

# Towards an agile Coal Phase Out in Spain

Agreement for a Just transition for coal power plants:  
jobs, industry and territories

April 2021

# Spain - Strategic Energy and Climate Framework

Spain has designed the following three elements under a sound and stable strategic framework to achieve a low carbon economy and meet national GHG reduction targets.

<b>National Integrated Energy and Climate Plan</b>	Road-map for the next decade that sets strategic milestones at 2030. Reach these goals is key for Spain to achieve emissions neutrality by 2050.
<b>Draft Bill on Climate Change</b>	Once approved, it will bindingly require the update of the JTS every 5 years, will enshrine the objective of climate neutrality by 2050 into law and will commit Spain to reduce its GHG emissions by 1/3 in one decade.
<b>Just Transition Strategy</b>	Strategy aiming to ensure that no one is left behind and that regions and workers make the most of the opportunities created by the transition. The strategy combines both state and regional-level measures : <ul style="list-style-type: none"><li>- Urgent Action Plans (2019-2021) : Coal-mining Regions and Power Plant Closures</li><li>- Just Transition Agreements (regional)</li></ul>

# Coal Power Plants

A sector shaping the economic, social and cultural landscape of the regions

In 2018, Spain had **15** coal power plants in operation with a total installed capacity of **10 GW**, accounting for **9.5%** of the installed power nationwide.

Overall, coal-fired power plants emitted more than **40 million tonnes of CO<sub>2</sub>** per year.

Regardless of its environmental balance, the economic activity of the thermal plants has shaped their surrounding territories.

E.g. In 2018, they still provided more than **3000 jobs**, (direct and subcontractors) preventing the regions from suffering rural depopulation.

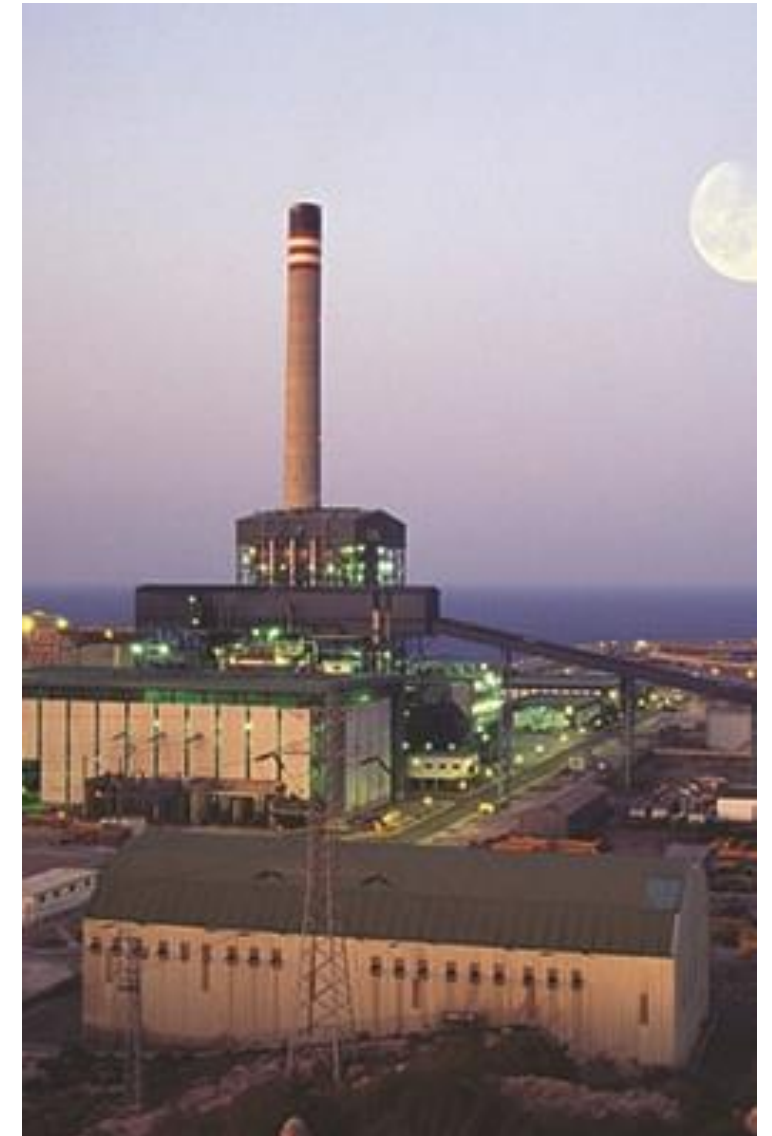


# Background and sectoral context

However, operating prospects for the plants were worsening. In 2018, some operators decided to stop their activity.

In fact, the cease of operation and decommissioning of the coal power plants were, in a sense, forecasted by the following reasons:

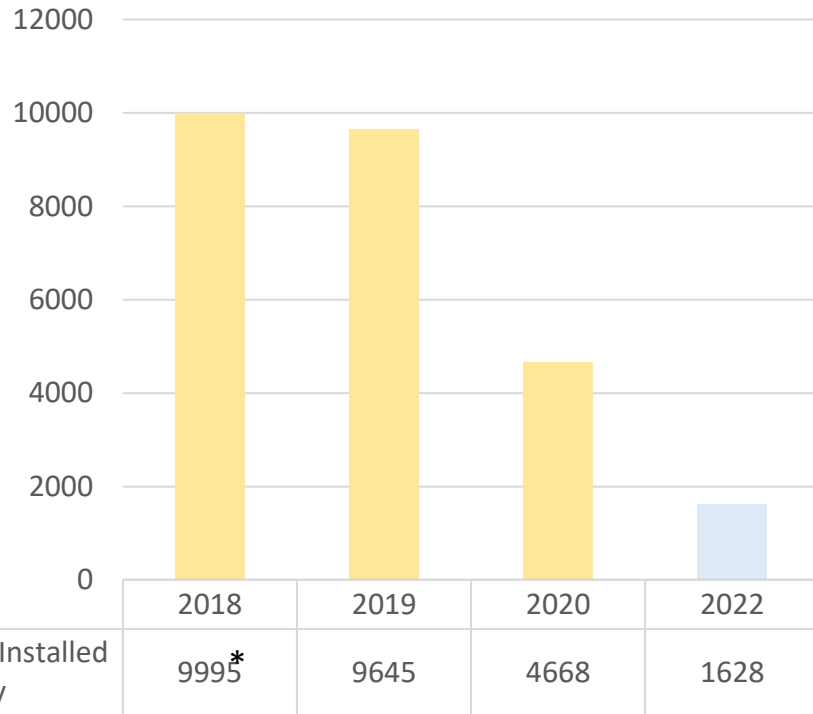
- **Political:** Paris Agreement ratified by Spain in 2017 and new objective of climate neutrality by 2050.
- **Energy Shift:** renewables growth and new European energy directives.
- **Market factors :** increase in price of CO<sub>2</sub>, loss of competitiveness...
- **Environmental** legislation and degradation



ENDESA



Installed Capacity (MW)



**Evolution of coal-fired power plants installed capacity**  
*(2023 data might change regarding security supply)*

\* 9,5% of total installed capacity in 2018

Results & Analysis

Between 2018 and 2020, Spain  
 shouted down **5.4GW** of its  
 installed capacity

2020

**-54%**

Capacity decrease compared to 2018

2022

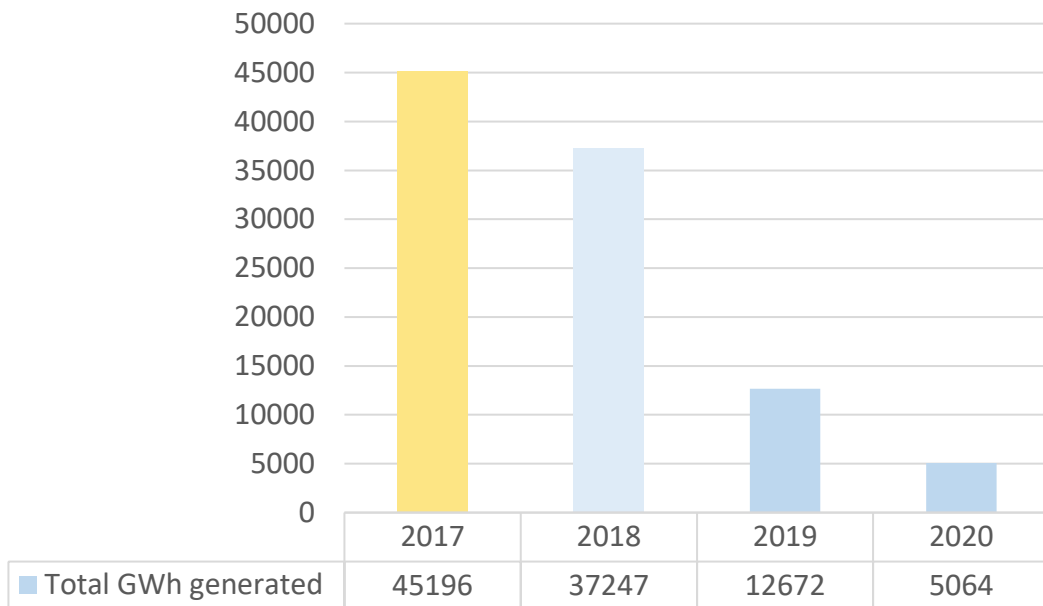
By 2022, **3 additional GW** will be  
 removed

**-84%**

Capacity decrease compared to 2018

The remaining **1.5 GW** are kept for grid stability  
 purposes. Ongoing work for estimation of total phase  
 out date.

Electricity Output (GWh)



Evolution of the electricity generated by coal-fired power plants in Spain

2017-2020

In total, between 2017 and 2020, coal power plants electricity generation fell by 89%

**-89%**

2018-2019

The most considerable drop was observed between 2018 and 2019: electricity generation decreased by 66% within a year

**-66%**

The closure of the coal power plants, implies additional support to the most vulnerable during and after the closure of the power plants to protect them from the negative impacts of the closures.

Hence, the Ministry for the Ecological Transition binds companies' responsibility with the regions and workers through an Agreement for a Just Transition for Coal Power Plants.

# Agreement for a Just Transition for Coal power plants

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17th April 2020 - Agreement for a Just Transition for coal power plants

Endesa, Iberdrola and Naturgy, operators of the plants in process to be closed signed the Agreement for a Just transition in order to protect all their workers.

- 12 plants
- 2300 workers
- 7.8 GW

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24th March 2021 - EDP joined the Agreement

As a result, all the coal-fired power plants are covered under the Agreement, ensuring a just and fair transition for all.

- 15 plants
- 3000 workers
- 10 GW

## PARTIES:

- UGT FICA
- CCOO Industria
- Naturgy
- ENDESA
- Iberdrola
- EDP (March 2021)

## UNIONS

## UTILITIES

## GOVERNMENT

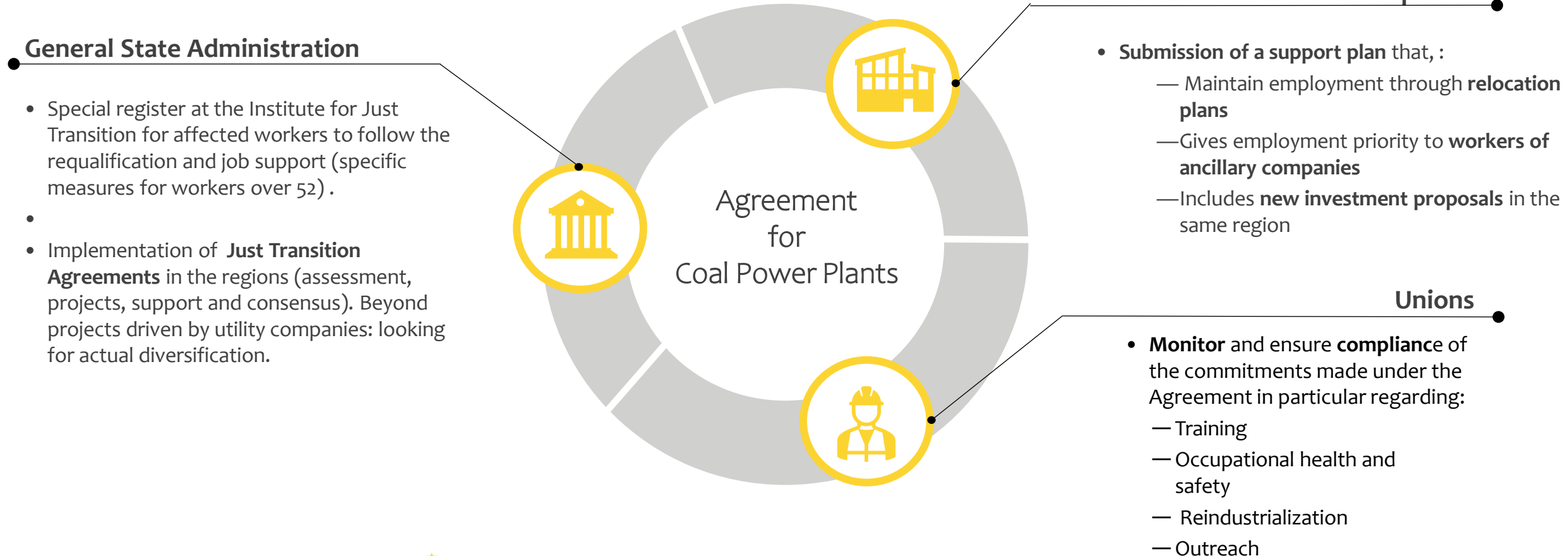
- Ministry for Ecological Transition
- Ministry of Labour and Social Economy

## TRIPARTITE DIALOGUE

# An Avant-Garde Agreement

Each Party commit to mitigate the adverse effects of the closures and ensure a just transition.

Hence, protect workers and vulnerable populations, foster and maintain employment, and long-term solutions planning for sustainable growth are at the core of the agreement.





# Insight - Companies' Support Plans

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As part of the Agreement, each company owning a thermal power plant develop a **support plan** including:

## Short-term measures.

- Such as relocation plan for direct workers and ancillary companies' workers, giving priority to new immediate jobs through restoration and decommissioning activities.
- Measures to bring new investors.
- Upskilling and reskilling programs to support workers.

## Medium and long-term measures.

- New Investments proposals (projects) in the same territories, taking into account current installations and local contexts.
- Support municipalities' long-term sustainability

## PROJECTS

*Bringing investments and developing sustainable projects in the power plant's regions*

- Companies' projects are presented to national and local authorities alongside their plans. They are key to bring long-term economic development and new investments to the regions.
- Some projects might require specific permits, concessions and support (such as tendering processes as it is for network connections, tenders will look for the best projects in socio-economic and environmental results)

# Insight – Utility Companies' Support Plans – Projects

Bringing investments and developing sustainable projects in the power plant's regions

Proposals presented: **58 projects**  
(including other investors projects)



- +6 GW of generation by renewable energy (FV, eolic and biomass).
- +280 MW of Green H2.
- +200 MW of battery storage.
- 4 proposals to replace almost full capacity of coal by renewable energy.

## JUST TRANSITION AGREEMENTS

*Bringing investments and developing sustainable projects in the power plant's regions*

- Beyond the actors of the signed agreement: public administrations, companies, organizations from the business sector, trade unions, universities, educational centres, environmental non-governmental associations and organizations, development agencies, Local Action Groups and other interested or affected entities. The number and diversity of the stakeholders depends on the social context of the territories.
- Promotion of energy transition projects beyond the affected companies: priority for Just Transition Areas Projects in RREE Hydrogen Roadmap, RREE Storage Strategy, Innovative EERR framework support.
- Support to SMEs in the affected areas.
- Support to social, environmental and digital infrastructures in the territories in order to improve citizen services and retain population.
- For all support lines hiring of coal power plants workers will be supported with different measures.

# Thank you.

**Instituto para la Transición Justa, O.A.**  
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