

EXECUTIVE SUMMARY: 10 FINDINGS, 20 RECOMMENDATIONS

In 2010, Jacques Delors and Jerzy Buzek proposed a “European Energy Community” to strengthen the political, economic, environmental and social sustainability of European integration. Under the name “Energy Union” this idea became the catalyst for the holistic approach to the energy transition we called for in our 2015 report “From the European Energy Community to the Energy Union”.

Since then, the European Commission has done its part by submitting ambitious proposals that must now be built on. This report wishes to contribute to the current debate in institutions, Member States and civil society to strengthen these proposals and convert them into tangible realities for all Europeans. This executive summary highlights 10 findings and 20 recommendations from this report.

10 FINDINGS

1. The **energy transition has already started in Europe**: efficient technologies and behaviours drive energy consumption down for the first time in European history, while renewable energy production rises. The EU has already met two of its three energy-climate targets for 2020, while its third target is within reach.
2. The way we perform our energy transition is shaping our collective life as Europeans. Beyond the objective to provide clean, secure and affordable energy for all, **the energy transition is an opportunity to make Europe more democratic, more competitive, more just**. It must reinforce the environmental, political, economic and social sustainability of the European way of life.
3. **The EU has all the needed assets** (policy goals, innovation ecosystem, business leaders, skilled workers, financing instruments) **to lead the global clean energy race**. Donald Trump’s announced **US withdrawal from the Paris Agreement grants a historic opportunity for Europe** to affirm global leadership on climate change. It is also the opportunity to drain talents to Europe, thus boosting European competitiveness.
4. The energy transition is not a costly endeavour. **Performing the energy transition does not require significantly different amounts of investment**, compared to those needed to maintain the current energy system based on mainly imported fossil fuels. It however requires significantly

different types of investment. **The key challenge is to re-allocate capital from high-carbon to low-carbon assets and infrastructures.**

5. **Carbon pricing (including through taxation) is essential but insufficient to promote the energy transition at an adequate pace.** It should be used in combination with other tools, such as regulation, public support to innovation and enabling projects. Many measures are in place at EU, national and local level to support low-carbon investment. They however tend to be designed and carried out in isolation, thus undermining their potential impact.
6. **The Energy Union needs a strong social dimension.** The immediate negative social impacts of the energy transition can be manipulated by lobbies to slow-down the transition. Its positive social impacts (new quality jobs, reduced air pollution, enhanced purchasing power, better housing conditions) are downplayed.
7. **The European energy transition creates jobs in new sectors, but it redefines and destroys jobs in others.** EU and national policy makers need to pay more attention to the necessity to actively accompany workers. They have to **ensure that this transition is not “just a transition”, but a just transition.**
8. **Air pollution is a public health risk leading to 430,000 European premature deaths every year.** It also burdens public health spending. Performing the energy transition markedly reduces air pollution and saves lives.
9. **More than 50 million Europeans are at risk of energy poverty.** Member States have often chosen to finance public support to renewable energy by increasing electricity taxes for individual consumers, which may have worsened the situation of energy poverty. However, **the energy transition gives the opportunity to eradicate energy poverty in Europe** if ambitious measures to increase the energy efficiency of housing are put in place. This would bring multiple benefits such as better quality of life, job creation and social inclusion.
10. **The energy transition is swifter, cheaper and more democratic when it is powered by people.** People are increasingly becoming active consumers, prosumers, crowdsourcers and crowdfunders of the energy transition. We witness the shift from a situation where energy policy was driven by “decisions by a few”, to one where it is driven by “actions by all”.

20 RECOMMENDATIONS

- 1. Enhance the political and social sustainability of the Energy Union** by making its governance more democratic, its financing more efficient and its aim more social. This is key to ensure the long-lasting legitimacy of the European energy transition in the eyes of Member States, national parliaments, civil society and citizens.
- 2. Democratise energy policy making** at EU and national level through the implementation of new ways to foster direct and indirect democratic legitimacy, through tools like deliberative polling, further use of European Citizen Initiatives as well as granting a “Green Card” to national parliaments.
- 3. The EU and all Member States should develop long-term energy plans to achieve carbon-neutrality**, as this objective is one of the key takeaways from the Paris Agreement. Such plans should be developed in the most inclusive manner. Medium-term plans should be developed in a way that is consistent with long-term carbon-neutrality.
- 4. Sector-related and regional decarbonisation strategies should be elaborated** to identify the business and local opportunities. With a long-term objective in mind, they can help to anticipate future job gains and losses in order to ensure a smooth transition.
- 5. Governing the Energy Union is also about delivering concrete and visible projects showing policy makers and citizens that the energy transition is happening**, is beneficial, and that the EU can play a positive enabling role in this endeavour. Such projects include the use of the Juncker Plan to roll-out charging points for electric vehicles and to help making European islands 100% renewable.
- 6. The EU, starting with the European Commission, needs to adapt its institutional mechanic to better deliver on the Energy Union.** The creation in 2014 of a position of Vice-President of the European Commission for the Energy Union was a step in the right direction. The EU now requires a European Energy Information Service that, within the European Environment Agency, will be able to provide independent, transparent, reliable, open-source and up-to-date information and modelling to decision makers and citizens.
- 7. Empowering people is key to deliver the energy transition.** It entails adopting a series of measures encouraging consumers to become active, or to produce energy (directly or via local energy communities). It is enhanced

by societal appropriation of energy, crowdfunding, by providing more support to local authorities and by reinforcing the capacity of local commercial banks to finance clean energy projects.

8. Europe needs to ensure the sustainability of its financial system. The decarbonisation imperative should be better embedded in existing national and EU initiatives, including the Capital Market Union project. This would be helped by **setting effective carbon prices for all economic activities**, promoting the harmonisation of energy taxes (and eventually moving towards the establishment of a EU carbon tax to finance the EU budget) and by helping Member States to define a mid-term strategy to phase out subsidies to high-carbon production and energy consumption.
9. Further **climate mainstreaming is key to ensure that all public investment decisions are fully aligned with our common long-term decarbonisation strategies**. This should also include the development of climate mainstreaming of national promotional banks activities. Public actors should moreover make further use of green public procurement as to promote clean energy innovation.
10. **Develop a more coordinated approach to boost energy efficiency investment**, by streamlining the more than 200 energy efficiency financing schemes in operation across the EU and establishing “one-stop-shops” at EU, national and sub-national levels for energy efficiency project developers.
11. **Optimize public support for renewables** through more use of cooperation mechanisms between market-based schemes and by making sure that EU direct financial support to renewables (as grants and loans) is additional to national financial interventions.
12. **Unlock the potential of green bonds** by bringing smaller and risky projects to the green bond market (e.g. via public guarantees to green bond pooling projects) and lowering the cost of capital for green bonds financing projects clearly aligned with national long-term decarbonisation strategies.
13. European energy innovation can benefit from **interdisciplinary thinking that includes social sciences to better understand energy choices**. Existing tools such as H2020 calls, Erasmus exchanges or Marie Skłodowska Curie actions need to be adapted to foster interdisciplinarity. Innovative tools allowing citizens’ direct contribution to energy innovation need to be tested and financially supported by the European Union.

14. **European businesses need to become the energy transition tigers Europe needs.** This requires to support innovative thinking within corporations, in cooperation with start-ups and public sector actors. Intrapreneurship can be a useful tool to foster innovations that can be swiftly rolled-out. Frugal innovation needs to play a bigger role to provide clean energy solutions to European and emerging economies.
15. The European Union, Member States and regions need to join forces in **mapping the strengths and weaknesses of all European regions vis-à-vis the energy transition.** Such mapping should feed into their industrial strategies for the energy transition, as well as helping them to anticipate the expected job creation, destruction and redefinition due to the transition.
16. Europe needs a **“Social Pact for the Energy Transition”** to ensure that this transition leaves no one behind. It should become the 6th dimension of the Energy Union and include all social aspects, including quality job creation, vocational training, social protection, health and energy poverty.
17. **Maximising quality job creation** in energy transition sectors requires a holistic approach. It starts by building an EU industrial policy for the energy transition with innovation at its core. It is pursued by public-private cooperation at all levels of governance, notably to identify the new skills required for the new jobs. It is fostered by projects to attract more young people into such jobs, such as the launch of a **“Green Erasmus Pro” programme.**
18. The Energy Union requires a **European Energy Transition Adjustment Fund** to accompany the workers at risk of losing their jobs as a result of the energy transition. Having an *ad hoc* fund is politically necessary to signal Europe’s will to ensure that no one is left behind.
19. **Making the fight against air pollution a high-level policy priority for the European Union and all Member States.** A European Citizen Initiative on air pollution could play a positive role to raise awareness. Regulatory measures aiming at reducing air pollutants emitted by vehicles and power plants should be strengthened.
20. Drawing a **European action plan to eradicate energy poverty.** This should build on the findings of the announced European Energy Poverty Observatory. Public action on energy poverty should increasingly target its root causes, moving progressively from palliative to preventive measures, such as dwelling renovation and shaping new behaviours.