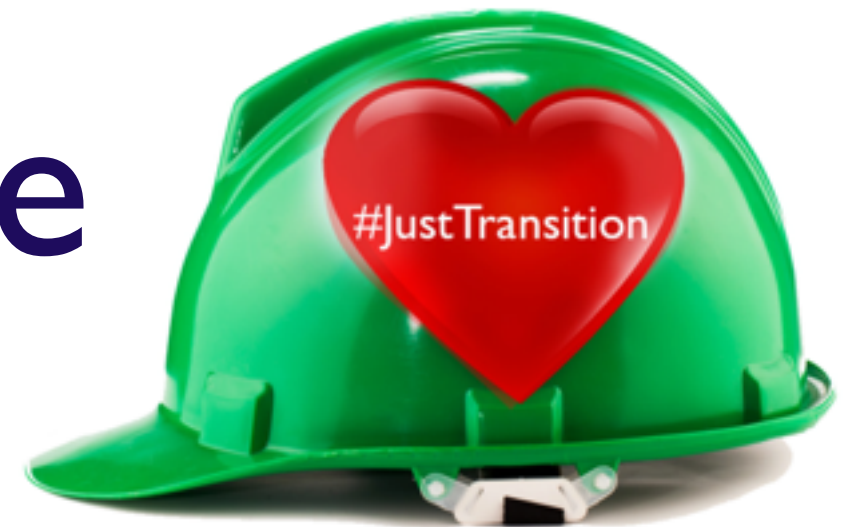




Implementing the



Social Dialogue Committee for the Electricity Sector

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Issue

The significance of Paris

i

New
international
system

Paris confirms direction. Commitments unlikely to be sufficient now. But future discussion and steps will be about increasing stringency as the climate crisis intensifies. This means deeper change and/or at a quicker pace AND it happens unilaterally.

ii

Multi-speed
action
institutionalised

Governments that are already legislating transformation will continue and are likely speed up action.

Prepare for greater disruption as popular opinion, business opportunities, bottom-up regional initiatives lead to greater unilateral action.

iii

Transformation
unlikely to be
reversed....

Political economy questions centre on:
What part of the transition is managed?
Who is responsible for this management?
How is it managed?
and in whose interest?



Transformation is inevitable. This will cause friction.
Our duty is to reduce the risk of this happening through an
inclusive process of:
Dialogue,
Joint ownership,
Responsibility
Accountability



Solutions

Certainty: Pathway for high-carbon workers, sectors, regions and countries

Positive transition from high-carbon to low-carbon or other employment.

Substitution

Elimination

No long-term future unless technology moves it towards 'Redefinition'.

Same work becomes low-carbon through technological innovation.

Redefinition

Displacement

Negative transition where jobs move outside EU but activity continues.

Organisation:

Inclusive

The Social Dialogue is a good place to keep the strategic conversation on what needs to be managed and outline how.

However,
it needs to be broadened to take into account different voices that are also effected by the transition - tax payers, investors, young, regions, incumbent and new industry, etc

Relevant

The strategic conversation has to ensure that there is joint ownership, accountability and responsibility for a share outcome which is developing a low-carbon, secure, safe and affordable electricity system across the EU. This gives the process legitimacy.

It has to focus on identifying the right solutions as the starting point for debate not political compromises.

Clear financial sources are required to manage the transition. A 'Just Transition' Fund should be created from EU Emissions Trading System (EU ETS) allowances.

Meaningful

Three types of solutions are needed:

Internal
Transferring to good quality employment and business models within the electricity sector.

External
Transition should look broader than electricity to other parts of the economy with transferable skills or shifting business models.

New
Attention needs to be paid to the types of future business models and skills that will emerge from a low-carbon economy such as social entrepreneurship, regional economies, etc

The Just Transition Fund

The case for a Just Transition Fund

Technological innovation directly supported by the EU ETS

Major companies received EU ETS allowances for free to cover their costs.

Governments benefit from auction of EU ETS allowances.

To date, no direct support for workers, regions and local investment plans through EU ETS. This has to be corrected

Source:

Financed from 1% of total EU ETS allowances. This gives about 150,000 million EU ETS allowances.

At carbon price of €10 this equals €1,500,000,000.

Outputs:

Direct support for carbon-intensive workers effected by EU ETS to retrain, set-up new their own SME companies, etc

Direct support to carbon-intensive regions to manage the transition by diversifying local economic models, investing in new low-carbon regeneration and low-carbon energy and transport infrastructure.

Recommendations

A permanent strategic conversation to oversee the transition is required at EU level. This is the focal point for discussion, analysis, direction and oversight.

This gives a sense of inclusion, accountability and control over the transition.

Map of worker skills (direct and indirect) in current carbon-intensive electricity sector. This needs to be coupled with skills map of workers in non-carbon intensive electricity sector as well as other professions outside electricity.

Without this society does not know which long-term skills need to be developed.

Map of carbon-intensive regions across the EU. Some parts of the electricity sector are clustered with other manufacturing activities. The regional implications of this are of significance in managing a broad transition.

This allows resources to be targeted to specific locations and activities facing a more challenging transition.

Industrial policy roadmap for critical low-carbon electricity sector technologies (smart grids, storage, CCS, etc) and its deployment across the EU.

Transition will be better managed when everyone can point to the destination we are seeking to get to. The destination needs to be built at a much more rapid pace to facilitate the transition.



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