

Main takeaways from the

Annual Political Dialogue 2023

The fourth Annual Political Dialogue of the <u>Initiative for Coal Regions in Transition</u> took place on 27-28 June in Karlovy Vary, Czech Republic. The meeting was co-organised by the European Commission and the Secretariat of the Initiative, together with the Karlovy Vary Region.

Find the recording of the opening session and a preceding session on the exchangeEU programme here: https://youtu.be/cLNCjcibczy.

Find presentations here.

Opening session: Open dialogue on Just Transition

Moderator: Daniel Konczyna

Speakers:

- Petr Kulhánek, Governor, Karlovy Vary Region, Czech Republic
- Kadri Simson, Commissioner for Energy, European Commission
- Elisa Ferreira, Commissioner for Cohesion and Reforms, European Commission (recorded video-message)
- Ivan Bartoš, Deputy Prime Minister for Digitisation and Minister of Regional Development, Czech Republic
- Thomas Schmidt, committee of the Regions Representative and Minister for Regional Development, Saxony Region, Germany
- Peter Balík, Minister of Investments, Regional Development and Informatization, Slovakia

Commissioner for Energy *Kadri Simson* opened the event by acknowledging that, while the Russian invasion of Ukraine and the energy crisis have led a few Member States to put coal back in the mix, this is only temporary. All Member States remain committed to their phase-out dates. The European Commission, Member States, and regional actors have worked to rapidly diversify energy sources, which has ensured that transition is not interrupted. Commissioner for Cohesion and Reforms *Elisa Ferreira* built on this in a video address. She discussed regions moving now to just transition implementation, with the first JTF project approved in November 2022 in Estonia, and with Sweden on track to put in place JTF projects by the end of this year.

Ivan Bartoš then set the scene in the Czech Republic and in the host region Karlovy Vary. The region plans to end coal mining in 2033, with the last hard coal mine set to close in 2025. *Bartoš* called on politicians and institutions to see the prosperity that coal+ regions historically generated for whole countries, and to provide support to those in the regions that are leading change.

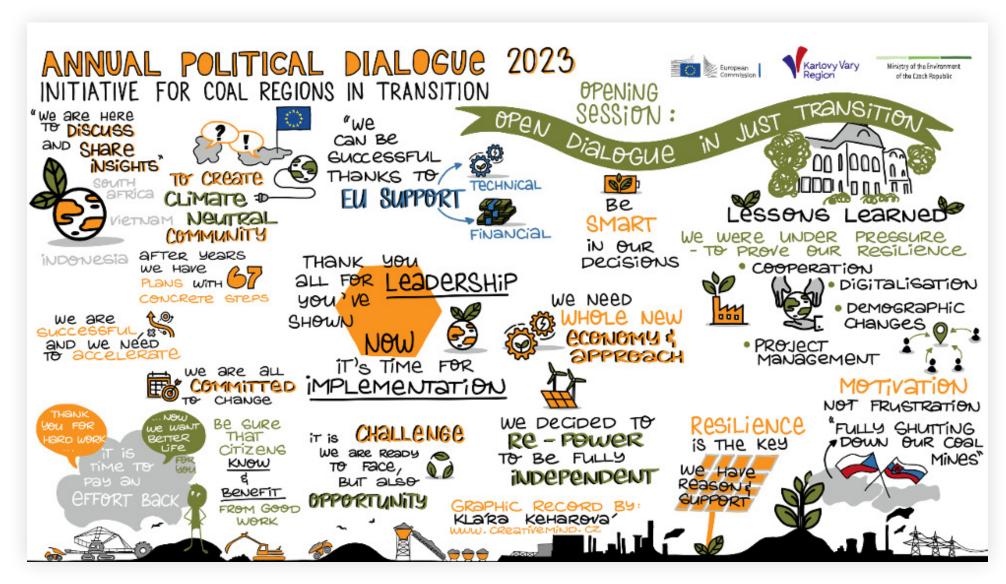
Both *Thomas Schmidt* and *Peter Balík* pointed to the holistic nature of just transition, with *Schmidt* calling for instruments that consider innovation, social realities, childcare, medical systems, leisure, new value chains, etc. He furthermore pointed out that not meaningfully involving people in transition risks weakening Europe in a time of war when a strong Europe is more important than ever.

Simson stated that the impact of Russia's invasion of Ukraine would have been lessened had just energy transition been further along. In other words, and as background to RePowerEU, transition helps to weather crises. This crisis also pushed transition forward, with coal consumption having continued to decrease across the EU, and Member States no longer funnelling money into purchasing Russian coal.

Petr Kulhánek explained how the Russian war reduced European regions' capacities to address just transition challenges, and substantially increased sunk costs. On the other hand, the energy crisis has been a strong call for energy saving solutions.

As presented by Ferreira, European regions are moving into transition project implementation. Balík stated the importance in this phase of visibly demonstrating that transition funds are being used in regions. For Schmidt, we now must generate enthusiasm for the transition – drawing on the new technologies, opportunities, etc. that it brings – to motivate people to get on board. Bartoš explained that this means changing the framing of transition from what people will lose, to what stands to be gained.

Resilience is at the heart of just energy transition. To this end, we must stay focused on transition goals, and not put off goals when crisis hits. We must also be honest and regularly checking in on progress toward achieving these goals.



Breakout Session 1: Implementation of a Just Transition

Moderator: Daniel Konczyna, BeePartner

Rapporteur: Patrik Pizinger, Member of the Karlovy Vary Region Council

Speakers:

- Agata Kuźmińska, CEO Green Future Institute Foundation, Wielkoposlka (Poland)
- Maria Belardina Diaz Aguado, Director General of Energy, Mining and Reactivation, Asturias (Spain)
- Sander Happaerts, DG REGIO, Policy Coordinator, Just Transition Fund
- Ryszard Pawlik, Parliamentary Adviser to Jerzy Buzek, Member of the European Parliament
- **Jiri Sterba**, SUAS group a.s (Czech Republic)
- Jaukub Unucka, Deputy Governor of the Moravian-Silesian Region for the Industry, Energy and Smart region (Czech Republic)
- Patrik Pizinger, Member of the Karlovy Vary Region Council

The session opened with a scene-setting presentation from *Agata Kuźmińska*, CEO of the Green Future Institute Foundation, Wielkoposlka (Poland), which outlined the different approaches they take to support a Just Transition. This includes: supporting and complementing work of other local leaders and stakeholders, such as through the BSR Lab (Bottom-up, Sustainable, Renewal Just Transition Laboratory); raising awareness and building capacity amongst stakeholders in Polish and German coal regions; monitoring blind spots by, for example, including non-union energy workers in the just transition in Eastern Wielkopolska; exchanging with peer regions through the exchangeEU programme; and developing projects like a post-industrial culture park centred around old mining machinery.

The presentation was followed by an engaging panel discussion, which framed the just transition process as the greatest opportunity and challenge for the EU in many years. Panellists pointed to the changes that have resulted from the Just Transition Mechanism and Fund, including added value beyond funding, such as creating visibility, bringing together different stakeholders, and supporting long-term planning. When questioned about the discrepancies between project preparation and implementation, panellists highlighted how much has changed in the EU since initial project preparation stages. Sander Happaerts, raised the example of the Estonian rare earth magnet factory – the first project to be funded through the Just Transition Fund – which has steadily developed into an emblematic project for the EU that responds to efforts to increase domestic production capacity within the Union. Ryszard Pawlik also pointed to the ways that the energy crisis and Russia's invasion of Ukraine have shifted some transition plans in Poland; energy prices and security concerns are changing perspectives with respect to transitioning to gas production as an 'intermediate step', as people want to avoid additional, unnecessary transitions.

Panellists were asked to highlight key success factors from the project preparation stage, with Maria Belardina Diaz Aguado outlining the four key characteristics of a successful project: matching EU environmental standards and criteria; solving problems and being long-lasting; being tailor-made for the region; and improving people's livelihoods, thereby retaining and attracting young people. Success was also attributed to innovative stakeholder engagement practices employed during project preparation and implementation. These include touring coal+ municipalities to understand local challenges and needs, engaging with local media to increase buy-in from the general public, and the holding Q&A sessions for locals to receive answers to their queries in a personal manner.

Finally, panellists discussed the challenges related to implementation of the just transition, with the funding timeframe repeatedly raised as a bottleneck, as well as the limited support eligible for large companies that can act as drivers for SMEs and micro-SMEs.

Overall, the key takeaways from this session were that support from the EU through the Just Transition Mechanism has brought Member States together, and raised the visibility of just transition within coal+ regions. The development of Territorial Just Transition Plans has increased cooperation amongst stakeholders, and enabled the preparation of ambitious and territorially-specific projects that can act as best practice examples and blueprints for efforts in other sectors. Nonetheless, the transition is a long-term process and additional support will be required beyond the current timeframe of the EU's Just Transition Fund.



Graphic recording of breakout session on "Implementation of the Just Transition"

Breakout Session 2: Energy communities in coal regions

Moderator: Pouyan Maleki, Energy Communities Expert, Ecorys, Spain

Rapporteur: Joanna Jaubowska, Just Transition Policy Officer, CEE Bankwatch, Belgium

Speakers:

- Heleen Schockaert, Project Manager, REScoop, Belgium
- Sarunas Bruzge, Economist, Energy Efficiency & Energy Advisory, European Investment Bank (TARGET and JASPERS)
- Hardi Murula, Development Expert, Association of Local Municipalities of Ida Virumaa, Estonia (Participant in TARGET project)
- David Pawera, Senior Consultant, Beepartner, Czech Republic
- Ioanna Theodosiou, Policy Associate, Green Tank, Greece
- · Adela Tesarova, Head of Unit, Just Transition, Consumers, Energy Security, Efficiency and Innovation, DG ENER

The session opened with a brief introduction from *Pouyan Maleki*, outlining the main session objectives, such as discussing and exploring the relevance of – and socio-economic opportunities generated by – energy communities in coal+ regions, as well as drivers of and barriers to their deployment. Then, *Heleen Schockaert* presented the work done by REScoop.eu. This overview touched upon the concept of energy communities from different angles, highlighting their role as new players in the energy market, their non-commercial character, and presenting the benefits of joining an energy community. *Schockaert* closed her presentation by calling on policy makers to: speed-up and complete transposition process for EU energy community regulations; ensure the creation of a level playing field for energy communities in the energy market; and actively involve vulnerable groups in the energy transition.

The session continued with a poll to test the audience's knowledge of energy communities, followed by a discussion on the role of social acceptance of renewable energy in coal+ regions. Speakers elaborated on the extent to which the levels of social acceptance change in coal+ regions, pointing out that lack of acceptance is a major barrier faced by energy communities.

Ioanna Theodosiou underlined how, in the Greek context, the first barrier faced is acceptance of the coal phase-out writ large; once phase-out is understood, it then becomes easier for people to accept renewable energy sources. Panellists working at the local level (David Pawera and Hardi Murula) argued that an overall misunderstanding of the EU Green Deal objectives and activities is another crucial challenge facing renewable energy uptake in coal+ regions. Adela Tesarova echoed these sentiments, underlining the need to change the narrative around the Green Deal to present it as an opportunity to involve citizens in the green transition. In response, Schockaert shared her experience of feeling more empowered in the just transition by participating in an energy community.

Sarunas Bruzge emphasised the need to educate those working in coal mines about the immediate necessity of a green transition, with the overarching goal of changing how coal phase-out is viewed so that it becomes seen as a positive thing rather than a catastrophe. Specifically, people must better understand the ways that Renewable Energy Communities and Citizen Energy Companies present opportunities for business development and innovation.

The floor was then opened to the audience. *Joanna Jaubowska* asked for details regarding the technical assistance that the EIB is providing in Estonia, taking into account that the legal framework in the country is not well-developed or favourable to energy communities. *Sarunas* affirmed that, despite the legal context, assistance was provided on-the-ground with local actors and experts, with the objective of setting up an energy community model. This resulted in the development of an acceptable business model.

Petr Voutupal, Project Officer at DG REGIO asked whether DG ENER is planning to provide further support and more significant financing for energy communities within the next funding period. Tesarova replied by flagging the Energy Community Facility opportunity under the LIFE CET 2023 ENERCOM call, which is designed to not only provide technical assistance to energy communities, but also to directly allocate grants to projects.

A second panel discussion was opened by another poll on perceived barriers faced by energy communities in Member States. *Schockaert* explained that, at the EU-level, recognition of energy communities' role in the just transition is continually growing. As this recognition grows, knowledge-sharing among Member States and other actors is hugely important. The discussion then moved to the local level, with *Pawera* outlining how Czech legislation (the Czech Energy Act) does not yet touch on energy communities; but, a pending amendement to the legislation is expected in autumn and could change that. A full enabling framework is expected to come in 2024 with a second amendment.

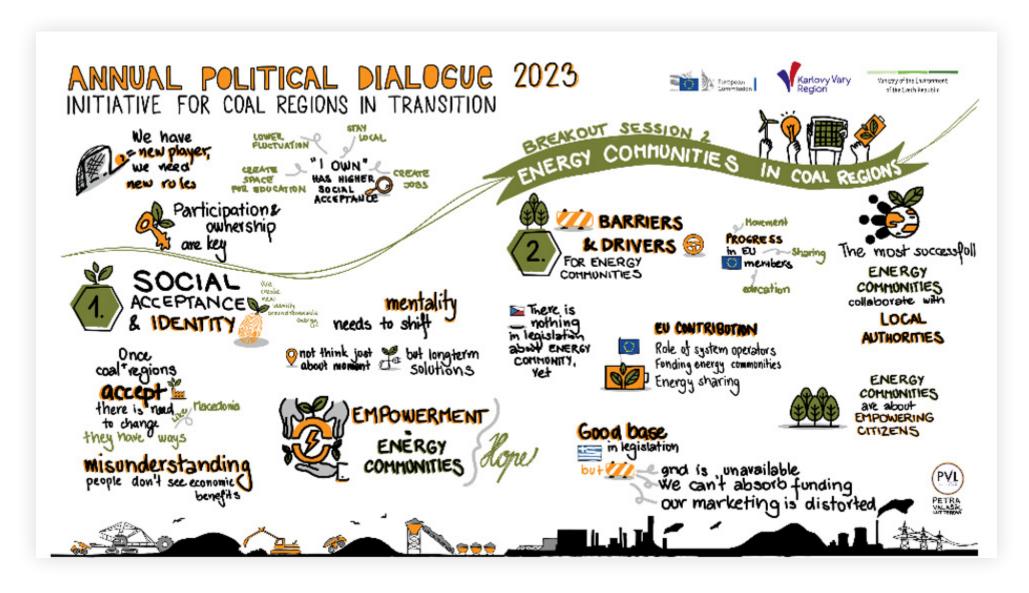
Murula presented the situation in Estonia, proposing that Member States may not yet have adequate energy community frameworks place, as they have had to turn attend to the war in Ukraine; the war has furthermore limited further renewable energy investments. *Theodosiou* spoke to the Greek legislative context for energy communities, which is one of the most advanced in Europe, with the expectation that Greece will have 5000 energy communities within the next five years. However, commercial energy projects are taking over, and threatening the non-commercial character enshrined in the concept of energy communities.

A member of an energy cluster in Poland (from the audience) took the floor to give an overview of the Polish context, explaining that despite the framework in the country not being particularly favourable, energy clusters are populating the electricity market as a new player. These entities are currently only able to sell their surpluses to big companies; but, a new amendment to the energy law is expected to allow them to sell to regular consumers.

Tesarova reiterated the Commission's objective of empowering citizens by using a "stick" (infringement procedure) and "carrot" (Recovery and Resilience Fund) directed at Member States. This approach will also be reflected in the electricity market reform, where energy sharing will be a starting point, rather than a peripheral aspect to consider.

Schockaert concluded by stressing the importance of the role of citizens in energy communities, and calling on authorities to create a context in which energy communities can survive in a market that, in principle, is not made for them.

A final intervention from the Governor of Western Macedonia (an audience member) highlighted several energy community projects that are being developed in the region, including a project related to regional agriculture. Speakers and audience members were keen to receive more information about both the involvement of citizens in the project, and the business model.



Breakout Session 3: Skills implementation for a just transition

Moderator: Annya Schneider, Bloomberg Philanthropies

Rapporteur: Simon Schmid, Just Skills Hub

Speakers:

- Corinna Zierold, Head of Just Transition, IndustriALL-Europe
- Anna Dudek, Head of Regional Transition Unit, Department of Regional Development and Transition, Marshal's Office of the Silesian Voivodeship, Poland
- Philipp Offenberg, Senior Manager Europe, Breakthrough Energy
- Robert Power, Chair of Eastern and Midland Regional Assembly (EMRA), Ireland
- Amra Seleskovic, Technical Officer on Strategies for Local Employment Development, ILO Office for Central and Eastern Europe
- Miłosława Stępień, Just Transition Coordinator, CEE Bankwatch

Corinna Zierold kicked off the discussion by presenting the central role of workers and skills in the transition. This has been long understood: many years ago, IndustriALL Europe developed a common demand for the individual right to training – free from working hours and free of charge – for all workers. Today, EU initiatives are helping to create jobs in regions, but there remains a skills and labour shortage, which demands robust public policies on training.

She identified four key mismatches between workers' current jobs and potential future jobs, which must be considered for transition to be just: skills mismatch, spatial mismatch (jobs are needed in current coal communities), temporal mismatch (jobs are needed now), and mismatch in quality of jobs. Addressing these requires granular, regional-level employment mapping.

Miłosława Stępień built on this concept of mismatch, pointing to the ways in which all other employment fields right now rely on flexibility, adaptability (e.g. to emerging technology), and shorter-term contracts. However, workers are too often led to believe that reskilling will lead them to a job that, like their mining contracts, will be in a fixed location, and will rely on one fixed skillset. She argues that the skilling plans in Territorial Just Transition Plans (TJTPs) are not realistic for this reason, and we must acknowledge that too often education programmes continue to fail to prepare workers for the jobs of the future.

Anna Dudek and Robert Power both pointed to the need for reskilling to be considered alongside larger strategic development strategies, and in constant conversation with smart specialisation strategies, environmental rehabilitation strategies, etc. Amra Seleskovic echoed this, emphasising that reskilling must go beyond only miners, to also consider stakeholders like young and vulnerable people who are also searching for jobs in coal regions. Dudek furthermore pointed to the need to provide training also to other community members, like miners' wives. And Stępień underlined that miners are impacted by transition most immediately, but marginalised communities like migrants, minority language or religious groups, women, etc. are often the most vulnerable to negative impacts of transition without being acknowledged in TJTPs.

Skills also requires consideration of depopulation, and the trend of young people leaving coal communities. This refers to a "spatial mismatch" and once again calls for jobs to be created in coal communities so that people can stay.

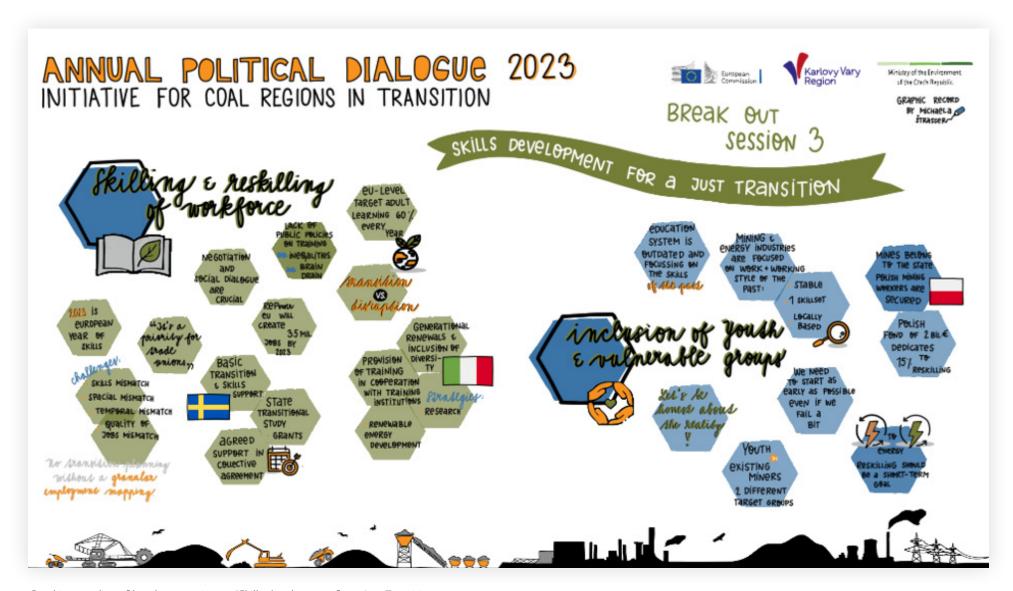
Philipp Offenberg offered a pathway to creating these local opportunities. He presented the "Energy Resilience Leadership Group", which creates partnerships between large players in mining, energy and industry who are faced with transition (e.g. utilities), and start-ups that can provide transition solutions. When successful, this helps local innovation start-ups top mature, thereby bringing other players into a community to generate further job opportunities. The goal is thus to consider the diversity of companies and jobs that can be brought in around a new industry player. Offenberg encouraged regional governments to speak to utilities, find start-ups with solutions that could meet their needs, and try to set-up framework conditions that could make a partnership doable.

Zierold called for Europe's Green Deal Industrial Plan and Net Zero Industry Act to be improved with respect to skills development by, for example, requiring companies to employ apprentices. Stępień furthermore called for funding to reach workers – she pointed to the ways that funding and support is too often going only to the companies that are the biggest players, and not reaching actual workers.

Padbraig Boland, a session participant representing the Midlands, an Irish coal region, emphasised that the Just Transition Mechanism is about people. While the EU Green Deal is about pushing forward green transition, the JTM exists solely to leave no one behind. As such, people must remain the focus of all JTM-related efforts. Reskilling, economic diversification, decarbonisation all must include coal communities as the central and key vantage point. This also requires being much more specific and bottom-up, going granularly to workers to identify the skills they have, and the skills that are needed. This builds on the concern raised by <code>Stepień</code> that JT funding that should go to people, but is rather being funnelled to industry players, who should have a separate fund.

Ultimately, high-level conclusions from the session include:

- We cannot afford to lie to people about what reskilling will bring.
- We must convince local people that they are crucial leaders in this transition, so that they are motivated not by fear, but by wanting to shape the future. We must try to advocate for change from a stance of optimism.
- We must remember that these mechanisms, schemes, and related legislation should be about people first.



Graphic recording of breakout session on "Skills development for a Just Transition

Results and conclusions from the breakout sessions

Moderator: Daniel Konczyna

Rapporteurs:

- Patrick Pizinger, Chancellor Karlovy Vary Region Breakout session 1
- Joanna Jakubowska, Just Transition Policy Officer, CEE Bankwatch Breakout session 2
- Simon Schmid, Partner, SkillLab and Director, Just Skills Hub Breakout session 3

Closing speeches

- Petr Hladík, Ministry of Environment, Czech Republic
- Petr Kulhánek, Governor Karlovy Vary Region, Czech Republic
- Paula Pinho, Director ENER.B— Just Transition, Consumers, Energy Efficiency and Innovation, DG ENER, European Commission

The closing session provided an opportunity for participants to discuss the main highlights of the event, to take stock of APD achievements, and summarise the key outcomes, insights, and recommendations discussed during the breakout sessions and the conference.

The session started with the presentation by each breakout session's rapporteur, highlighting their main messages. For the session on "Implementation of the Just Transition", Patrick Pizinger, Chancellor of the Karlovy Vary Region, emphasised the importance of highlighting positive just transition experiences. These positive experiences are crucial for business growth, job creation, environmental concerns, and most importantly, for the well-being of the people. He also mentioned that the just transition is not solely about money and funding, but also about creating a new way of discussing and developing strategies together. Active participation and the involvement of everyone willing to help in the region are vital for a successful just transition. Pizinger also emphasised the importance of involving young people in the just transition.

Joanna Jakubowska, Just Transition Policy Officer for CEE Bankwatch, shared key messages from the session on "Energy Communities in Coal Regions". Joanna underlined that a just transition cannot be achieved without considering social dimensions and actively involving citizens and local communities, and highlighted how energy communities can do just that. There are increasing opportunities to access European funding and support to set-up energy communities; however, some regions face hostile national legal environments that deter the development of energy communities. Other challenges include limited access to the grid in many countries, insufficient utilisation of funding, and a lack of awareness among communities.

Jakubowska emphasised the benefits of energy communities, such as alleviating energy poverty, reducing energy bills, empowering their members, providing education on energy efficiency and climate change, and helping create local jobs. Finally, she urged managing authorities to collaborate with energy communities to foster their development and success.

Simon Schmid, Partner at SkillLab and Director of Just Skills Hub, reflected on the on "Skills development for a Just Transition", reminding the audience that 2023 is the European Year of Skills, which is itself acknowledgement of the importance of upskilling, reskilling, and addressing skill mismatches. He mentioned persistent challenges, including workers lacking suitable jobs in the areas where they live, mismatches in job quality (pre- and post-transition). To address these challenges, Schmid emphasised the importance of social dialogue involving trade unions, employers' organisations, governments, and local communities. Designing industrial policies that meet the needs of workers is crucial, especially considering the changing nature of jobs. Schmid also highlighted the need for place-based upskilling and reskilling processes, personalised career guidance, and investments from the private sector.

The closing session continued with the final keynote speeches delivered by *Petr Hladík, Petr Kulhánek*, and *Paula Pinho*. Their closing remarks offered reflection and a call to action to drive forward just transition.

Hladík noted the significance of holding the meeting in the smallest coal region of the Czech Republic. He emphasised that, if existing financial means are used properly, they can play a crucial role in facilitating a fast and just transition. Furthermore, Hladík stressed the importance of developing research, university education, and related jobs in coal mining regions to provide paths for younger generations to stay in their communities. He concluded by affirming that everything that comes to an end is also an opportunity for a new beginning.

Kulhánek expressed congratulations for the positive outcome of the event. He also highlighted the ongoing transformation of the EU energy system and the diversity of coal+ regions in the EU. He stressed that the transition of these regions is far from complete and will require sustained financial and policy support, even beyond 2027. Finally, *Kulhánek* presented the "Karlovy Vary Statement", prepared by Karlovy Vary, which outlines the direction of the event's discussions, and the various topics that were addressed.

Concluding the event, *Pinho* expressed satisfaction with the meeting's success and the collaborative efforts on display. She emphasised that, despite challenges and barriers, the transition to renewables is happening and unfolding before us, and coal and gas consumption are steadily declining. The transition will continue beyond 2027, and the EU remains committed to further engagement with and support for impacted regions. Finally, she invited the audience to take part in the next Just Transition Platform Conference, happening in October 2023 in Brussels.

Initiative for coal regions in transition

The Initiative for coal regions in transition is led by the European Commission.

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