energy character of the lignite areas. The development of various energy storage technologies (pumped power storage, hydrogen technologies, etc.), but also the conversion of the retired lignite units into RES electricity storage facilities in the form of heat, can contribute to this end<sup>82</sup>. In this way, PPC could contribute to the transformation of lignite areas into thermal energy storage centers. This would be aligned with the increased penetration of RES, as provided by the NECP, and contribute to job maintenance, while sustaining the energy character of lignite areas. In addition, this would bring significant revenues to the company itself, in the context of the new, ongoing institutional framework for the country's energy storage, as well as in terms of future energy storage needs in the wider Balkan region.

#### VI.4. Participatory planning – consultation

Developing a coherent transition plan for each region is not enough to ensure the success of the project. European experience has shown that in order for a Just Transition plan to succeed, there must be active involvement of all stakeholders in its formation, and extensive consultation. Therefore, any plan or Master Plan for the transformation of the economies of Greece's lignite regions should emerge through open and participatory consultation processes, involving all stakeholders (local government, relevant ministries, PPC, workers, NGOs, scientists, chambers), so as to render it commonly accepted and applicable.

Given their pivotal role in the success of the transition, the parties involved should participate in planning and consultation, in accordance with the "7 golden rules" proposed in 2019 by eight environmental organizations and think tanks from Greece and Europe<sup>83</sup>. More specifically:

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<sup>82</sup>Connor Ibbetson. 25.3.2019. Molten salt batteries tipped as coal plant alternative. <https://cutt.ly/IpXwnFo>

<sup>83</sup> Europe Beyond Coal, WWF, The Green Tank, CEE Bankwatch Network, Polish Green Network, Greenpeace, CDE, E3G. 2019, July. Seven Golden Rules for open and inclusive just transition planning at the regional level. <https://cutt.ly/mazVZUS>

1. The intention to set up a group for planning Just Transition must be made public as early as possible. A clear and open call should be placed in an accessible location *at least three weeks before the date of the first group meeting*. Authorities need to use multiple channels, including social media.
2. A representative range of bodies and social partners should be involved in all meetings and procedures related to Just Transition. The European Code of Ethics for Partnership (240/2014) must be adhered to faithfully. Therefore, meetings for planning and setting up Just Transition should always include:
  - i. competent regional, local and other public authorities, besides central government
  - ii. economic and social partners, including trade union representatives
  - iii. bodies representing civil society, including environmental and social partners.

They should also include *at least* one local NGO representative and one national NGO representative, selected in a transparent manner. Finally, authorities should try to involve at least one representative of the local community, such as a president of a local community.

3. All partners should have equal status, as well as the right to vote in decision-making. All partners should be involved in the development of a long-term strategic transition plan and in setting up the criteria to select the projects adhering to that plan, as well as in the project evaluation and selection process.
4. All partners must have the same information and documents at their disposal, at the same time and *at least two weeks before each meeting*. Project lists, including proposed projects, as well as selection criteria, should be transparent and accessible to all.
5. Feedback mechanisms for comments and advice to committees and decision-making processes should be transparent.
6. The minutes of all committee meetings, as well as the list of participants and any project-related decisions, should be available to the public *no later than two weeks after the meeting*.
7. Community and public involvement in the transition process should be facilitated as much as possible. All documents and decisions should be available and open to extensive public consultation. There should be simple and clear procedures in place for the public to submit project ideas, and comment on existing project proposals and/or transition plans.

Particularly for Greece, and given the initial efforts to create a system of governance, the role of participants in both the shaping of the plan and the selection of the transition's main flagship projects should be well defined and distinct. Furthermore, setting up a large number of committees with no clear purpose should be avoided, as, this would practically lead to an over-concentration of power to a minority of individuals. This, in turn, would reasonably increase the distrust of local communities and negatively affect the social acceptance of the transition effort.

Emphasis should be placed on the participation of representatives of "lignite" villages that, for decades, have coexisted with lignite activity and the consequent deterioration of their quality of life. Their concerns and requests should be key to planning for the next day.

Finally, the involvement of PPC in the planning process is of particular importance, as it is the main land-owner in the lignite areas and employs a significant number of workers. Therefore, the effective implementation of any transition plan presupposes the active participation of the company, which can and should benefit financially from the transition. PPC has the potential to maintain its key role in the regions of Western Macedonia and Megalopolis by developing other activities, such as the soil rehabilitation and restoration, the use of industrial heritage, the provision of land for cultivation, or by launching into the sectors of RES and energy storage.

## VI.5. Governance system

In this first stage of the transition to the post-lignite era, a series of committees have been created at national and local levels, setting out to draw up the Territorial Just Transition Plans for lignite areas in a timely manner, so as to enable the absorption of the European Just Transition Fund resources. This initial special purpose structure should give way to a permanent system of governance, which will aim at the implementation of territorial transition plans, the transformation of local economies in the long run, and the systematic monitoring and evaluation of these plans' implementation.

This permanent system of governance must be simple, transparent, with distinct roles for those involved in decision making, and balanced with regard to the distribution of responsibilities among the central government, lignite areas' local government, workers, professional bodies, the scientific community, and civil society. The ongoing information and involvement of local communities in actions described in the transition plans should be fundamental to its mission. In addition, while the main goal of the governance system should be the implementation of a long-term vision for the next 15-20 years, governance should be flexible enough and adapted to the needs that arise, so that it can take advantage of opportunities and make any necessary corrections to the Territorial Just Transition Plans. For this reason, in addition to the systematic monitoring of the plans' implementation, the progress of the transition should be evaluated every five years by an independent committee of scientists, civil society representatives, and professional bodies, and the territorial plans, along with the corresponding available public funds, should be adapted, based on the results of the evaluation, always following a public consultation.

A prerequisite for the success of the transition is to ensure continuity in its governance. This can be achieved through its independence from any political correlations at local and national levels. Therefore, in addition to the institutional involvement of the government, local government representatives, relevant ministries, and workers, the governance system should be staffed by individuals with experience in administration and transition issues, but no ties to public administration and political parties.

## VI.6. Funding

It is obvious that without a long-term and stable funding framework, the difficult task of transforming the local economies of lignite areas is doomed to failure. While attracting private investment is a key issue, public funding must be the backbone of the funding strategy.

### VI.6.1. National funds

Greece has already established an important national funding source for the transition, by channeling part of the CO<sub>2</sub> allowances auctioning revenues through the Green Fund (also known as the National Just Transition Fund) to the country's three lignite regions (Kozani, Florina, Arcadia). It is particularly encouraging that there is accord between the two main political parties on the significance of this Fund for the future of lignite areas. The launch of this Fund in 2018<sup>84</sup>, and the channeling of 6% of the 2018 auction revenues<sup>20</sup> by the previous government, was followed by the signing of the relevant Joint Ministerial Decree for the allowances of 2019 by the new government<sup>21</sup>. However, financial uncertainty over such a difficult task, as is the transition of lignite areas, must not continue. Nor should there be a competition each year between transition and other potential recipients of CO<sub>2</sub> auctioning revenues, such as the support of RES penetration through the Special Account for RES (ELAPE) or the development of energy saving actions. Therefore, it is absolutely necessary to achieve cross-party commitment with regard to maintaining this funding source for 2020, as well as for the entire phase 4 of the EU ETS (2021-2030).

Among the national sources of funding for the transition are also the so-called "local resources". Despite the fact that they will be constantly decreasing due to the continuously declining lignite production, the considerable amount of €136 million has already been raised from contributions owed by PPC to local communities in previous years (2013-2018)<sup>85</sup>. Together with the contributions that will be collected until the conclusive halt of lignite activity, these resources should be dedicated to the implementation of the emerging Territorial Just Transition Plans, rather than to independent projects that address temporary needs.

### VI.6.2. European funds

The European Just Transition Fund will undoubtedly be a primary source of funding for the transition during the next programming period 2021-2027. As per the agreement of the European Council in July 2020<sup>69</sup>, the size of the Fund was drastically cut. Consequently, if the low percentage of the Fund allocated to Greece in the last Commission's proposal in May 2020 is maintained, the amount that our country is expected to receive will also be considerably reduced. In addition to the lignite regions, this amount is also intended to support the non-interconnected islands in their transition from polluting oil to clean energy; however, it accounts for just 4.3% of the Just Transition Fund. At the same time, Member States, which do not even discuss the complete phase

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<sup>84</sup> Law 4585/2018, Government Gazette A/216/24.12.2018, Article 3. <https://cutt.ly/rpXC1tt>

<sup>85</sup> Capital.gr, 13.2.2020. Ministry of Environment and Energy: 136 million Euros have been released for the lignite regions of Western Macedonia and Megalopolis. <https://cutt.ly/spX4TWw>

out of lignite activity, are receiving a much higher percentage of these funds. The source of the problem lies in the criteria proposed by the European Commission for the allocation of the Fund's resources. The criteria do not take into account the rate at which Member States commit to phase out coal and lignite, nor the degree to which local economies are dependent on activities related to the mining and combustion of lignite and coal. The resulting distribution of funds is therefore unfair, calling into question the overall success of the European venture to transition carbon-intensive areas, which constitutes the forefront of Europe's Green Deal.

The Greek Government and the Greek MEPs can and must demand a change in the criteria, in order to achieve a fairer distribution of funds, in the context of the Just Transition Fund Regulation negotiations at the Council and the European Parliament, respectively. At the same time, the possibility of channeling additional funds from the recovery package that Greece will receive should be examined.

Furthermore, it is important for the Greek state to assimilate the climate and energy goals, as well as the transition to the post-lignite period, into the formulation of this next period's agricultural policy. For this reason, these goals must be incorporated in the Common Agricultural Policy (CAP) Strategic Plan, as well as in the new Rural Development Programme for the programming period 2021-2027. In this way, the country will be able to claim the leverage of resources from the European Agricultural Fund for Rural Development, which can contribute, particularly to the rehabilitation of soils and the promotion of sustainable alternative agricultural practices in lignite regions. Negotiations on the new CAP are lagging behind, leaving room for such amendments, in line with the European Green Deal.

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